

## TERMS AND CONDITIONS OF PURCHASE

1. **DEFINITIONS:** "Hydro" is Hydro International Wastewater, Inc., with an address of 2925 NE Aloclek Drive #140 in Hillsboro, Oregon. "Seller" is the party selling the goods to Hydro.

2. **GOVERNING TERMS AND CONDITIONS.** Hydro's agreement is based on these terms and conditions of sale. This document, together with any additional writings signed by Hydro, represents a final, complete, and exclusive statement of the agreement between the parties and may not be modified, supplemented, explained, or waived by parol evidence, Seller's purchase order, any course of dealing, Hydro's payment or acceptance, or in any other way except in writing signed by Hydro through its authorized representative. These terms and conditions are intended to cover all activity of Hydro and Seller hereunder, including sales, use of products, parts, and work, and all related matters (references to products include parts and references to work include construction and installation). Hydro's obligations hereunder are expressly conditioned on Seller's assent to these terms and conditions. Hydro objects to any terms that are different from, or additional to, these terms and conditions. Any applicable detail drawings and specifications are hereby incorporated and made a part of these Terms and Conditions of Purchase insofar as they apply to the material supplied hereunder.

3. **WARRANTY SPECIFICATIONS:** Goods delivered (whether paid for or not) are subject to inspection, testing, and approval by Hydro before acceptance. Seller expressly warrants that all articles, materials, and work will conform to the applicable drawings, specifications, samples, models, affirmations of fact or promises, or other descriptions given in all respects, and that the goods delivered hereunder will be new; of good quality, material, and workmanship; merchantable; fit and sufficient for the purpose intended; and free from defects. This warranty shall survive any inspection, delivery, acceptance, or payment by Hydro of the goods or services. This warranty is fully assignable and transferable by Hydro and Seller remains fully liable for all this warranty after any assignment or transfer by Hydro. Goods not in accordance with Hydro's specifications will be held for Seller's instructions at Seller's risk and, if Seller so directs, will be returned at Seller's expense. If inspection discloses that part of the goods received are not in accordance with Hydro's specifications, Hydro may cancel any unshipped portion of the order, and seek any remedies available for delivery of non-conforming goods.

4. **WARRANTY AGAINST INFRINGEMENT:** Seller warrants that the sale or use of goods of Seller's design or Seller's patents covered by this order either alone, or in combination with other materials, will not infringe or contribute to the infringement of any patents or trademarks or copyrights either in the U.S.A. or foreign countries, and Seller shall defend and indemnify Hydro from every suit brought against Hydro or any party selling or using Hydro's products for any alleged infringements of any patents, trademarks or copyrights, by reason of the sale or use of said materials either alone, or in combination with other materials, and to pay all expenses and fees of counsel which shall be incurred in and about defending every such suit and all costs, damages, and profits recoverable in every such suit.

5. **CHANGES TO ORDER:** Hydro shall have the right to make changes to this order, including, but not limited to, changes in (a) quantity, (b) drawings and specifications, and (c) method of packing or shipment. Should any change affect any prices contained herein, Seller shall, before proceeding, notify Hydro of any price changes and receive Hydro's agreement thereto. No modification, alteration or amendment to this order shall be effective unless in a written change order signed by Hydro and acknowledged by Hydro. Any changes not so authorized shall not be paid for by Hydro.

6. **INSPECTION, EXPEDITING AND ACCEPTANCE:** Seller shall permit shop inspections during manufacture to ensure compliance with any applicable drawings and specifications. Hydro, or its designated inspector, shall have free access at all reasonable times (a) to inspect, test and expedite all work in progress, (b) to reject defective material and (c) to suspend work not being properly performed or not in accordance with any applicable drawings or specifications. If requested, Seller must also submit monthly engineering and production status reports to Hydro. Neither Hydro nor its designated inspector shall be required to execute documents, releases, or waivers purporting to release Seller from liability for bodily injury to Hydro or its designated inspector. Notwithstanding any interim inspection or acceptance,

the passage of title, or any payments hereunder, all goods sold hereunder shall be subject to final inspection and acceptance by Hydro at the place of delivery.

**7. PLACE OF DELIVERY AND RISK OF LOSS:** The goods sold under this order are to be delivered to Hydro at the place of delivery specified on the reverse side of this order. The risk of loss is on the Seller from the time this order is accepted until the time the Seller delivers the materials to Hydro at the place of delivery.

**8. TIME OF THE ESSENCE:** Time is of the essence. Seller expressly recognizes that in the performance of its obligations hereunder, Hydro is relying on timely performance by Seller, will schedule operations and incur obligations to third parties in reliance upon timely performance by Seller, and may sustain substantial losses by reason of any failure of timely performance. Seller hereby assumes liability to Hydro for all losses incurred by Hydro and caused by, arising out of, or resulting from Seller's failure to timely perform any of its duties or obligations under this contract.

**9. LIABILITY OF THE SELLER:** Seller agrees to defend, indemnify and hold harmless Hydro and its representatives, agents and employees, from and against any and all demands, claims, suits, costs, expense or liability (including, without limitation, attorneys' fees) attributable to any bodily injury, personal injury, sickness, disease or death, or to damage to or destruction of property (including loss of use thereof), caused in whole or in part by, arising out of, or resulting from: (a) any negligence of Seller in performing its obligations under this order; (b) any defect or alleged defect in any materials supplied pursuant to this order; (c) any act or omission by Seller in the performance of its obligations under this order; or (d) any failure of Seller to perform any obligation under this order.

**10. PAYMENTS:** Within thirty (30) working days after receipt of the goods, Hydro shall make a payment to Seller equal to the price of materials furnished less (a) all previous payments and (b) all charges or back charges for services, materials, equipment and other items furnished by or otherwise chargeable by Hydro to Seller. The foregoing notwithstanding, Hydro may also withhold all amounts necessary to protect Hydro against the risk that the materials furnished do not meet the requirements of this order, or against a breach of this order by Seller. Regardless of the other provisions of this order, before any payment hereunder shall become due, Hydro, at its option, may require Seller to furnish satisfactory evidence of the payment of all accounts for labor and materials pertaining to Seller's performance hereunder. In addition, before any payment hereunder shall become due, Seller shall, if required by Hydro, procure and furnish to Hydro a full and complete release of liens from all persons furnishing labor and materials relating to Seller's performance hereunder, or, at the option of Hydro, a satisfactory surety bond indemnifying Hydro against any claims based thereon.

**11. CANCELLATION OR TERMINATION BY PURCHASER:** Hydro reserves the right to cancel all or any part of the undelivered portion of this order if Seller does not make deliveries as specified, time being of the essence of this order, or if Seller breaches any of the terms hereof including, without limitation, the warranties of Seller. In the event Seller fails to timely perform any of its obligations under this order, Hydro shall have the right to notify Seller, in writing, of Seller's default. If Seller fails to cure the default within seven (7) days after its receipt of said notice, then Hydro may, at its option and without waiving or releasing and without prejudice to any rights or remedies available to Hydro under this order or applicable law, terminate Seller's right to proceed and to receive payment under this order. In such event, Hydro shall be entitled to any and all remedies available under this order or as provided by law or equity. Hydro, by written notice, may also cancel this order in whole or part for Hydro's convenience. In such event, the total payment Seller shall be entitled to receive under this order shall be the pro rata share of the total price (or the portion of the total price) attributable to those materials manufactured for Hydro prior to cancellation. Seller shall not be entitled to any compensation or payment in the event of cancellation for Hydro's convenience other than as specifically provided in this paragraph.

**12. ASSIGNMENT:** Seller shall not assign or transfer its rights or delegate its performance under this order or any interest herein or monies payable hereunder without the written consent of Hydro, and any assignment or delegation made without such consent shall be null and void and is cause for Hydro, at Hydro's option, to terminate this order. Hydro may assign its rights or delegate its performance under this order and its interest therein to any affiliated entity or individual, or to any entity or individual succeeding to Hydro's business, without the consent of Seller.

**13. INCIDENTAL AND CONSEQUENTIAL DAMAGES:** Seller acknowledges that Hydro has informed Seller that Seller's goods are to be used by Hydro to fulfill certain contractual obligations to third parties and that failure of Seller to fulfill the terms of this contract may result in incidental and/or consequential damages to Hydro. Seller hereby assumes liability to Hydro for all such incidental and consequential damages incurred by Hydro caused by, arising out of, or resulting from any breach of this contract by Seller.

**14. REMEDIES:** None of the provisions or remedies herein are in lieu of any claims for damages Hydro may have at law or equity under Maine's Uniform Commercial Code or otherwise for Seller's breach of any contracts or warranties with Hydro, which claims are specifically reserved by Hydro.

**15. COMPLIANCE WITH LAW:** Seller represents that the materials covered by this order were not manufactured and are not being sold or priced in violation of any federal, state or local law. Without limitation, Seller agrees that materials shipped to Hydro under this order will be produced in compliance with the Fair Labor Standards Act.

**16. INTERPRETATION OF CONTRACT:** This contract shall be construed according to the laws of the State of Maine.

**17. CHOICE OF FORUM:** Hydro and Seller hereby consent and agree that the United States District Court for the District of Maine or the District Court or Superior Court located in the City Portland, and County of Cumberland, Maine shall have exclusive jurisdiction over any legal action or proceeding arising out of or relating to this order, and each party consents to the personal jurisdiction of such Courts for the purpose of any such action or proceeding. Hydro and Seller further hereby consent and agree that the exclusive venue for any legal action or proceeding arising out of or relating to this order will be in the County of Cumberland, Maine. Each party hereby waives all rights it has or which may hereafter arise to contest such exclusive jurisdiction and venue.

**18. ATTORNEYS' FEES:** If any judicial or non-judicial proceeding is initiated for the purpose of enforcing a provision of this order, the prevailing party shall be awarded reasonable attorneys' fees in addition to all other costs associated with the proceeding, whether or not the proceeding advances to judgment.

**19. SEVERABILITY:** If a court of competent jurisdiction holds any provision of this order invalid, the remainder of this order shall not be rendered invalid, and such invalid provisions shall be modified, in keeping with the letter and spirit of this order, to the extent permitted by applicable law so as to be rendered valid.

**20. NONWAIVER AND HEADINGS:** The failure by Hydro, at any time, to enforce or to require strict compliance with any provision of this order, shall not constitute a present or future waiver of any such provision and shall not affect or impair, in any way, Hydro's rights, at any time, to enforce any such provision or to avail itself of such remedies as it may have for any breach thereof. Headings are for the convenience of the reader and are not a substantive part of this order.

**21. ANTI-BRIBERY:** Hydro International will not engage in any form of bribery or corruption. The offering, giving or receiving of bribes is contrary to Hydro International's values and can play no part in the way in which it carries out its business. Hydro requires you to support our approach and implement provisions consistent with our policy through your own organization and your supply chain. Please find a copy of our Anti-Bribery and Corruption Policy on our website at:  
[https://www.hydro-int.com/sites/default/files/hydro\\_international\\_anti-bribery\\_and\\_corruption\\_policy\\_-\\_july\\_2018.pdf](https://www.hydro-int.com/sites/default/files/hydro_international_anti-bribery_and_corruption_policy_-_july_2018.pdf)