

BGF - General Terms and Conditions of Sale

Capitalized terms are defined below. These are the terms and conditions upon which Supplier will accept Orders for Products. By entering an Order directly with Supplier or by the transmission of an order from Customer or an affiliate of Customer to Supplier for acceptance, Customer agrees that the terms and conditions set forth below shall be incorporated in the Order. Receipt of the Products by Customer, or any agent, representative, or designee of Customer, shall constitute Customer's acceptance of these terms and conditions, regardless of whether Customer has purported to object to or to reject any or all of the terms and conditions contained therein.

1. DEFINITIONS AND CONTRACT FORMATION

"Supplier" means BGF Industries, Inc., a Delaware corporation with its principal office is located at 230 Slayton Ave., Suite A1, Danville, VA 24540

"Contract" means the contract package comprised of (1) the Order Confirmation, (2) the Offer if any, (3) the GTC's, (4) the Product's technical specifications if any, and (5) the Order. For the interpretation of the Contract the rank of priority mentioned above shall apply between the Contract documents in case of discrepancies.

"Customer" means the other named contracting party, or parties, under the Contract, and its affiliates.

"Product" or "Products" means the products sold by the Supplier under the Contract.

"GTCs" means these General Terms and Conditions of Sale.

"Offer" means the Supplier's commercial proposal for the supply of the Product, if any.

"Order" means Customer's order for the supply of Products, as set out in Customer's purchase order form or equivalent document.

"Order Confirmation" means the document issued by the Supplier formalizing the acceptance of the Order or, as the case may be, a counteroffer of the Supplier. In case of discrepancies between the Order and the Order Confirmation, the latter shall prevail

2. MODIFICATIONS OR VARIATION OF TERMS

Any amendment or variation to the Contract is subject to an express written confirmation of the Supplier. No order placed with the Supplier shall be considered as accepted until officially acknowledged by the Supplier in an Order Confirmation. Supplier expressly objects to any terms or conditions in Customer's Order, quotation or other documents modifying these GTCs. Any such modifications will not be binding upon Supplier unless accepted in writing by Supplier's authorized representative. Issuance of an Order Acceptance by Supplier shall not represent acceptance of any terms or conditions previously specified by Customer in any Order or otherwise. In all communications, Supplier and Customer may employ their standard forms, but nothing in those forms will be construed to modify or amend these GTCs, and, in the case of any conflict with the GTCs, these GTCs will control. Any terms and conditions set forth in Customer's Order, confirmations, or any other correspondence from Customer, that are in addition to, inconsistent or in conflict with, these GTCs will be of no force or effect unless specifically agreed to in writing

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signed by Supplier that expressly references such terms.

3. DELIVERY

3.1 Delivery

Unless otherwise stipulated in the Contract, the Products are delivered FCA (Incoterms 2020) Supplier's factory or storage facilities designated in the Contract.

Delivery deadlines are merely estimates and are provided for information only, and are dependent on many factors, including, without limitation, carrier availability and the order in which the Orders are dealt with.

3.2 Transfer of risk

Unless otherwise stipulated in the Contract, the risk of loss or damage to the Product shall pass to Customer in accordance with FCA (Incoterms 2020) Supplier's factory or storage facilities designated in the Contract.

3.3 Claims for defect or missing item of quantities visible on delivery

Customer shall promptly inspect all Products and notify Supplier of any visible damage or missing quantities of Products, and the same must be indicated on the transport document in a mutually agreed statement to that effect and be notified to the Supplier by e-mail within 24 hours after the delivery. Customer shall not be entitled to reject any claim for visible defects or missing quantities which does not comply with the aforementioned provisions.

Notwithstanding the foregoing, Customer will not be entitled to make a claim against the Supplier in case of a difference of plus or minus ten percent (10%) between the quantities ordered and the quantities actually delivered, provided however that Customer has not been invoiced for such missing quantities.

3.4 Claims for non-conformity after delivery

3.4.1 Within eight (8) days after delivery to Customer or any agent, representative, or designee of Customer, of any shipment (including, without limitation, an installment) of the Products, Customer shall inspect the Products for patent and latent defects at its own cost and expense, and, if Customer determines that the whole or any commercial unit or units of the Products have a defect or nonconformity, Customer shall give written notice (a "Non-Conforming Product Notice") to Supplier by overnight delivery by a nationally recognized express mail service, sent within said 8-day period specifically setting forth the nature of the alleged defect or nonconformity. Customer's failure to timely send a Non-Conforming Product Notice shall constitute an irrevocable acceptance of the Products by Customer.

3.4.2 Customer must furnish Supplier proof of defects for any claims of non-conformity, such as samples demonstrating said defect. The Supplier is entitled to carry out any on-site verification.

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3.4.3 In the event of dispute as to any Non-Conforming Product, any alleged Non-Conforming Product may only be returned by Customer after the Supplier's consent and in suitable packaging. In addition to any other requirements, any Non-Conforming Products agreed to be returned will only result in the issue of repair, replacement, or refund if the Non-Conforming Product:

- (a) was checked and accepted by the Supplier;
- (b) was actually returned to the Supplier warehouse no more than two months following the Supplier's written consent;
- (c) is in its original condition; and
- (d) has not been used.

3.5 Replacement as Sole Remedy

In the event Supplier confirms and agrees that any Products are Non-Conforming Products, the sole and exclusive remedy of Customer will be the replacement of the Non-Conforming Products and/or the supply of additional Products to make up for the missing Products, at the Supplier's expense. Customer will not be entitled to any other compensation or remedy.

4. PRICE

Unless otherwise stipulated in the Contract, all prices are in US DOLLARS, on FCA Suppliers designated facilities (Incoterms 2020) basis. They include the packaging but are exclusive of any shipping, VAT, customs duties and insurance costs. Any withholding tax will be added to the prices and shall be reimbursed by Customer to the Supplier. The Supplier reserves the right to modify the prices to take into account any change in its costs or in quantities, specifications or delivery dates.

The prices mentioned in the Offer are only valid during the period of validity of the Offer. In the absence of a validity date in the Offer, the prices are valid for a maximum period of 90 calendar days from the date of issue of the Offer.

If, due to Customer, a shipment or a delivery date is delayed or postponed by more than one month, the Supplier is entitled to invoice and Customer will be bound to pay the storage costs incurred thereof.

5. PAYMENT

All payments must occur on the date set forth on the invoice, or in the absence of such date, payment terms are net 30 days from the date of the invoice. The Supplier reserves the right to withhold delivery of the Products as long as Customer has not paid for the Contract in full. The Supplier does not grant any discount in case of early payment. No payment may be suspended, withheld or offset by Customer for any reason whatsoever, even if a dispute is pending.

The interest rate for late payment penalties due the day following the payment date mentioned on

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the invoice is the lesser of 10% per year or the maximum amount allowed by law.

If Customer fails to pay any amount due under the Contract on the due date for payment, the Supplier shall also be entitled to suspend deliveries of the Products without prior formal notice.

Customer shall bear all consequences (if any) resulting from such a suspension, such as price increases and/or delays. If Customer does not remedy its payment default within 30 calendar days of Customer being notified in writing to do so, the Supplier will be entitled to terminate the Contract without prejudice to its rights to recover the outstanding payments and the legal fees in connection with such recovery.

6. SECURITY INTEREST IN PRODUCTS

In order to secure payment of the invoiced amount and in consideration of the payment terms provided herein, Customer hereby grants to Supplier a security interest in the Products and the proceeds thereof and Supplier is expressly authorized, at its option, and as Customer's attorney-in-fact, to file one or more financing statements or other notices under applicable law naming Customer as debtor and Supplier as secured party and indicating therein the Products and proceeds thereof as items of collateral. Without limiting the foregoing, Customer further agrees to pledge each shipment of Products to Supplier, and to execute such documents and to do such further acts as necessary to pledge such shipments to Supplier. Supplier reserves the right of stoppage in transit to secure payment of the invoiced amount and any other sums due hereunder.

7. WARRANTY

IF THE PRODUCT IS INTEGRATED BY THE CUSTOMER INTO A MATERIAL, EQUIPMENT OR PRODUCT ("FINAL PRODUCT") OF WHATEVER NATURE OR KIND, THE CUSTOMER WILL BE RESPONSIBLE FOR VERIFYING THE COMPATIBILITY OF THE PRODUCT WITH THE FINAL PRODUCT AS WELL AS, IF APPLICABLE, THE CONFORMITY OF THE PRODUCT WITH THE INTENDED PURPOSE OF THE FINAL PRODUCT. THE SUPPLIER EXPRESSLY DISCLAIMS ANY WARRANTY AND ANY LIABILITY ARISING FROM ANY INCOMPATIBILITY OF THE PRODUCT WITH THE FINAL PRODUCT OR THE NON-COMPLIANCE OF THE PRODUCT WITH THE USE OR APPLICATION FOR WHICH THE PRODUCT OR THE FINAL PRODUCT IS INTENDED, UNLESS OTHERWISE AGREED IN WRITING WITH THE CUSTOMER.

7.1 Conditions of Warranty

7.1.1 Except as set out below, the Supplier warrants that the Products correspond to the specification agreed in writing between the Supplier and Customer and the Products are free from material defects in material and workmanship for the shorter period (the "Product Warranty Period") of (a) the Supplier's stated shelf-life of the Products, (b) 12 months from delivery, (c) the end of a six-month period of use, or (d) as soon as the Products have been transformed or incorporated into another product or equipment, whichever occurs first.

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7.1.2 EXCEPT AS EXPRESSLY PROVIDED BY SUPPLIER IN THESE GTCs, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXCLUDED.

7.1.3 If any failure to meet the warranties under Section 7 becomes apparent within the Product Warranty Period, Customer shall promptly notify the Supplier within 8 days after the defect or failure has been discovered or should reasonably have been discovered and include appropriate documentation and data to permit the Supplier to ascertain the defect. The Supplier's warranty automatically terminates as soon as Customer fails to inform the Supplier of an alleged defect within such 8-day period following its discovery. Customer must prove the date of such discovery by its written records.

7.1.4 The Supplier shall not be liable under the warranty if:

- (a) the Products have been modified or altered in any way without the written consent of the Supplier,
- (b) the defect arises as a result of the Supplier following any design or Products specification supplied by Customer,
- (c) the Products have been subsequently processed for the purpose of transforming the Products or incorporating them into other goods, products or equipment,
- (d) the defect arises because Customer failed to follow the Supplier's instructions as to the storage or use of the Products or (if there are none) good industrial practice,
- (e) the defect is due to the materials provided or specified by Customer.

7.2 Limitation of Liability for Failure of or Defects of the Products

It is expressly agreed that the Supplier's liability to Customer under the Contract is strictly limited to (i) repair or replacement the Products at Supplier's expense, or (ii) refund of the invoice price of the defective Products, at the Supplier's sole discretion.

THIS SECTION 7 SETS FORTH THE EXCLUSIVE REMEDIES FOR ALL CLAIMS BASED ON FAILURE OF OR DEFECTS TO THE PRODUCTS PROVIDED UNDER THE CONTRACT, WHETHER SUCH FAILURE OR DEFECT ARISES BEFORE OR DURING THE WARRANTY PERIOD AND REGARDLESS OF THE CAUSE OF ACTION IS BASED ON CONTRACT, INDEMNITY, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

7.3 The warranties set forth herein are made only to Customer and shall not be assigned or inure to the benefit of any assignee or successor in interest of Customer.

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8. FORCE MAJEURE

Neither party shall be in breach of the Contract nor liable for delay in performing or failure to perform, any of its obligations under the Contract if such delay or failure result from Force Majeure Events. Force Majeure Events are circumstances or event beyond the parties' control and that they could not reasonably avoid or overcome.

In particular, the following events are considered "Force Majeure Events:" strikes involving all or part of the Supplier's personnel or its customary carriers, fire, flood, war (declared or not), riot, insurrection, acts of terrorism, pandemic, epidemic, public health emergency, acts (including, without limitation, suspensions, closures, and delays) of any governmental authority, priorities granted at the request or for the benefit, directly or indirectly, of any government or agency thereof, shortage of raw material, act of God, production stoppages due to unintended breakdowns, impossibility of receiving supplies of raw materials, weight limits during thaw conditions, road blocks, strikes or breakdowns in electricity supplies, or supply breakdowns attributable to our suppliers, rebellion, revolution, insurrection, military or usurped power, civil war and other hostilities, invasion, act of foreign enemies, mobilization, requisition or embargo, ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, radioactive toxic explosives, or other hazardous properties of any explosive nuclear assembly or nuclear components thereof,

Any Force Majeure Event resulting in delay or failure to perform any Contract (other than payment of money owed) shall excuse such delay or failure whether the condition exists now or arises hereafter, and whether or not such condition is foreseeable. In case of such delay or failure to perform (other than payment of money owed) for any Force Majeure Event, the date of delivery or time for completion will be extended by a period of time necessary to overcome the effect of such delay; provided, however, that if such delay or failure to perform for any of the above conditions causes the date of delivery or time for completion which continue for more than ninety (90) days, either party may terminate the contract upon at least ten (10) days prior written notice.

This termination will take effect on the date of the initial presentation of the letter sent with proof of delivery terminating the Contract.

9. LIMITATION OF LIABILITY

SUPPLIER (INCLUDING ITS DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES AND AGENTS) SHALL IN NO EVENT BE LIABLE, WHETHER IN CONTRACT, WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY, OR ON ANY OTHER BASIS, FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, TREBLE OR PUNITIVE DAMAGES OF ANY KIND, OR FOR LOSS OF INVESTMENT, INDEBTEDNESS, LOSS OF FINANCING, LOSS OF SALES OR PROFITS, OR BUSINESS INTERRUPTION, DISCONTINUATION, OR TERMINATION SUSTAINED BY CUSTOMER, OR BY ANY PERSON DEALING WITH CUSTOMER, IN CONNECTION WITH THE PRODUCTS, AND CUSTOMER SPECIFICALLY WAIVES ANY SUCH CLAIMS OR CAUSES OF ACTION CUSTOMER MAY PURPORT TO HAVE.

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THE LIABILITY OF SUPPLIER (INCLUDING ITS DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES AND AGENTS) FOR ANY CLAIM OF ANY KIND (INCLUDING, WITHOUT LIMITATION, CLAIMS BASED UPON ANY EXPRESS WARRANTY CONTAINED HEREIN AND CLAIMS BASED UPON ANY WARRANTY IMPLIED BY LAW, OR FOR PERSONAL INJURY OR DEATH), SHALL BE LIMITED, AT SUPPLIER'S OPTION, TO REPLACEMENT OR REPAIR OF THE PRODUCTS OR THE RETURN TO CUSTOMER OF THE PRICE PAID, AND SHALL IN NO EVENT EXCEED THE SUMS ACTUALLY RECEIVED BY SUPPLIER FROM CUSTOMER UNDER THE CONTRACT, AND CUSTOMER EXPRESSLY WAIVES ANY RIGHT IT MIGHT HAVE TO ANY OTHER MEASURE OF DAMAGES, STATUTORY OR OTHERWISE.

All warranty disclaimers contained herein are intended to comply with applicable law and shall be enforced to the fullest extent possible under applicable law. To the extent that any warranty disclaimer is deemed invalid under any law which may be applied, any related non-disclaimable warranties, whether express or implied, shall be limited in duration to a period of six (6) months from the date of delivery of the relevant Product.

10. CONFIDENTIALITY; INTELLECTUAL PROPERTY

10.1 Confidentiality. During the term of this Contract and for a period ending five (5) years following expiration or termination (for any reason) of this Contract, Customer shall keep, and shall cause its respective affiliates, officers, directors, employees and agents to keep, confidential all Confidential Information of Supplier that has been acquired by it through its participation in the negotiation and performance of this Contract, and shall use such information solely for purposes of performing its obligations hereunder, provided that the foregoing restriction shall not apply to information that (a) is or hereafter becomes generally available to the public other than by reason of any default with respect to confidentiality under this Contract, (b) is hereafter disclosed to Customer by a third party who is not in default of any confidentiality obligation to Supplier (and such disclosure can be properly demonstrated by Customer), (c) was previously or is hereafter developed by or on behalf of Customer without reliance on confidential information of Supplier acquired prior to or after the date hereof (and such can be properly demonstrated by Customer), (d) is required to be disclosed in compliance with applicable laws or regulations or order by a court or other governmental or regulatory agency or body having competent jurisdiction, provided that reasonable measures shall be taken to assure confidential treatment of such information. In the event Customer transfers to a third party any Products supplied hereunder or any right or interest therein, Customer agrees to indemnify, defend and hold Supplier harmless from any and all liability to such transferee or any subsequent party.

10.2 Intellectual Property. This Contract does not grant to Customer any right, title or interest in or to, and Customer shall exercise no rights or ownership over, Supplier's, or its affiliates', proprietary or intellectual property rights or information including, but not limited to, name, trademarks, trade names, trade dress, trade symbols, copyrights, patents, patent applications, inventions, trade secrets, product names or designations, model names or numbers, processes, models, prototypes, designs or formulas (collectively, the "Supplier Intellectual Property"). Customer will not use any Supplier Intellectual Property with respect to any of Customer products or in conjunction with Customer's business operations except as specifically and expressly authorized in writing by Supplier. Upon request by Supplier, Customer will execute any

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reasonable document confirming Supplier's ownership of the Supplier Intellectual Property and assigning to Supplier any interest that may have accrued to Customer.

11. EXPORT CONTROL

Customer shall comply with, and at Supplier's request shall demonstrate compliance with, all export laws, restrictions, and regulations of any United States or foreign agency or authority. Customer shall not export, or re-export, or allow the export or re-export of any Product in violation of any such laws, embargoes, restrictions or regulations. Customer shall obtain and bear all expenses relating to any necessary licenses and/or exemptions with respect to the export or re-export from the United States to Customer or customers of Customer in compliance with all applicable laws and regulations prior to shipment thereof. Customer shall defend, indemnify and hold Supplier harmless from any claim, damage, liability or expense (including but not limited to reasonable attorneys' fees, costs of investigation, and costs of defense) arising out of or in connection with any violation of the preceding sentence.

12. GENERAL

12.1 Severance

If any provision or part-provision of the GTCs or the Contract is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this Section 12.1 shall not affect the validity and enforceability of the rest of the Contract.

12.2 Assignment

The Supplier may at any time assign, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any or all of its rights and obligations under the Contract. Customer shall not assign, transfer, mortgage, charge, subcontract, delegate, declare a trust over or deal in any other manner with any of its rights and obligations under the Contract without the prior written consent of the Supplier.

13. DISPUTE RESOLUTION

If a dispute arises from or relates to this contract or the breach thereof, and if the dispute cannot be settled through direct discussions, the parties agree to endeavor first to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration. The parties further agree that any unresolved controversy or claim arising out of or relating to this contract, or breach thereof, shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

The number of arbitrators shall be one; the place of arbitration shall be New York (New York) and the language of the arbitration shall be English.

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In addition to the above-mentioned rules, the parties agree that the arbitration shall be conducted according to the IBA Rules of Evidence as current on the date of the commencement of the arbitration.

14. APPLICABLE LAW

The Contract and any dispute or claim arising out of or in connection with it or its subject matter, formation, or interpretation shall be governed by and construed exclusively in accordance with the laws of the State of Delaware, without regard to any conflicts of laws principles that would obtain a different result. Customer and Supplier agree that the U.N. Convention on Contracts for the International Sale of Goods shall not apply to the Contract.