



PURCHASE ORDER TERMS AND CONDITIONS

Hydrasearch Company, LLC Phone: 410.643.8900 Fax: 410.643.8954

HYDRASEARCH COMPANY, LLC (HYDRASEARCH) CONDUCTS BUSINESS WITH THE SUPPLIER IN STRICT ACCORDANCE WITH THE TERMS AND CONDITIONS STATED IN THIS PURCHASE ORDER AND ASSOCIATED ATTACHMENTS. EXCEPTIONS OR ADDITIONAL TERMS IN YOUR ACCEPTANCE OF THIS PURCHASE ORDER ARE HEREBY VOID.

1. QUALITY ASSURANCE REQUIREMENTS

1.1 Hydrasearch invokes the *Quality Requirements for Purchased Supplies and Services (QC58)* form as an integral part of this Purchase Order, and incorporates all specified requirements needed for compliance by the vendor, as a condition of this Purchase Order.

2. RIGHT OF ACCESS

2.1 The buyer, their customer, and regulatory authorities reserves the right of access to the applicable areas of facilities and to applicable documented information, at any level of the supply chain.

3. COUNTRY OF ORIGIN

3.1 Some raw material is not allowed from certain countries; Quality requirements will dictate the country of origin requirements.

4. SELLER CONTRIBUTION

4.1 By acceptance of the Purchase Order the Seller acknowledges their contributions to product or service conformity; product safety (the state in which a product is able to perform to its designed or intended purpose without causing unacceptable risk of harm to person or damage to property); and the importance of ethical behavior.

5. INSPECTION CLAUSE

5.1 Materials and/or services procured via issuance of this Purchase Order are subject to inspection and acceptance at our facility by Hydrasearch inspectors, and final inspection and acceptance at our facility by Government inspectors when applicable.

6. CERTIFICATION CLAUSE

5.1 Hydrasearch regards supplier's invoices as open until receipt of all certifications, test reports, and other designated submittals, as required on the respective Purchase Order. An assessment of \$50.00 will apply to shipments lacking required certifications.

7. ATTACHMENTS AND ENCLOSURES

7.1 Attachments and enclosures, as specified, become part of this Purchase Order.

8. PRICING CLAUSE

8.1 Pricing regarded as fixed costs within this Purchase Order is effective through the entire term of this purchase agreement. Hydrasearch shall not honor pricing contingent upon and/or in effect at time of shipment.

9. DELIVERY CLAUSE

9.1 Delivery dates delineated within this Purchase Order are the dates that materials and/or services are due on-site at Hydrasearch; not the date of shipment from the contracted supplier. Expedited delivery of items is encouraged.

10. PARTIAL CLAUSE

10.1 Unless otherwise specified, Hydrasearch does not authorize partial shipments of the items procured under this Purchase Order. Freight charges arising from unauthorized shipments shall be back charged to the supplier.

11. PACKAGING AND PACKING CLAUSE

11.1 Unless otherwise specified, packaging and packing shall be to acceptable commercial practice and able to withstand stackable storage. Pack shipments to tolerate potential damage in transit.

11.2 Hydrasearch will return for replacement or credit any item received in damaged (at the discretion of Hydrasearch). The supplier will assume freight charges arising from the return of damaged items.

11.3 Wrap each unit as to provide protection from surface and structural damage for return shipment to Hydrasearch (applicable to anodizing/plating

services). The use of thread protectors, caps, etc. is required, as best practices dictate.

- 11.4 Close off and protect each hose or hose assembly to prevent damage to provided Hydrasearch couplings or hose ends (applicable to hose/hose assemblies).

12. CHANGE ORDERS

- 12.1 Hydrasearch must authorize any revisions to the requirements, specifications, terms and/or conditions of this Purchase Order.

13. POROSITY CLAUSE (applicable to castings)

- 13.1 Hydrasearch shall back charge suppliers for any castings requiring impregnation due to porosity (when correctable). When castings remain non-conforming, Hydrasearch will reject for replacement and assess charges back to the supplier.

13. QUANTITY CLAUSE

- 13.1 Suppliers shall notify Hydrasearch within two (2) working days of any discrepancy regarding quantity received; otherwise, the quantities specified herein shall be the basis for invoicing.

14. SHIPPING CLAUSE

- 14.1 Suppliers shall utilize the shipping method specified on the Purchase Order unless freight charges are prepaid. Unauthorized freight charges will be back charged to the supplier.

15. INSURANCE REQUIREMENT CLAUSE

- 15.1 Supplier shall maintain, at all times and at its expense, the following insurance coverage: (1) Commercial general liability and products liability insurance, to include coverage on an occurrence basis, for bodily injury and property damage with limits of not less than \$2 million per occurrence/\$5 million aggregate; (2) Insurance limits may be reached either through the underlying policy or in combination with an umbrella policy that follows form of the underlying general liability / products liability policy; (3) Add Hydrasearch Company, LLC, and its related affiliated entities as "additional insured" on a primary and non-contributory basis for general liability for the above noted coverage to the Supplier insurance policy; (4) Supplier shall provide Hydrasearch with a Certificate of Insurance evidencing the above and shall provide annual updates of the Certificate of Insurance and at Hydrasearch's request; (5) The insurance required herein shall be placed with an insurance company with an A.M. Best's rating of "A- VII" or better; (6) The

insurance company shall maintain a claims office in the United States.

16. PRODUCT DEFECT CLAUSE

- 16.1 Supplier shall indemnify, hold harmless and defend Hydrasearch from any suit, cause of action, judgment or claim for property damages, bodily injury, loss of life, liability of any nature, costs, or expenses, including reasonable attorneys' fees and costs arising out of or related to any actual or alleged defects in design, material, and/or workmanship of any product provided by Supplier; any recalls ordered by any governmental authority having jurisdiction over the sale or use of any product provided by Supplier; the negligent act or omission of Supplier; intentional or willful misconduct of Supplier; infringement of any intellectual property right or trade secret of any third party; violation of any law, regulation, or other governmental requirement related to the manufacture, labeling, sale or use of any product supplied by Supplier; or loss or compromise of Hydrasearch's confidential information or personally identifying information of Hydrasearch's employees or customers to which Supplier obtains access.

17. HYDRASEARCH PROPERTY CLAUSE

- 17.1 Jigs, fixtures, patterns, dies, gages and associated manufacturing equipment necessary for the successful production and test of the products for which Hydrasearch pays the Vendor in full, will remain the exclusive property of Hydrasearch. The Vendor assumes all liability for any loss, damage or shortage (except as caused by Hydrasearch) and/or for Vendors' failure to return such property, including equipment, to Hydrasearch upon request. Vendor shall promptly notify Hydrasearch of any such loss, damage or shortage. Such tooling items must be identified and labeled as "Hydrasearch Property" and that the item would be clearly identified as to the associated Hydrasearch Part Number. Furthermore, all tooling owned by Hydrasearch shall be used exclusively for the manufacture of products for Hydrasearch unless a written consent is provided.

18. COUNTERFEIT PARTS

- 18.1 Counterfeit Parts Avoidance: In order to mitigate counterfeit parts entering the supply chain, the seller must fill this purchase order using only parts from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM) or authorized distributors. Independent distributors, brokers, or other secondary sources shall not be used for items on this purchase order. If counterfeit parts are furnished under this purchase order, such items shall be impounded. The seller shall promptly replace such items with acceptable items and the seller shall be

liable for all costs relating to impoundment, removal, and replacement.

18.2 Seller certifies an awareness of the potential for counterfeit materials; in addition to counterfeit deterrence plans that include the reporting of confirmed counterfeit materials to appropriate and sanctioned authorities, and communication of confirmed counterfeiting to all affected parties.

19. FOREIGN OBJECT DEBRIS / DAMAGE

19.1 Materials and products shall comply with the Hydrasearch Foreign Object Damage Prevention Plan, which stipulates that items and packaging have been inspected for and are free of foreign objects prior to delivery to Hydrasearch Company, LLC.

20. ACCEPTABLE TOLERANCE AND VARIATIONS

20.1 Unless expressly agreed to in writing by the seller, all goods purchased herein shall adhere to industry-standard variations and tolerances as defined by ASTM International, AISI, and SAE, or be produced in accordance with the seller's standard practices, including but not limited to mill tolerances, variations consistent with good mill practice, deviations from tolerances consistent with practical testing and inspection methods, regular mill practices on over and under shipments, and shipping deviations of up to 10% (plus or minus) from the quantity stated in the purchase order.