

**Standard Terms and Conditions of Sale  
Water and Wastewater Treatment Systems**

**1. GENERAL.** All references to “**H<sub>2</sub>O Innovation**” shall mean H<sub>2</sub>O Innovation Inc., H<sub>2</sub>O Innovation USA, Inc. and any of their affiliates. All references to “**Customer**” shall mean the customer named in a purchase order, quotation or proposal. Customer shall either sign H<sub>2</sub>O Innovation’s Agreement (as defined herein), or alternatively, issue a non-conflicting purchase order containing all necessary information including, without limitation, price, payment terms and schedule, type, quantity or description of the water and/or wastewater treatment system to be provided by H<sub>2</sub>O Innovation (the “**equipment**”), as well as delivery terms, schedule and instructions. All references to the “**Agreement**” shall mean any purchase order, quotation, proposal or agreement agreed upon by both parties, whether issued by H<sub>2</sub>O Innovation or by the Customer.

**2. TERMS AND CONDITIONS.** The parties agree that these Standard Terms and Conditions are the exclusive and complete terms accompanying the Agreement and 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 in the Agreement and these Standard Terms and Conditions, the terms and conditions stated in the Agreement shall prevail.

**3. PRICES.** The price of an Agreement that has been accepted is firm until the agreed delivery date, subject to a significant variation of the exchange rate on Canadian and US currencies. Such variation of the exchange rate (5% or more) between the time the Agreement is executed and the time when parts and/or components for the equipment are ordered, will be discussed between the parties and the contract price will be adjusted accordingly, upwards or downwards. Price is also subject to escalation to reflect price variations of parts, components, raw materials or transportation attributable to or resulting from: i) Customer’s request to extend originally agreed upon delivery dates or to delay purchase of parts and/or components; ii) new tariffs, trade policies, laws or regulations; iii) inflation or (iv) Force Majeure Events.

**4. PAYMENT.** Unless otherwise determined in the Agreement, payment terms are net thirty (30) days from the date of invoice. Payment schedule is detailed in the Agreement. If payments are not made in accordance with the payment schedule and terms stated in the Agreement, the unpaid balance of the contract price shall, without prejudice to H<sub>2</sub>O Innovation’s right to immediate payment, be increased by 1.5% per month (19.56% per year or 0.04896% compounded daily rate), not to exceed the maximum amount permitted by law, and H<sub>2</sub>O Innovation reserves the right to publish a security interest pursuant to these Standard Terms and Conditions. If at any time, in H<sub>2</sub>O Innovation’s sole discretion, Customer becomes unable or unwilling to meet the terms specified in these Standard Terms and Conditions or significantly delays the project, H<sub>2</sub>O Innovation may require full or partial payment of the contract price. If in H<sub>2</sub>O Innovation’s opinion, Customer’s financial condition does not justify commencement, continuation of production or shipment, H<sub>2</sub>O Innovation may require satisfactory assurance or full or partial payment as a condition to commencing, or continuing manufacture, or in advance of shipment. H<sub>2</sub>O Innovation may also, upon written notice to Customer, cancel or suspend any outstanding Agreement or any portion thereof, unless Customer promptly pays for equipment delivered or makes advance payments to H<sub>2</sub>O Innovation. H<sub>2</sub>O Innovation may, at any time, decline to make

any shipment or delivery or to perform any work until receipt of payment or security or upon terms and conditions satisfactory to H<sub>2</sub>O Innovation.

**5. TAXES.** Unless otherwise determined in the Agreement, the prices set forth in the Agreement are exclusive of any amount for federal, state, local, sales, use, property, in-country, import, VAT or other similar taxes or duties. Such prices also exclude permit, license, customs and other similar fees levied upon shipment of the equipment.

**6. DELIVERY.** Unless otherwise determined in the Agreement, Delivery terms are EXW (Incoterms 2020) and are exclusive of taxes, shipping, handling and insurance. The delivery schedule set forth in the Agreement is approximate and subject to change. Notwithstanding other limitations set forth by H<sub>2</sub>O Innovation, H<sub>2</sub>O Innovation shall not be liable for any delays in delivery which are caused by events beyond its control, including, but not limited to, delays caused by Customer’s inaccurate or incomplete data, changes to the Customer’s order, delayed approval of drawings by Customer, acts of Customer or Customer’s agent, Force Majeure Events, or delay in transportation. Unless otherwise determined in the Agreement, the equipment will be crated for domestic truck shipment and H<sub>2</sub>O Innovation assumes no responsibility for loss of, or damage to, the equipment following delivery and the equipment shall thereafter be at Customer’s sole risk. Any claim by Customer against H<sub>2</sub>O Innovation for shortage or damage occurring prior to delivery must be made in writing within ten (10) calendar days following receipt of shipment and accompanied by an original bill of lading signed by the carrier noting that carrier received the equipment from H<sub>2</sub>O Innovation in the condition claimed. H<sub>2</sub>O Innovation shall have the right to ship the equipment and its components via one single shipment or several partial shipments, within the period allotted by the delivery schedule provided for in the Agreement, unless specifically requested in writing by Customer that delivery be made in total via one single shipment. Any shipments returned to H<sub>2</sub>O Innovation as a result of Customer’s unexcused delay or failure to accept delivery will require Customer to pay all additional costs incurred by H<sub>2</sub>O Innovation, including any storage costs as set forth in these Standard Terms and Conditions.

**7. RISK OF LOSS AND TITLE.** Risk of loss shall pass to Customer as per the applicable delivery terms provided for in these Standard Terms and Conditions. Ownership of the equipment shall remain in H<sub>2</sub>O Innovation’s name until the purchase price has been received in full by H<sub>2</sub>O Innovation. H<sub>2</sub>O Innovation reserves the right to publish a security interest under applicable law and/or regulation. Customer agrees to perform all acts necessary to perfect and maintain said security interest, and to protect H<sub>2</sub>O Innovation’s interest by adequately insuring the equipment against loss or damage from any external cause, including during any storage or transportation, with H<sub>2</sub>O Innovation designated as additional insured on such insurance policy(ies).

**8. DRAWINGS AND SPECIFICATIONS.** In the event that drawings are sent to Customer for approval after the Agreement is executed, the drawings must be returned marked “Approved” or “Approved as Noted” within a period of twenty (20) calendar days after receipt of the drawings, unless otherwise stated. In the event that Customer’s written comments are not given within the prescribed period, H<sub>2</sub>O Innovation shall deem the items

approved and will be entitled to invoice the Customer as of such approval date.

**9. MODIFICATION AND SELECTION OF MATERIALS.** H<sub>2</sub>O Innovation reserves the right to modify the design and specifications of its products, provided that such modification does not adversely affect the performance specifications requested by the end-user or the Customer in its request for proposals. Because all H<sub>2</sub>O Innovation products are specially manufactured products, the material make-up of many of H<sub>2</sub>O Innovation's products varies from one project to another. The determination of the materials' suitability and adaptability (including without limitation, paint and/or coating) to the specific needs of the Customer are solely the Customer's choice and responsibility.

**10. INSTALLATION.** Unless otherwise determined in the Agreement, equipment is installed by and at the full expense of Customer.

**11. FIELD SERVICE.** Field services included in the Agreement will only be scheduled upon written request by the Customer. Should the Customer have outstanding balances due to H<sub>2</sub>O Innovation, H<sub>2</sub>O Innovation reserves the right to refuse performing start-up or field services until such payments are received by H<sub>2</sub>O Innovation. Customer assumes all responsibility for the readiness of the equipment when it requests start-up services. Should H<sub>2</sub>O Innovation's field service engineer arrive at the jobsite and determine that the equipment cannot be started up within a reasonable time, H<sub>2</sub>O Innovation shall have the option to bring the field service engineer home and bill the Customer for time, travel and living expenses. Additional field services are available from H<sub>2</sub>O Innovation at the prevailing rate at the time of the request for service in addition to all travel and living expenses, portal-to-portal. A change order or an additional purchase order will be required prior to scheduling such additional services.

**12. SUSPENSION AND STORAGE.** In the event that Customer would require an interruption in the work schedule or is not ready or able to accept delivery of the equipment following confirmation by H<sub>2</sub>O Innovation that the equipment is ready for shipment, H<sub>2</sub>O Innovation will keep the equipment in storage for a period of thirty (30) days at no additional charge. After such period, H<sub>2</sub>O Innovation shall be entitled, upon the 31<sup>st</sup> day, to (i) invoice and obtain payment for all costs and expenses already incurred into the project, including the attributable portion of reasonable profit and overhead, as of the date of suspension as well as all costs and expenses resulting from such suspension (including price changes for parts, components and raw material, as provided for in these Standard Terms and Conditions, (ii) charge interest at a rate of 18% per year on retention amount, if any, and (iii) charge storage fees of \$2.50 per square foot of occupied space per month at minimum. Higher storage fees may apply provided that proper support documents justifying additional storage costs are submitted to Customer. In case of prolonged storage, any cost associated with the equipment manufacturer's prolonged storage procedure (retesting, calibration, balancing, alignment, oil changes, membrane preservation...) of any equipment will be charged to the Customer. If the suspension period lasts for more than 180 days, H<sub>2</sub>O Innovation is entitled to terminate the Agreement in accordance with these Standard Terms and Conditions.

**13. ANTI-CORRUPTION.** Both parties shall comply with applicable laws and regulations with respect to export control and anti-corruption pertaining to bribery, extortion, kickbacks, money laundering or other unlawful or improper means of obtaining business whether directly or indirectly. Neither party nor, to the knowledge of the parties, any director, officer, agent,

employee or other person associated with or acting on behalf of either party, has (i) used or attempted to use any of its funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or attempted to make any direct or indirect unlawful payment to any foreign or domestic government official or employee, any public international organization, any political party, or private individual or other entity, from its funds; (iii) violated, attempted to violate or is in violation of any provision of any foreign corrupt practices laws; or (iv) made or attempted to make any bribe, rebate, payoff, influence payment, kickback or other unlawful payment. Furthermore, each party agrees that: (i) it is familiar with and will abide by the anti-bribery and anti-money laundering laws in all the countries in which it is incorporated or established and in which it does business; (ii) it will not take or knowingly permit any action to be taken that would cause the other party to be in violation of any applicable anti-bribery or anti-money laundering laws; (iii) its books, records and all accounts shall accurately reflect any and all payments in respect of transactions whether under the Agreement or otherwise, and the other party shall have the right to inspect and audit its books, records and accounts at any time on prior written notice; (iv) it shall immediately notify the other party and cooperate with any investigations regarding such matters; (v) either party may immediately terminate the Agreement in the event of a breach of this section by the other party; (vi) neither party shall be required to make any payments to the other party if such payments are related to a transaction in connection with which the other party has breached this section.

**14. DATA PROTECTION.** Any and all personal data which is processed by the either party in connection with this Agreement shall be handled and protected pursuant to all applicable data protection laws and regulations which may be in force from time to time relating to the processing of personal data and privacy, including where applicable the guidance and codes of practice issued by any competent supervisory authority, and the equivalent of any of the foregoing in any relevant jurisdiction. Each party shall, and shall procure that its employees, agents and sub-contractors shall: (i) comply with its obligations under any applicable data protection law, and shall not, by act or omission, put the other party in breach of, or jeopardize any registration under, any such data protection law; (ii) promptly and fully notify the other party in writing of any notices received by it relating to the processing of any personal data, including subject access requests, complaints and/or correspondence from any regulatory body and provide such information and assistance as the other party may reasonably require in relation to such notice (at no cost to the other party); (iii) promptly and fully notify the other party in writing if it suspects or becomes aware of any actual, threatened or potential breach of security of personal data; and (iv) obtain appropriate consent from all data subjects to whom it relates, to pass their personal data to the other party for the purposes for which the other party intends to use it.

**15. MODERN SLAVERY.** Both parties agree to put in place policies and procedures to minimize the risks of modern slavery or human trafficking in the supply chain, and to comply fully with any modern slavery, human trafficking or similar applicable laws.

**16. TERMINATION FOR CONVENIENCE.** Customer agrees that the equipment is custom designed, specially manufactured for Customer's needs and is not suitable for sale to others in the ordinary course of business. Therefore, in the event Customer terminates the Agreement at any time, by no fault of H<sub>2</sub>O Innovation, H<sub>2</sub>O Innovation shall be entitled to invoice Customer for all the costs and expenses incurred into the project, including

the attributable portion of reasonable overhead already included in the Agreement price, upon the date of termination (including all materials ordered and not yet received and all materials received and not yet incorporated into the project, wherever they may be stored) and any costs and expenses incurred as a result of such termination.

**17. TERMINATION FOR DEFAULT.** (1) H<sub>2</sub>O Innovation shall have the right to terminate the Agreement, without notice, upon the occurrence of one of the following events: (i) if Customer 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, or (ii) if Customer persistently fails to make payment when due, or (iii) if Customer suspends, as permitted in these Standard Terms and Conditions, the work related to the equipment for a period of more than 180 days. In the event the Agreement is terminated due to Customer's default, H<sub>2</sub>O Innovation will be entitled to the same compensation provided for in case of termination for convenience under these Terms and Conditions. (2) Customer shall have the right to terminate any Agreement, without notice, upon the occurrence of one of the following events: (i) if H<sub>2</sub>O Innovation 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, or (ii) if H<sub>2</sub>O Innovation fails to comply with any material obligations under the Agreement after having been given a 15-days' written notice to cure such default. In the event the Agreement is terminated due to H<sub>2</sub>O Innovation's default, the Customer shall pay to H<sub>2</sub>O Innovation all the costs and expenses incurred by H<sub>2</sub>O Innovation into the project upon the date of termination (including all materials ordered and not yet received and all materials received and not yet incorporated into the project, wherever they may be stored), less any amount already paid by Customer and all direct costs and expenses incurred by the Customer as a result of H<sub>2</sub>O Innovation's default, when applicable.

**18. FORCE MAJEURE.** Subject to Section 3 of these Standard Terms and Conditions, neither party shall be responsible for delays or failures in performance resulting from unforeseeable events or circumstances beyond the control of such party. Such events may include, without limitation, acts of God, riots, acts of war, epidemics or pandemics, governmental acts, orders or regulations, border restrictions, fires, communication line failures, power failures and earthquakes. ("**Force Majeure Events**"). Inability to pay moneys or financial hardship shall not, however, constitute Force Majeure Events.

**19. MECHANICAL WARRANTY.** Unless otherwise determined in writing, H<sub>2</sub>O Innovation warrants to Customer that parts and components of the equipment manufactured by H<sub>2</sub>O Innovation are free from defects in material and in workmanship for a period of twelve (12) months following start-up or eighteen (18) months from delivery, whichever occurs first. This warranty is applicable only when the equipment is used in the normal conditions of operation in accordance with the applicable operating instructions and within the range of operating conditions specified by H<sub>2</sub>O Innovation. This warranty does not extend to equipment, parts or components manufactured by a third party into which the equipment is incorporated. This warranty does not cover disposable items, such as fuses, lamps, probes, sensors, filters, cartridges or other disposable items that must be replaced periodically under the normal and foreseeable operating conditions of the equipment warranted hereby. In case Customer delays the delivery of the equipment by more than one (1) month after the completion of the manufacturing at H<sub>2</sub>O Innovation's facility, the equipment will be considered as delivered for warranty purpose. Provided Customer has respected the payment terms and schedule of the

Agreement, Customer will be able to exercise the rights granted under this warranty. H<sub>2</sub>O Innovation's obligation under this warranty is limited to the repair or replacement, at its sole option, of any part or component of the equipment that proves to be defective in material or workmanship within the warranty period. Shipping, uninstalling and reinstalling of parts or components, when required, can be provided by H<sub>2</sub>O Innovation at additional cost to Customer. This warranty shall be void and unenforceable with regard to the equipment if it has been damaged by accident, mishandling or abuse, or if it has been repaired, modified, altered, disassembled or otherwise tampered with by anyone other than H<sub>2</sub>O Innovation or its authorized representative, or if any replacement part or component not authorized by H<sub>2</sub>O Innovation has been used, or if the equipment has not been stored, installed, operated or maintained in accordance with the operating documentation and manuals provided by H<sub>2</sub>O Innovation. THE FOREGOING LIMITED WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER GUARANTEES AND WARRANTIES OF ANY KIND WHATSOEVER, WRITTEN, ORAL OR IMPLIED; ALL OTHER WARRANTIES INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED.

**20. CONFIDENTIAL INFORMATION.** The design, construction, application and operation of H<sub>2</sub>O Innovation's products, services and relevant documentation embody proprietary and confidential information. Customer agrees and undertakes to maintain such confidential information in strict confidence, not to disclose it to others, and to only use it in connection with the use of the products or to facilitate the provision of services sold by H<sub>2</sub>O Innovation. Customer will not copy or reproduce any written or printed materials or drawings provided by H<sub>2</sub>O Innovation. Customer agrees to immediately return all confidential material to H<sub>2</sub>O Innovation upon request. Customer will not copy any information provided by H<sub>2</sub>O Innovation or make any design drawings of H<sub>2</sub>O Innovation's equipment and will not permit others to copy or make any design drawings of the equipment. Customer acknowledges that a remedy at law for any breach or attempted breach of this Section will result in harm to H<sub>2</sub>O Innovation for which monetary damages alone will not be adequate. Customer 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.

**21. INDEMNIFICATION AND LIMITATION OF LIABILITY.** Each party shall indemnify, defend, and hold harmless the other party from and against any and all demands, claims, causes of action, losses, damages, costs, and expenses (including legal fees), of every kind and nature, regardless of whether in law or in equity, arising out of or related to the work made under the Agreement or related to the Agreement, to the extent such demands, claims, causes of action, losses, damages, costs, and expenses are caused by (i) the misconduct, negligence, omission or fault, (ii) breach or violation of a statute, ordinance, governmental regulation, standard, or rule, or (iii) breach of contract, by the indemnifying party, its agents, employees, or subcontractors of any tier. Except for liabilities attributable to personal injury or death, the indemnification obligation of the indemnifying party shall be limited to 100% of the aggregate value of the Agreement. Neither party shall be held liable for the other party's breach of the sections entitled Anti-Corruption, Data Protection and Modern Slavery.

**22. CONSEQUENTIAL DAMAGES.** Neither party shall be liable for consequential, special, incidental or indirect damages, including, without limitation, loss of revenue, profits or use.

**23. PATENTS.** H<sub>2</sub>O Innovation shall indemnify Customer against any judgment for damages and costs which may be rendered against Customer in a suit brought on account of the alleged infringement of any Canadian or United States patent by any product supplied by H<sub>2</sub>O Innovation, unless (a) the alleged infringement occurs as a result of any alteration or modification to the product or the use of the product in combination with the products or services of any party other than H<sub>2</sub>O Innovation, or (b) the product was made in accordance with materials, designs or specifications furnished or designated by Customer, in which case Customer shall indemnify H<sub>2</sub>O Innovation against any judgment for damages and costs which may be rendered against H<sub>2</sub>O Innovation in any suit brought on account of the alleged infringement of any Canadian or United States patent by such product or by such materials, designs or specifications. H<sub>2</sub>O Innovation shall not be held liable to Customer for special, indirect, incidental or consequential damages arising out of allegations of patent infringement.

**24. COMPLIANCE WITH LAWS.** To the best of H<sub>2</sub>O Innovation's knowledge, the equipment complies with most laws, regulations and industrial practices applicable to H<sub>2</sub>O Innovation's scope of work; however, H<sub>2</sub>O Innovation does not accept responsibility for any state, city or other local law not specifically brought to H<sub>2</sub>O Innovation's attention. H<sub>2</sub>O Innovation is only responsible for the physical characteristics of the equipment and not for the circumstances of its use. H<sub>2</sub>O Innovation's liability through any noncompliance shall be limited to the cost of modifying or replacing the non-complying equipment or components after receipt of a prompt written notice of noncompliance.

**25. HEALTH AND SAFETY.** H<sub>2</sub>O Innovation shall at all times conduct its operations under the Agreement in a manner to avoid the risk of endangerment to health and bodily harm to persons. H<sub>2</sub>O Innovation shall comply with all applicable health and safety laws and regulations. While H<sub>2</sub>O Innovation may provide installation guidance from time to time, it does not provide supervision services and its role shall not be construed as that of a Supervisor.

**26. COMPLIANCE WITH H<sub>2</sub>O INNOVATION'S INSTRUCTIONS.** Customer shall comply and require its employees to comply with all instructions given by H<sub>2</sub>O Innovation regarding installation, use, operation and maintenance of the equipment and shall require its employees to use reasonable care and all safety devices in the operation and maintenance of the equipment. Customer shall not remove or permit removal or modification of any safety device, warning sign or label. Customer shall immediately give H<sub>2</sub>O Innovation written notice of any personal injury or property damage arising out of the use of the equipment and cooperate with H<sub>2</sub>O Innovation in investigating any such accident or malfunction.

**27. ASSIGNMENT.** Neither party may assign the Agreement, without the prior written consent of the other party. Such consent shall not be unreasonably withheld. However, H<sub>2</sub>O Innovation may assign the Agreement 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 H<sub>2</sub>O Innovation.

**28. AMENDMENT.** No supplement, modification or waiver or termination of the Agreement shall be binding unless executed in writing by the parties. No waiver of any of the provisions of the Agreement 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.

**29. ENTIRE AGREEMENT.** The parties agree that the Agreement and these Standard Terms and Conditions constitute the entire agreement between the parties and that there are no other agreements, terms or conditions, expressed or implied, unless otherwise agreed to in writing by H<sub>2</sub>O Innovation. The Agreement and these Standard Terms and Conditions shall supersede any agreement, terms and conditions or any other document that may apply to the transaction between the parties.

**30. GOVERNING LAWS.** The Agreement shall be governed by and construed in accordance with the laws of (i) the State of Minnesota when awarded in the USA, and (ii) the laws of the Province of Quebec when awarded outside of the USA. The parties hereby consent to such jurisdiction and waive all others.

**31. MISCELLANEOUS.** This document 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 Agreement. 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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