



Standard Terms and Conditions of Sale of Parts and Components

1. GENERAL. All references to “Supplier” shall mean **H2O Innovation Inc. doing business as Piedmont Pacific, Piedmont Pacific Corporation or H2O Innovation Europe, S.L.U.**, as the case may be. All references to “Client” shall mean the customer named in a purchase order, quotation or proposal. Client shall either sign Supplier’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 products to be provided by Supplier (the “Products”), 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 Supplier or by the Client.

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. Client’s request to extend originally agreed upon delivery date(s) or to delay purchase of Products will be subject to price escalation. Price is also subject to escalation to reflect price variations of different parts, components, raw materials or transportation attributable to or resulting from: i) Client’s request to extend originally agreed upon delivery dates or to delay purchase of parts and/or components; ii) new tariffs, laws or regulations; iii) inflation; 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 at any time, in Supplier’s sole discretion, Client becomes unable or unwilling to meet the terms specified in these Standard Terms and Conditions or significantly delays the project, Supplier may require full or partial payment of the Agreement price. If in Supplier’s reasonable opinion, Client’s financial condition does not justify commencement, continuation of production or shipment, Supplier may require satisfactory assurance or payment as a condition to commencing or continuing fabrication. Supplier 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 Supplier. Wherever Client and Supplier are bound together by different Agreements, for whatsoever purpose, it is expressly agreed between them that Supplier may also delay shipment under any Agreement, upon written notice, until any monies due by Client to Supplier under any other Agreement(s) are also paid in full. Any shipments delayed by Supplier as a result of Client’s failure to pay monies due may require Client to pay all additional costs incurred by Supplier, including, without limitation, reasonable storage costs and any costs incurred for extension of letters of guarantee and credit, if any. It being understood that such delay of shipment would be justified and would not expose Supplier to any related penalties, damages or other negative consequences including, without limitation, liquidated damages.

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, trade tariffs and other similar fees levied upon shipment of the Products.

6. DELIVERY. Unless otherwise determined in the Agreement, delivery terms are INCOTERMS 2020 CIP Place of destination and are exclusive of taxes, shipping, handling and insurance. Delivery date of the Products shall be clearly stated in the Agreement.

The delivery schedule set forth in the Agreement is approximate and subject to change. Unless otherwise determined in the Agreement, the Products will be crated for shipment and Supplier assumes no responsibility for loss of, or damage to the Products following delivery and the Products shall thereafter be at the Client’s sole risk. Any claim by Client against Supplier 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 Products from Supplier in the condition claimed. Supplier shall have the right to ship the Products 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 the Client that delivery be made in total via one single shipment. Any shipments returned to Supplier as a result of Client’s unexcused delay or failure to accept delivery will require Client to pay all additional costs incurred by Supplier, including, without limitation, any storage costs as set forth in these Standard Terms and Conditions. Supplier 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 Client’s inaccurate or incomplete data, changes to the Client’s order, delayed approval of Products by Client, acts of Client or Client’s agent, or delays in transportation.

7. RISK OF LOSS AND TITLE. Risk of loss shall pass to Client as per the applicable delivery terms provided for in These Standard Terms and Conditions. Ownership of the Products shall remain in Supplier’s name until the purchase price has been received in full by Supplier. Client agrees to perform all acts necessary and to protect Supplier’s interest by adequately insuring the Products against loss or damage from any external cause.

8. INSTALLATION. Products shall be installed by and at the full expense of Client.

9. SUSPENSION AND STORAGE. In the event that the Client would require an interruption in the work schedule or is not ready or able to accept delivery of the Products following confirmation by Supplier that the Products are ready for shipment, Supplier will keep the Products in storage for a period of thirty (30) days at no additional charge. After such period, Supplier shall be entitled, upon the 31st 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. In case of prolonged storage, any cost associated with the preservation of certain Products, when required, will be charged to the Client. If the suspension period lasts for more than 180 days, Supplier is entitled to terminate the Agreement in accordance with these Standard Terms and Conditions.

10. 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 applicable anti-bribery and anti-money laundering laws in any jurisdiction within which it is incorporated, established or carrying out its 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.

11. 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.

12. EXPORT CONTROL. Both parties shall comply with the restrictive measures regarding sanctioned countries as provided by the laws and regulations of the European Union, the United Kingdom, Canada and the United States of America (including the US Department of the Treasury's Office of Foreign Assets Control (OFAC)). As such, Client acknowledges it shall not, directly or indirectly ship, transfer, sell, advertise, market, export or use the Products in sanctioned countries to the extent such trade activity falls within the scope of the sanctions.

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

14. TERMINATION FOR CONVENIENCE. In the event Client terminates the Agreement at any time, by no fault of Supplier, Supplier shall be entitled to invoice Client for all the costs and expenses incurred into the project, including the attributable portion of reasonable overhead, upon the date of termination (including all Products ordered and not yet received and all Products 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.

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

16. 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 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 a Force Majeure Event.

17. WARRANTY. Unless otherwise determined in writing, Supplier warrants to Client that Products manufactured by Supplier are free from defects in material and in workmanship for a period of twelve (12) months following installation by Client or eighteen (18) months from delivery, whichever occurs first. This warranty is applicable only when the Products are used in the normal conditions of operation in accordance with the applicable

operating instructions and within the range of operating conditions specified by Supplier. This warranty does not extend to Products, parts or components manufactured by a third party into which the Products are 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 Products warranted hereby. In case Client delays the installation of the Products by more than one (1) month after delivery, the Products will be considered as installed for warranty purpose. Provided Client has respected the payment terms and schedule of the Agreement, the Client will be able to exercise the rights granted under this warranty. Supplier's obligation under this warranty is limited to the replacement, of any Product that proves to be defective within the warranty period. Shipping, uninstalling and reinstalling of Products, when required, shall be at Client's sole cost. This warranty shall be void and unenforceable with regard to the Products if they have been damaged by accident, mishandling or abuse, or if they have been repaired, modified, altered, disassembled or otherwise tampered with by anyone other than Supplier or its authorized representative, or if any replacement product not authorized by Supplier has been used, or if the Products have not been stored, installed, used or maintained in accordance with the operating documentation and manuals provided by Supplier . 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. Client may assign this warranty to its client or end-user when required by written contract. Client's client or end-user shall be bound by the same warranty terms, conditions and obligations and shall be subject to the same warranty exclusions as those applicable to Client.

18. CONFIDENTIAL INFORMATION. The design, manufacture, supply, application and operation of Supplier's Products and relevant documentation embody proprietary and confidential information. Client 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. Client will not copy or reproduce any written or printed materials or drawings provided by Supplier. Client agrees to immediately return all confidential material to Supplier upon request. Client acknowledges that a remedy at law for any breach or attempted breach of this section will result in harm to Supplier for which monetary damages alone will not be adequate. Client 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.

19. 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 Products supplied under the Agreement or related to the Agreement, including, but not limited to, personal injury, death, loss of use, or property damage (including the Products themselves), 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.

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

21. COMPLIANCE WITH LAWS. To the best of Supplier's knowledge, the Products comply with most laws, regulations and industrial practices applicable to Supplier's scope of work; however, Supplier does not accept responsibility for any state, city or other local law not specifically brought to Supplier's attention. Supplier is only responsible for the characteristics of the Products and not for the circumstances of their use or for any non-authorized alteration or misuse of the Products. Supplier's liability through any noncompliance shall be limited to the cost of replacing the non-complying Products or components after receipt of a prompt written notice of noncompliance.

22. ASSIGNMENT. Neither party may assign the Agreement, without the prior written consent of the other party. Such consent shall not be unreasonably withheld. However, Supplier 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 Supplier.

23. 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.

24. 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 Supplier. 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.

25. GOVERNING LAWS. The Agreement shall be governed by and construed (A) when awarded to H₂O Innovation Inc., in accordance with the laws of (i) the State of California when awarded in the USA, and (ii) the laws of the Province of Quebec when awarded outside of the USA and (B) when awarded to H₂O Innovation Europe, S.L, in accordance with the laws of Spain. All disputes shall be resolved by the competent courts in each applicable jurisdiction and the parties hereby consent to such jurisdiction and waive any other.

26. 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.
