

## Standard Terms and Conditions - H<sub>2</sub>O Innovation Rental Units

**1. ACCEPTANCE.** The parties agree that these Standard Terms and Conditions are the exclusive and complete terms accompanying any accepted proposal, purchase order or agreement ("**Agreement**") related to rental services to be provided by H<sub>2</sub>O Innovation Inc. and/or any of its affiliates or subsidiaries ("**H<sub>2</sub>O Innovation**") of any equipment, water treatment system, or any other type of system related to water or wastewater treatment (the "**equipment**"). No other terms 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.

**2. SCOPE.** H<sub>2</sub>O Innovation agrees to provide to its client ("**Customer**"), who agrees to rent, the equipment described in the Agreement, subject to these Standard Terms and Conditions. The scope of supply to be provided by H<sub>2</sub>O Innovation with respect to the equipment is clearly described in the Agreement. Any items not specifically listed as being part of H<sub>2</sub>O Innovation's scope of supply shall be supplied by Customer or others, at Customer's cost.

**3. RENT.** Unless otherwise expressly stated, the monthly rent specified in the Agreement (the "**Rent**") is fixed for the Initial Term (as defined below) of the Agreement. The Rent is subject to escalation at the time of renewal as provided for in the Agreement or upon mutual agreement of the parties, as the case may be. The Rent set forth in the Agreement is exclusive of any amount for federal, state, local, sales, use, property, in-country, import, VAT or similar taxes or duties. The Rent also excludes permit, license, customs and similar fees levied upon shipment of the equipment.

**4. PAYMENT.** Unless otherwise expressly stated, the first Rent is due on the Delivery Date of the equipment as agreed upon in the agreement, provided H<sub>2</sub>O Innovation has met its contractual obligations to deliver by said Delivery Date. Subsequent monthly Rent payments shall be due on the first day of each month thereafter. If the Delivery Date of the equipment is delayed by the Client beyond the agreed upon date, Client agrees to still pay the full Rent starting from the original Delivery Date. By delaying the originally agreed upon Delivery Date, Client also agrees to pay for any additional costs in shipping, mobilization and storage that may arise from this delay. Payment terms are net thirty (30) days from the date of invoice. Rent shall not be subject to any deductions on account of any nonworking time in the month unless the equipment is inoperable for a cumulative period of more than seventy-two (72) hours in a month due to an interruption in service that can be solely and directly linked to a failure of the equipment supplied by H<sub>2</sub>O Innovation. The Rent payable for any fraction of a month at the beginning or end of the Term shall be the Rent, prorated according to the number of calendar days in such fraction. Customer will notify H<sub>2</sub>O Innovation in writing of any such event at the time of the event. All late payments shall be subject to collection costs. Any payments past due shall bear interest at the rate of 1.5% per month, calculated from the date when such payment was due until paid, and on any other sum for breach of this Agreement, from the date of the breach.

**5. DELIVERY AND RISK OF LOSS.** Unless otherwise stated in the Agreement, the equipment shall be delivered to the Customer EXW (Incoterms 2020) H<sub>2</sub>O Innovation's manufacturing plant located in Ham-Nord, Quebec or Champlin, MN (the "**Manufacturing Plant**") at the date stated in the Agreement or at any other date agreed upon in writing between the parties (the "**Delivery Date**"). Unless otherwise expressly agreed, Customer shall (i) be responsible for all transportation costs incurred in loading and transporting the equipment from the Manufacturing Plant to the Customer's project site described in the Agreement (the "**Site**"), (ii) pay all rigging, drayage charges, structural alterations, rental of heavy equipment and/or other expense necessary to unload and place the equipment at the Site, (iii) assume and be liable for all risks associated with the transportation, unloading and installation of the equipment at the Site and shall ensure that the Site is suitable including an adequate structurally sound surface and foundation upon which the equipment will be installed as per the

technical specifications provided for in the Agreement and, (iv) obtain appropriate insurance to cover the value of the equipment upon delivery. Actual delivery charges will be confirmed upon Manufacturing Plant shipment. Customer shall inspect the equipment upon delivery to the Site, itemize in writing, within ten (10) days from the delivery of the equipment to the Site, any damage or deficiency of the equipment and notify H<sub>2</sub>O Innovation of such damages or deficiencies in a timely manner. Unless such notice is received by H<sub>2</sub>O Innovation, Customer agrees that it shall be conclusively presumed, as between H<sub>2</sub>O Innovation and Customer, that Customer has fully inspected and acknowledged that the equipment is in good condition and repair, and that Customer is satisfied with and has accepted the equipment in such condition and repair. 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 inaccurate or incomplete data, changes or revisions in the work to be performed, tardy approval of drawings by Customer, acts of Customer or Customer's agent, Force Majeure Events, inability or delays in obtaining labor or materials, or delay in transportation.

**6. TERM AND RENEWAL.** The initial term of this Agreement (the "**Initial Term**") shall be for the period mentioned in the Agreement, beginning on the Delivery Date. At the end of the Initial Term, and subject to the Customer not being in default of any of its payment obligations, the parties shall determine in writing thirty (30) days before the end of the Initial Term whether they wish to renew this Agreement. The Initial Term and any renewal period are hereinafter defined as the "**Term**".

**7. TERMINATION.** (1) In the event that Customer (i) is in default of any of its obligations under the Agreement or these general conditions ("**Event of Default**"), including, without limitations, failure to make payment in accordance with Section 4, and fails to cure such default within ten (10) days following the receipt of a notice to that effect, or (ii) becomes insolvent or makes an assignment for the benefit of creditors, or makes a proposal in bankruptcy or is assigned into bankruptcy, H<sub>2</sub>O Innovation shall be entitled to terminate this Agreement without further notice. (2) In the event that H<sub>2</sub>O Innovation is in default of any of its obligations under this Agreement, and fails to cure such default within ten (10) days following the receipt of a notice to that effect, Customer may terminate the Agreement before the end of the Term by providing H<sub>2</sub>O Innovation sixty (60) days prior notice.

**8. EFFECT OF EXPIRATION OR TERMINATION.** Without limitation to Section 7 above, upon termination of the Agreement, Customer shall be liable for all the amounts due to H<sub>2</sub>O Innovation as of the date of termination. Customer shall also make the equipment available for immediate removal by H<sub>2</sub>O Innovation, free of any damage, in good repair and in good working order (reasonable wear and tear excepted) including, without limitation, proper flushing of any and all chemicals introduced into the equipment during the Term. If the equipment is not available for immediate removal, Customer shall continue to pay prorated Rent until such time as the equipment is made available for removal. Customer shall pay all the costs and expenses incurred by H<sub>2</sub>O Innovation in the repossession, removal and transportation of the equipment. Prior to return of the equipment, Customer agrees to decommission the equipment in accordance with the decommissioning procedure and checklist provided by H<sub>2</sub>O Innovation. Failure to complete these actions may result in additional charges. The equipment will be inspected upon return and the determination of any damage charges will be mutually agreed by the parties. In cases where spare parts are provided to Customer with the equipment such parts shall remain the sole property of H<sub>2</sub>O Innovation, it being understood that the use of any spare parts by Customer shall be communicated to H<sub>2</sub>O Innovation in writing and properly documented. Furthermore, any missing spare parts not accounted for at the end of the Term shall be invoiced with 20% margin to the Customer.

**9. MAINTENANCE AND REPAIR.** Throughout the Term, the Customer shall properly maintain the equipment and keep the same in good working order. Customer shall pay for consumables required to operate the equipment and to maintain it in good working order. All

repair, maintenance or servicing of the equipment during the Term shall be performed by Customer at its own cost as per the operating instructions provided by H<sub>2</sub>O Innovation, such as process description, drawings and any additional documentation delivered by H<sub>2</sub>O Innovation to Client (the "**Instructions**"); unless such repair is the result of a defect in the equipment or is caused by H<sub>2</sub>O Innovation, in which case it shall be at H<sub>2</sub>O Innovation's cost, unless it is discovered that such equipment defect or failure is due to Customer's misuse, lack of maintenance or improper operation, in which case Customer shall pay for such repairs and damages. In such instance and in accordance with the warranty provisions herein, H<sub>2</sub>O Innovation shall provide and ship replacement equipment to Customer. Customer will be responsible for installing the equipment per the component manual, and shall send H<sub>2</sub>O Innovation relevant documentation (photos) on the repairs undertaken. Any additional services can be provided on a case-by-case basis. Without limiting the foregoing, the costs of repair, replacement, maintenance or servicing due to improper operation, vandalism, theft, unexplained causes, the negligence of any person (other than H<sub>2</sub>O Innovation) or Customer's non-compliance with the terms hereof, shall be borne entirely by the Customer. No modifications shall be made to the equipment except with the prior written consent of H<sub>2</sub>O Innovation. Upon request by H<sub>2</sub>O Innovation, at any time during the term of this Agreement, Customer shall provide photos and/or updates regarding the state of the equipment.

**10. USE.** Customer shall ensure that the equipment is used and operated in a proper manner, as per the Instructions, and used only for the purpose for which it has been designed. Customer shall take proper and prudent care of the equipment and shall not permit damage, misuse, destruction, abuse or mishandling of the equipment in any manner. Customer shall at all times carry out its operations in full compliance with all laws, regulations and bylaws applicable to its operations and the use, possession and operation of the equipment. The equipment shall be at Customer's risk unless and until returned to the possession of H<sub>2</sub>O Innovation and Customer hereby shall indemnify H<sub>2</sub>O Innovation against all loss of, or damage to, the equipment occasioned by any cause whatsoever, including without limitation, theft, disappearance, vandalism, improper or unauthorized use, fire or other casualty. It being understood that the bypassing or acknowledgement of equipment alarms without troubleshooting and without addressing the root issue or failure shall also be deemed improper use and operation of the equipment. H<sub>2</sub>O Innovation or its designated agent may, at any and all reasonable times during business hours, enter the Site for the purposes of inspecting the equipment and the manner in which it is being used, and upon prior written notice, audit Customer's records retained in connection with this Agreement to confirm compliance with the terms of this Agreement. Furthermore, chemical storage inside the equipment is strictly forbidden.

**11. OWNERSHIP.** (1) The equipment is and shall, at all times, remain the exclusive property of H<sub>2</sub>O Innovation and nothing contained herein shall confer or be deemed to confer upon Customer or any other party any interest in the equipment, legal or beneficial, whatsoever. Customer shall not permit any party other than H<sub>2</sub>O Innovation and Customer to have an interest in the equipment. Customer shall not sell, encumber, lease or otherwise dispose of the equipment or any part thereof, or any interest therein, nor create, nor allow to be created, any lien on, or seizure of, the equipment. In the event of any breach of this provision, H<sub>2</sub>O Innovation shall be reimbursed for any fees (direct or indirect) paid to procure the release of the equipment from any such sale, encumbrance, lease or lien and Customer hereby covenants to indemnify H<sub>2</sub>O Innovation, therefore. At all times during the Term, the equipment shall be located at the Site and shall not be removed or relocated without the prior written consent of H<sub>2</sub>O Innovation. (2) All documents, reports, data and raw data, related to, or generated by the equipment for Customer's benefit are the property of the Customer. However, it is agreed that such reports, data and raw data may be used by H<sub>2</sub>O Innovation, upon mutual written agreement, for research and development purposes, such as

research, analysis and studies, and for demonstration to potential clients, while maintaining and respecting Customer's confidentiality.

**12. WARRANTY.** H<sub>2</sub>O Innovation warrants that the equipment will be free from defects in design, materials and workmanship, for a period of one (1) year following successful completion of the equipment start-up or eighteen (18) months from delivery of the equipment, whichever is the earliest. In the event a notice of defect is given by Customer, H<sub>2</sub>O Innovation shall repair and correct such defect, except such defects that may be caused improper operation, vandalism, theft, unexplained causes, negligence of any person (other than H<sub>2</sub>O Innovation) or Customer's non-compliance with the terms and conditions hereof.

**13. LIMITATION OF WARRANTY.** The warranty provided under herein is applicable only when the equipment is used in the normal conditions of operation in accordance with the 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, membranes, cartridges or other disposable items that must be replaced periodically under the normal and foreseeable operating conditions of the equipment. Provided Customer has respected the payment terms, 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. Uninstalling and reinstalling of parts or components, when required, can be provided by H<sub>2</sub>O Innovation at additional cost to Customer. For the Term of the Agreement, in no case shall H<sub>2</sub>O Innovation be liable for downtime for the replacement of the equipment or for loss of revenues. This warranty shall be void and unenforceable with regard to the equipment if it has been damaged by accident, mishandling or abuse, including, without limitation, introduction of substances such as solvents, corrosive chemicals, toxins or biological inhibitors that adversely affect the membranes or other parts and components of the equipment itself, changes to feed water quality beyond expected range, or if the equipment 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 Instructions provided by H<sub>2</sub>O Innovation. Such misuse or failure to properly maintain the equipment shall result in Customer being solely responsible for any resulting damages, whether direct or indirect. 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.

**14. FORCE MAJEURE.** 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, pandemics, governmental acts, regulations or orders, borders 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.

**15. SAFETY.** Customer agrees to provide a safe working environment for H<sub>2</sub>O Innovation's employees that may go to Site during the startup, maintenance activities or any other Site visit. Site should follow all locally applicable regulations and standards related to safety. It is understood that H<sub>2</sub>O Innovation may refuse to perform work on Site if it deems that Site conditions are not safe for its employees and until such conditions are corrected.

**16. 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; however, H<sub>2</sub>O Innovation does not accept responsibility for any state, city or other local law or site policy not specifically brought to H<sub>2</sub>O Innovation's attention in advance of shipment. 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.

**17. 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.

**18. 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.

**19. 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.

**20. INDEMNIFICATION.** 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. Except for liabilities attributable to personal injury or death and subject to Section 9, the indemnification obligation of the indemnifying party shall be limited to 100% of the aggregate value of the Agreement. For greater clarity, the indemnification cap shall not apply to events that require repair or replacement of the equipment itself as stipulated in Section 9. Neither party shall be held liable for the other party's breach of the sections entitled Anti-Corruption, Data Protection and Modern Slavery.

**21. LIMITATION OF LIABILITY.** In no event shall either party be liable for any indirect, special or consequential damages of any kind, whether in contract, tort or otherwise, including but not limited to, loss of profit, loss of opportunity, economic loss, punitive damages, claims by third parties or other types of consequential loss.

**22. INSURANCE.** Prior to delivery of the equipment and at all times during the Term of this Agreement, Customer shall obtain at its own expense and maintain in force all risks insurance to cover the full replacement value of the equipment, against loss or damage by accident, fire, theft and other risks usually covered by insurance in the type of business or operations for which the equipment is for the time being used. Such insurance policies shall be maintained until termination of the Agreement and shall be endorsed to require a minimum of thirty (30) days written notice prior to cancellation. H<sub>2</sub>O Innovation shall be named as additional insured. All such policies shall contain a waiver of subrogation. Customer shall provide to H<sub>2</sub>O Innovation, before shipment, a certificate of insurance confirming that such policies are in effect and in good standing. Shipment of the equipment will not take place until a valid insurance certificate is received from Customer.

**23. INTELLECTUAL PROPERTY INFRINGEMENT.** Customer has no authorization to make any representation, statement or warranty on behalf of H<sub>2</sub>O Innovation relating to the equipment. Customer shall indemnify and defend, at its own expense, H<sub>2</sub>O Innovation against claims or liability for U.S., Canadian or applicable foreign patent, copyright, trademark or other intellectual property infringement and for product liability arising from the preparation or manufacture of the equipment or part thereof according to Customer's specifications or instructions, or from Customer's unauthorized or improper use of the equipment, or from any changes or alterations to the equipment or part thereof made by persons other than H<sub>2</sub>O innovation, or from the use of the equipment in combination with products not furnished by H<sub>2</sub>O Innovation.

**24. OWNERSHIP OF MATERIALS.** All ideas, concepts, whether patentable or not, devices, inventions, copyrights, improvements or discoveries, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information that are: a) created, prepared, reduced to practice or disclosed by H<sub>2</sub>O innovation; and/or b) based upon, derived from, or utilizing confidential information of H<sub>2</sub>O innovation, and all related intellectual property rights, shall at all times remain H<sub>2</sub>O innovation's property. No right, title or interest in any patents, trademarks, trade names or trade secrets, or in any pattern, drawing or design for any equipment or in any other H<sub>2</sub>O innovation intellectual property right, shall pass or transfer to the Customer and H<sub>2</sub>O innovation shall at all times retain ownership rights therein. H<sub>2</sub>O innovation grants Customer a non-exclusive, non-transferable license to use any such material to the extent necessary and solely for Customer's use of the equipment

during the Term. Customer shall not disclose any such material to third parties without H<sub>2</sub>O innovation's prior written consent. Customer shall not, directly or indirectly, and shall cause its employees, agents and representatives not to: (i) alter or modify the equipment and/or parts thereof, (ii) disassemble, decompile or otherwise reverse engineer or analyze the equipment and/or parts thereof, (iii) remove any product identification or proprietary rights notices, (iv) modify or create derivative works, (v) otherwise take any action contrary to H<sub>2</sub>O innovation's rights in the technology and intellectual property relating to the equipment and/or parts thereof, and/or (vi) assist or ask others to do any of the foregoing.

**25. RELATIONSHIP.** It is understood and agreed that the relationship of the parties to each other is that of independent contractors. No agency or partnership is created by the Agreement.

**26. ASSIGNMENT.** Customer shall not assign this Agreement, except with the prior written consent of H<sub>2</sub>O Innovation. However, H<sub>2</sub>O Innovation may assign this Agreement to any of its affiliates or to any other entity.

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

**28. ENTIRE AGREEMENT.** The parties agree that the Agreement and these Standard Terms and Conditions constitute the entire agreement between them 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.

**29. GOVERNING LAWS.** The rights and obligations of the parties shall be governed by and interpreted in accordance with (i) the laws of the State of Minnesota when the equipment is shipped in the USA, or (ii) the laws of the Province of Quebec when the equipment is shipped in Canada, excluding any conflicts of law and choice of law principles. The parties hereby consent to such jurisdiction and waive any other.

**30. MISCELLANEOUS.** This document shall be binding upon and inure to the benefit of the parties and their heirs, assignees, legal representatives. 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. All payment, confidentiality and indemnity obligations, limitations of liability and ownership of materials provisions together with those sections the survival of which is necessary for the interpretation or enforcement of this Agreement, shall continue in full force and effect for the duration stated in such provisions or the applicable statute of limitations.