

TERMS AND CONDITIONS OF SALE

05/2019

NOTICE:

THE SALE OF ANY PRODUCTS ("PRODUCTS") IS SUBJECT TO AND CONDITIONED UPON ACCEPTANCE OF THE TERMS CONTAINED IN THIS DOCUMENT. UNLESS EXPLICITLY OBJECTED TO BY PURCHASER IN WRITING RECEIVED BY SELLER WITHIN FIVE (5) DAYS, THESE TERMS AND CONDITIONS OF SALE SHALL APPLY WHETHER OR NOT THEY APPLIED TO A PRIOR PURCHASE BY PURCHASER. ANY ADDITIONAL OR DIFFERENT TERMS PROPOSED BY PURCHASER ARE OBJECTED TO BY AND WILL NOT BE BINDING UPON SELLER UNLESS SPECIFICALLY ASSENTED TO IN WRITING BY SELLER.

1. Acceptance.

All orders ("The Orders") are subject to final acceptance by Seller and no orders are binding upon Seller until so accepted in writing. The present terms and conditions are applicable to all Orders, unless the Parties agreed something different in writing.

2. Delivery.

Unless the Seller has agreed to other terms in writing, all deliveries are EXW (ex-works), Guatemala, Guatemala or point of production (Incoterms 2010). All deliveries shall be via common carrier or some other reasonable means chosen by Seller. Delivery is conditional on the timely receipt by Seller of documents necessary for the completion of the order, any down payment, and Purchaser maintaining credit satisfactory to Seller. Partial deliveries are permissible. Seller will not be liable for any delay in performance, or in the delivery or shipment of Products, or for any damages suffered by Purchaser by reason of such delay. Seller may suspend or delay performance or delivery at any time pending receipt of assurances, including full or partial prepayment or payment of any outstanding amounts owed, adequate to Seller in its discretion, of Purchaser's ability to pay. Failure to provide such assurances shall entitle Seller to cancel the applicable Order Confirmation without further liability or obligation to Purchaser.

3. Prices.

Unless the Seller has agreed to other terms in writing, all prices and quantities are quoted EXW (ex-works) Guatemala, Guatemala or point of production (Incoterms 2010). Prices quoted are subject to change by Seller at any time prior to Seller's acceptance of an order upon notice to Purchaser. Prices quoted do not include sales, use, excise, privilege or any similar tax levied by

any government, or freight, transportation or storage charges, and Purchaser shall pay any such applicable taxes and charges. All sales are payable in U.S. Dollars. Seller reserves the right to increase any price in the event of increased costs beyond Seller's reasonable control including, without limitation: (a) raw material costs; (b) modifications to specifications or Product acceptance criteria requested by Purchaser; or (c) price of goods manufactured by others and re-sold by Seller.

4. Terms of Payment.

The purchase price and applicable taxes and charges shall be due in full by Purchaser on tender of delivery of the Products. Purchaser hereby makes a continuing representation and warranty at the time of each order and delivery hereunder that it is solvent, that it pays its obligations as they come due, and that it is able to pay the purchase price for the Products. Standard Terms for creditworthy customers are net 30 days. Invoices not paid by their due date will be subject to interest charges, which shall accrue and be added to the unpaid balance at the rate of one and one-half percent (1½%) per month on any overdue unpaid balance, or the maximum rate permitted by law, whichever is less. Purchaser shall reimburse Seller for the costs of collection, including, without limitation, reasonable attorneys' fees, of any overdue amount owed by Purchaser to Seller, and such collection costs shall also be subject to the interest charges. Purchaser may not hold back or set-off any amounts owed to Seller for any reason.

5. Returned Products and Claims.

Within ten (10) days after Purchaser's receipt of Products sold, Purchaser must give detailed written notice to Seller of any claim by Purchaser based upon the condition, quantity, or identity of the Products received or of any visible nonconformity with Seller's applicable specifications. Purchaser's failure to do so shall constitute irrevocable acceptance of the Products delivered. Products sold shall not be returned without Seller's prior written consent and transportation charges for return shall not be paid by Seller unless authorized in advance.

6. Cancellation/Changes.

Purchaser may not cancel or change an order once placed with Seller except with the prior written consent of Seller and upon terms that will indemnify Seller against any loss.

7. Limited Warranty.

With respect to Products sold as first-grade products to Purchaser, Seller warrants that at the time of delivery Products sold to Purchaser will conform to Seller's applicable specifications. This limited warranty shall expire upon the earlier of: (i) Purchaser's incorporation of the Products into other products, or (ii) one (1) year after delivery of the Product by Seller to Purchaser. As Purchaser's exclusive remedy, Seller will, in its sole discretion and within a reasonable time, either repair, replace, or refund the purchase price for any Product found by Seller to have been nonconforming at the time of delivery, (i) if Purchaser promptly (however not later than ten (10) days after Purchaser's discovery of the nonconformity) sets forth in writing to Seller information describing the nonconforming Product, including the type of Product, invoice number, shipment date, and a full description of any nonconformity and (ii) if Seller requests, such nonconforming Product is returned and received by Seller within the one (1) year warranty period. In the event Seller sells other than first-grade Products to Purchaser then such sales are "AS IS" AND WHERE IS AND ARE SOLD WITH NO WARRANTY WHATSOEVER. Samples, descriptions, representations, and other information concerning Products contained in Seller catalogs, advertisements, or other promotional materials or statements or representations made by Seller's employees or sales representatives are for general informational purposes only and are not binding upon Seller. No employee or sales representative of Seller shall have any authority whatsoever to establish, expand or otherwise modify Seller's warranty. This limited warranty does not cover normal maintenance or items consumed during normal operation, nor normal wear and tear, misuse, abuse, unauthorized repair or alteration, lack of proper maintenance, storage or damage caused by natural causes such as fire, storm, or flood. Seller shall not be liable for transportation, labor or other charges for adjustments, repairs, replacements of parts, installation, or other work which may be done upon or in connection with the Products sold. This warranty shall not be deemed to have failed of its essential purpose so long as Seller is willing and able to repair, replace or refund the purchase price on any defective Products in the manner specified. No allowance will be made for repairs made by Purchaser. Except as herein provided, Seller shall not be liable to Purchaser in any manner with respect to the Products. NO OTHER EXPRESS AND NO IMPLIED WARRANTIES OF ANY TYPE, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, OTHER THAN THOSE EXPRESSLY SET FORTH ABOVE (WHICH ARE MADE EXPRESSLY IN LIEU OF ALL OTHER

WARRANTIES) SHALL APPLY TO THE PRODUCTS. This limited warranty is non-transferable. It extends to Purchaser only, and not to any resale customer of Purchaser or end-consumer. In the event of resale by Purchaser, Purchaser is solely responsible for any and all warranty and other claims resulting from any representations or warranties made by Purchaser to its customers and any end-consumers. Purchaser shall not refer to Seller in any manner in connection with its resale of the Products.

8. Limitation of Liability; Exclusion of Damages.

In no event shall seller be liable (a) in excess of the purchase price of the nonconforming product, or (b) for incidental, special, exemplary, consequential or punitive damages, including without limitation lost profits, whether arising from the sale of products, any defect in the products, any use of or inability to use the products, or otherwise.

9. Selection; Application; Indemnification.

Purchaser is solely responsible for proper selection, application, installation and use of Products, as well as the incorporation of Products into other equipment or products. Purchaser shall indemnify and hold Seller harmless from and against any and all damages, liabilities, claims, or expenses (including reasonable attorneys' fees) arising out of or relating to (i) improper selection, application, installation, use or incorporation of Products; or (ii) infringement of any patent, trademark, copyright or other third party interest arising out of Seller's compliance with any of Purchaser's designs, specifications, or instructions. If Seller requests, Purchaser shall defend Seller, at its expense, in any such suit brought against Seller.

10. Patent Infringement.

Seller will defend or settle, at its sole expense, any third party claim, demand or suit against Purchaser alleging that the use of any Product designed and made by Seller, infringes a U.S. patent or other corresponding country, copyright, trade secret or other intellectual property right ("IP Claim(s)"); provided: (a) the alleged infringement does not arise from Seller's compliance with specifications or designs furnished by Purchaser; (b) Seller receives prompt written notice of such IP Claim and exclusive control over its defense and/or settlement; and (c) Purchaser provides Seller with all information available to Purchaser for the defense and cooperates with Seller in the defense, and does not take a position adverse to Seller. Further, Seller will have no liability under this Section 10 if and to the extent that an IP Claim is based on: (1) a Product modification made by Purchaser or a third party, or made by Seller at Purchaser's request; (2) use or interconnection by

Purchaser of the Product in combination with other products not made or sourced by Seller; or 3) Products made to design or specifications not provided by Seller. Except for third party IP Claims above, and subject to the limitations set out in Section 8 above, Seller's exclusive obligation to Purchaser as to Products declared to infringe, and Seller's right as to Products which Seller believes are likely to infringe, is the acquisition of a license, or the replacement of Products with non-infringing goods, or the modification of the Products so that they are non-infringing. If Seller determines that none of the foregoing alternatives are reasonably available, Seller will issue a refund equal to the purchase price for the affected Products if within one year of delivery or the Purchaser's net book value of the affected Product at the time of the refund. Regarding Purchaser's products made by or utilizing the designs of Purchaser, or products combined or interconnected with Products furnished under this order, Purchaser will defend and settle at its sole expense, any third party claim, demand or suit against Seller alleging any of such products infringes a patent, copyright, trade secret or other intellectual property right, provided: (i) the alleged infringement does not arise from Purchaser's compliance with specifications or designs furnished by Seller; (ii) Purchaser receives prompt written notice of such claim, demand or suit and exclusive control over its defense and/or settlement; and (iii) Seller provides Purchaser with all information available to Seller for the defense and cooperates with Purchaser in the defense, and does not take a position adverse to Purchaser. THIS SECTION 10 STATES THE ENTIRE LIABILITY OF SELLER AND PURCHASER'S LIMITED REMEDIES AS TO IP CLAIMS.

11. Ownership of Proprietary Materials, Tooling.

Seller will have and retain all intellectual property rights in all Products, tooling and associated materials, furnished by Seller in connection with or pursuant to this order, including, without limitation, patents, utility models, design rights (and any pending applications), trademarks, copyrights, technical, business, economic or know-how information, trade secrets, confidential proprietary information, inventions, data, formulae, material compositions, drawings, specifications, prototypes, manufacturing processes, product pricing and any right related thereto (whether or not patentable) that is not generally available to the public ("Proprietary Materials"). No Proprietary Materials created by Seller in connection with or pursuant to this order shall be considered "works made for hire" as that term is used in connection with the applicable law.

12. Security Agreement.

Purchaser hereby grants to Seller a continuing purchase money security interest in all Products

sold and/or delivered to it and to the proceeds thereof (collectively, the "Collateral") to secure the full payment of the purchase price of the Products and all other obligations of Purchaser to Seller under this order, whether now owing or hereafter arising (the "Obligations"). This purchase money security interest covers future advances and shall attach to Collateral which constitutes after-acquired Collateral. Each item of Collateral shall remain subject to Seller's purchase money security interest until the purchase price of such item is paid and satisfied in full, including any delinquency charges. After an invoice is paid and satisfied in full, the Collateral evidenced by that invoice shall be automatically released from Seller's purchase money security interest. Unless Purchaser otherwise designates in writing at the time of a particular payment, all payments shall be applied to the outstanding invoice having the oldest date first. If two or more outstanding invoices have identical invoice dates, payments shall be applied to the outstanding invoice having the lowest total amount; provided, however, if two or more outstanding invoices have the same total amount, Seller shall designate the order in which those invoices shall be paid. Purchaser hereby authorizes Seller at any time and from time to time to file financing statements, amendments and continuations describing the Collateral in any filing office in any Uniform Commercial Code jurisdiction and to do all acts reasonably necessary for the establishment, perfection, preservation, and enforcement of its security interest. Purchaser shall maintain adequate insurance against casualty, loss, fire or theft of the Products for so long as the security interest is in effect.

13. Force Majeure.

Seller shall not be liable for delays or deemed in default for failure to deliver or otherwise perform due, directly or indirectly, to causes beyond Seller's reasonable control, including but not limited to failure of third parties to provide adequate and conforming raw materials, failure to perform by other suppliers to Seller, acts of God or nature, acts of any governmental authority, wars, strikes or other labor disputes, fires, and natural calamities.

14. Limitations.

Any action by Purchaser under or relating to this order or the Products sold must be commenced within one (1) year after such cause of action has accrued.

15. Applicable Law.

This Agreement and any dispute or claim relating to it shall in all respects be governed by and construed according to the terms and conditions established in the present agreement and additionally by the Business Code of Guatemala and other applicable law of the Republic of

Guatemala. In the event Purchaser and Seller are located in countries which are parties to the 1980 United Nations Convention on the International Sale of Goods ("UNCISG"), the parties hereby agree that the purchase and sale of Products and any dispute or controversy relating thereto shall not be governed by the provisions of the UNCISG.

16. Dispute Resolution.

In the event that a dispute arises between the parties, derived directly or indirectly from the present agreement, the parties agree to solve such dispute through the following proceedings: (i) Voluntary mediation between the parties, with the help of a third impartial person elected by the parties; (ii) Any dispute or claim related to the application, interpretation and/or compliance of this agreement or its purpose, for any cause, will be resolved through a Legal Arbitration, according to the disposition of the Arbitration Law, Decree number sixty seven hyphen ninety-five (67-95) of the Congress of the Republic of Guatemala and the applicable and valid Arbitration Regulations of the Dispute Settlement Commission of the Guatemalan Chamber of Industry (CRECIG) at the moment that the dispute arises; the parties agree to accept this regulations. The Arbitration will be administered by the Dispute Settlement Commission of the Guatemalan Chamber of Industry (CRECIG), in Guatemala City, through a Tribunal formed by one arbitrator selected according to the regulations before mentioned and the language will be Spanish. The arbitral award will not be refutable and the parties must fulfill it in good faith and without delay.

17. Assignment.

Purchaser may not assign its rights or obligations hereunder without the prior written consent of Seller and any purported assignment without such consent shall be of no effect.

18. Confidentiality.

The parties agree that, as a result of their commercial relationship, the Purchaser will have access to information considered as confidential, valuable and privilege, as well as to Seller's trade secrets. Therefore, the Purchaser expressly declares that is obligated to maintain in strict confidentiality all the information to which directly or indirectly may have access. The information considered as confidential include, but is not limited to: copyright, patents, techniques, inventions, know-how, processes, algorithms, programs, investigations, details of design, financial information, technical information, customer information, suppliers information, products information, methods of operation, business relationships, contractual relationships, future businesses, marketing plans and any information disclosure related to third parties. Also, is considered as confidential information: (i)

Information, that as a whole or by virtue of its content or components, isn't generally known between the experts of the corresponding fields; (ii) Information that isn't easy to access; (iii) Information that is not subject to reasonable protection measures, according to the circumstances of the case, with the purpose of maintain its character of confidential. The information provided by the Seller, prior to formalize the present agreement is also subject to these terms of confidentiality. All the information with commercial value, according to the present agreement, will constitute "Trade Secret" in accordance with the article 174 of de Decree number fifty-seven dash two thousand (57-2000) of the Congress of the Republic of Guatemala "Law of Industrial Property". The Purchaser may use the confidential information of the Seller only for the purposes established in the present agreement and cannot disclose such information to third parties. The Purchaser can disclose confidential information of the Seller to his authorized employees and subcontractors, provided that, such employees and subcontractors have the written confidentiality obligation to the Purchaser, no less stringent than the confidentiality obligations under this Section. Upon termination of this order, the Purchaser will not be allowed to use the confidential information of the Seller for its own or any third party's benefit. Purchaser's confidentiality obligations shall survive termination of this order for so long as Seller's Confidential Information remains confidential to the public. In any case, if the Purchaser breaches any of the dispositions contained in this clause, he will be responsible for all damages caused to the Seller, and any of his subsidiaries, related companies, clients and partners for the disclosure of the before mentioned information.

19. Compliance with Law.

The parties will comply with all applicable, local and foreign laws, orders, rules, regulations and ordinances, including export controls and import compliance. If Purchaser exports, re- exports, diverts, transfers or imports Products, or technology or software related to the Products, Purchaser assumes responsibility for complying with applicable laws and regulations and for obtaining required export and import authorizations of any applicable jurisdiction or country. Notwithstanding the foregoing, unless otherwise agreed in this Contract, Seller shall not be responsible for regulatory and other legal compliance: (a) outside the Republic of Guatemala; (b) as to the products made by Purchaser which incorporate the Products, (c) as to any use of Products by Purchaser or Purchaser's customers other than as covered by the Limited Warranty set out herein above.

20. Severability.

If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

*FREUDENBERG TEXTILE TECHNOLOGIES,
SOCIEDAD ANONIMA.*