

**Standard Terms and Conditions  
Procurement of Products**

**1. ACCEPTANCE AND COMPLETE AGREEMENT.** The parties agree that these Standard Terms and Conditions are the exclusive and complete terms and conditions accompanying any accepted purchase order issued by H<sub>2</sub>O Innovation Inc. and/or any of its affiliates (“**PO**”). No other terms and conditions will be deemed relevant to explain or supplement these Standard Terms and Conditions whether oral, written, based on usage of trade, or course of dealing or performance. In case of contradiction between the terms and conditions stated on the PO and these Standard Terms and Conditions, the terms and conditions stated on the PO shall prevail. For the purposes of these Standard Terms and Conditions, “affiliates” include, without limitation, H<sub>2</sub>O Innovation USA, Inc., Piedmont Pacific Corporation, Piedmont Pacific Inc., Utility Partners, LLC, Professional Water Technologies, LLC, H<sub>2</sub>O Operation and Maintenance Inc. and Hays Utility South Corporation.

**2. SCOPE.** These Standard Terms and Conditions shall apply to all transactions between the parties for the components, parts, materials, products or items described in the PO (“**Products**”). H<sub>2</sub>O Innovation Inc. or any of its affiliates (“**Buyer**”) agrees to purchase the Products, and the supplier of such Products (“**Supplier**”) agrees to sell to, and provide Buyer with such Products, in accordance with these Standard Terms and Conditions shall not communicate directly with Buyer’s customer or end-user unless Buyer provides its prior written consent.

**3. PRICE AND PAYMENT.** Payment terms are net sixty (60) days following receipt by Buyer of Supplier’s invoice. Any tax, fee or charge of any nature whatsoever, imposed by any governmental authority shall be paid by Buyer in addition to the prices quoted or invoiced by Supplier. If Supplier shall be required to pay any such tax, fee or charge, Buyer will reimburse Supplier in a timely manner.

**4. DELIVERY.** Delivery terms (Incoterms) are mentioned on the PO. Delivery date for the Products is also clearly stated on the PO and may be changed by Buyer upon written notice. Products shall be furnished in accordance with any schedule or delivery date provided for in the PO, or if no such schedule or delivery date is provided for in the PO, within a reasonable time. No partial deliveries are allowed, unless accepted in writing by Buyer. Supplier shall not release the Products for delivery or proceed with their delivery before being authorized in writing by Buyer. Products shall be properly crated for domestic truck shipment.

**5. INSPECTION.** Buyer reserves the right to inspect the Products at Supplier’s site or facility before delivery. Supplier shall give a written notice to Buyer upon readiness for shipment to allow Buyer sufficient time to perform, in its sole discretion, such inspection.

**6. RISK OF LOSS AND TITLE.** Risk of loss and title shall pass to Buyer as per the terms of delivery mentioned on the PO in accordance with Section 4 above.

**7. STATUS.** Supplier shall keep Buyer informed as to the status of the manufacturing and/or delivery of the Products. Upon request, Supplier agrees and undertakes to provide Buyer, without delay, with a progress certificate report or any other similar documents evidencing the status of the PO. Supplier’s schedule of activities shall be planned to assure delivery of the Products by the time required in the PO. Supplier agrees to take all the necessary actions to expedite design, manufacturing, production and/or shipment of the Products if, in Buyer’s sole discretion, delivery of Products by the date required becomes doubtful. Supplier shall be liable for all costs and expenses it may incur in expediting design, manufacturing, production and/or shipment of the Products.

**8. SUPPLIER’S RESPONSIBILITIES.** The Supplier shall (i) designate a person to act with authority on the Supplier’s behalf with respect to all aspects of the PO, and (ii) furnish to Buyer all relevant information or data regarding the Products provided. Except as otherwise clearly mentioned by Supplier in a written notice, Buyer shall be entitled to rely upon the accuracy and completeness of any and all information, data, services and facilities furnished by the Supplier with respect to the Products.

**9. COMPLIANCE WITH LAWS.** Supplier warrants that the Products comply with all applicable laws, regulations and industrial practices. Supplier’s liability through any noncompliance shall be limited to the cost of modifying or replacing the non-complying Products after receipt of a written notice of noncompliance from Buyer. Each party shall comply with export control laws and anti-corruption laws pertaining to bribery, extortion, kickbacks or other unlawful or improper means of obtaining business whether directly or indirectly.

**10. WARRANTY.** Supplier warrants that the Products (i) will be new and of the best quality in every respect, (ii) will be free from defects in design, materials and workmanship, and (iii) will be fit for the intended use and purpose of Buyer, which are known and understood by Supplier. Products will be in sufficient size and capacity and of proper material so as to fulfill in all respects such operating conditions as may be specified in the PO, technical specifications or other documents provided by Buyer to Supplier with respect to the Products. Unless otherwise mentioned in the PO or technical specifications provided, the warranty period shall be twenty-four (24) months from the date of delivery at the site designated by Buyer on the PO. In the event a notice of defect is given by Buyer, Supplier shall repair or replace the Products at Supplier’s sole expense including, without limitation, transportation, labor, and other related costs or, at Buyer’s option, refund Buyer the purchase price allocable to the nonconforming Products. The warranty with respect to any corrected or replaced Products or parts hereof shall be equal in duration to the initial warranty period and shall run from the date of delivery or the date of placement in service of such corrected or replaced Products, whichever is later. **SUPPLIER DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, SUCH AS WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PURPOSE.**

**11. INDEMNIFICATION.** Supplier hereby indemnifies and saves Buyer harmless from any and all claims, demands or causes of action of every kind and nature, regardless of whether in law or in equity, arising out of or related to the Products or to the PO, including, but not limited to, personal injury, death, loss of use, or property damage (including the Products themselves) resulting from the misconduct, fault, negligence or failure to act of the Supplier or of those for whom it is responsible in the course of providing the Products. Except for liabilities attributable to personal injury or death, the indemnification obligation of Supplier shall be limited to either its insurance coverage limits or to the value of the PO, whichever is greater.

**12. PATENTS.** Supplier shall indemnify Buyer against any judgment for damages and costs which may be rendered against Buyer in a suit brought on account of the alleged infringement of any patent by the Products supplied to Buyer, unless the alleged infringement occurs as a result of any alteration or modification made to the Products by Buyer without the consent of the Supplier, in which case Buyer shall indemnify Supplier against any judgment for damages and costs which may be rendered against Supplier in any suit brought on account of the alleged infringement of any patent by the Products.

**13. SUPPLIER BREACH.** Notwithstanding anything contained in the PO, where Supplier fails to make delivery of the Products or breaches any provision of the PO, Supplier shall be responsible for any delay in the delivery of the Products, or breaches of any provision of the PO and shall compensate Buyer for any of its direct costs, damages and expenses in relation to such delays or breaches.

**14. CONSEQUENTIAL DAMAGES.** In no event shall either party be liable for consequential, special, incidental or indirect damages, including, without limitation, loss of revenue, profits or use.

**15. INSURANCE.** Supplier shall obtain at its own expense and maintain in force, during the execution of the PO, all sufficient insurance to cover physical loss or damage to the Products or any other goods, materials, machinery or equipment in relation with the Products. Proof of insurance shall be provided by the Supplier to Buyer upon request. Buyer shall be named as additional insured and shall be notified in case of cancellation of the Supplier’s insurance coverage. A waiver of subrogation provision shall also be provided for relevant insurance policies. In the event Supplier engages, with the consent of Buyer, one or more subcontractors to furnish the Products, Supplier shall ensure that its subcontractors maintain proper insurance coverages.

**16. CANCELLATION AND TERMINATION.** (1) Buyer shall have the right to cancel and/or terminate the PO and any or all other orders or contracts between the parties, at no cost, in the following events: (i) Supplier is adjudged bankrupt, or a receiver is appointed on account of its insolvency or it enters into an arrangement for the benefit of its creditors, (ii) Supplier fails to perform or comply with any term, condition or covenant of the PO, (iii) an allegation that Products infringe any patent, copyright, violates any statute, ordinance, or administrative order, rule or regulation, or (iv) Supplier persistently fails to deliver the Products as required by the PO. (2) In the event Buyer’s contract with its customer or end-user is terminated, Buyer may terminate the PO, including any or all other orders or contracts between the parties, and, in such circumstances, shall pay Supplier for any Products delivered prior to the date of termination. In addition, Supplier shall be compensated for all reasonable direct costs incurred by it as a result of such termination, less disposal or retention value of termination inventory (with the exception of non-customized Products, in which case the cancellation shall be at no cost for Buyer); provided however that in no event shall the compensation exceed the cost of the PO. It being understood and expressly agreed by Supplier that, when applicable, payment of such compensation by Buyer’s customer or end-user shall be a condition precedent to Buyer’s obligation to compensate the Supplier in case of termination.

**17. FORCE MAJEURE.** Neither party shall be responsible for delays or failures in performance resulting from events or circumstances beyond the control of such party; provided however that notice shall be given in a timely manner to the other party upon the occurrence of such Force Majeure events. Force Majeure events shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental acts or regulations, fires, communication line failures, power failures and earthquakes.

**18. CONFIDENTIALITY.** Supplier agrees and undertakes to maintain Buyer’s confidential information as well as that of Buyer’s customer or end-user, as the case may be (“Confidential Information”) in strict confidence, not to disclose it to others, and to only use it in connection with the Products to be provided under the PO. Supplier will not copy or reproduce any written or printed materials or drawings provided by Buyer or its customer or end-user. Supplier agrees to immediately return all Confidential Information to Buyer upon request. Supplier acknowledges that a remedy at law for any breach or attempted breach of this Section will result in harm to Buyer, to its customer or to its end-user for which monetary damages alone will not be adequate. Supplier covenants and agrees that neither it nor any of its affiliates will oppose any demand for specific performance and injunctive and other equitable relief in case of any such breach or attempted breach. The obligations of confidentiality shall continue for the term of the PO and shall survive indefinitely thereafter.

**19. ASSIGNMENT.** Neither party shall assign the PO, without the prior written consent of the other party, which consent shall not be unreasonably withheld. However, Buyer may assign the PO to any of its affiliates or any other entity, that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under the common or shared control, with Buyer.

**20. CHANGE ORDER AND AMENDMENT.** The parties acknowledge and agree that the PO is subject to change. No supplement, modification or waiver of the PO shall be binding unless executed in writing by the party to be bound thereby, including any increase in the price of the Products which is subject to the approval of Buyer. Pending resolution of any dispute concerning such change, Supplier shall not be excused from proceeding with the PO, as changed. No waiver of any of the provisions of the PO shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

**21. GOVERNING LAWS.** This PO shall be governed by and construed in accordance with the laws of the State of Minnesota when issued in the USA, and the laws of the Province of Quebec when issued outside of the USA. The parties hereby consent to such jurisdiction and waive any other.

**22. MISCELLANEOUS.** The PO and these Standard Terms and Conditions shall be binding upon and inure to the benefit of the parties and their respective heirs, assignees, legal representatives as well to the benefit of the owner or end-user of the project referenced in the PO. The invalidity or non-enforceability of any particular provision of this document shall not affect the other provisions hereof, and this document shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

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