ENERGY RECOVERY, INC. STANDARD TERMS AND CONDITIONS
(WASTE WATER)

1. **Terms and Conditions.** These Terms and Conditions govern the sale of the Energy Recovery Inc. ("Seller") Products and Services stated in the Sales Order ("Order"). The Order and these Terms and Conditions constitute the entire agreement between Seller and the entity named in the Order ("Buyer"), and is referred to herein as the "Contract." The Contract supersedes all prior written or oral communications, representations or understandings between Buyer and Seller about the Products or Services. These terms of the Contract take precedence over and cancel any additional, differing, or conflicting terms and conditions of Buyer's purchase order or other writing or instrument of Buyer. Capitalized terms used but not defined herein have the meanings given them in the Order.
2. **Prices.** Product prices do not include fees for crating, insurance or shipping, unless stated otherwise in the Order. Buyer is liable for, and agrees to pay, taxes imposed by any governmental authority on this sale, including sales, use, excise, value-added, withholding or other taxes, duties or fees. Subject to Sections 5 and 6, all sales are final.
3. **Payment.** Unless Seller is notified in writing of otherwise from Buyer, Seller's invoice is deemed accepted ten (10) business days from the date of invoice. Payment shall be by bank wire transfer, letter of credit or other means acceptable to Seller. Seller may charge up to 1.5% interest per month on late payments.
4. **Shipping.** Shipments will be made Ex-Works Seller's facility, unless the Order states otherwise. Risk will pass in accordance with the agreed upon Incoterms and title will pass when risk is transferred from Seller to Buyer. Seller does not guarantee any lead time(s) or delivery date(s). All lead times and delivery dates set forth in this Contract or in any associated purchase order, sales confirmation, or other instrument delivered in connection with this Contract are estimates only, and are not binding on Seller. Seller will use reasonable efforts to deliver the Products in keeping with its estimated ship date, but does not guarantee shipping or delivery dates. Seller shall from time-to-time provide Buyer with information regarding Buyer's order including a final delivery date. Each Party agrees that, if the Buyer has not accepted the Products by the final delivery date, Seller may, with 3 business days advance written notice to Buyer, transfer the Products to a third-party warehouse in the U.S. selected by Seller, which shall meet customary standards for warehousing. The written notice shall include (i) the date of the transfer; (ii) the name, address and contact details of the warehouse; and (iii) the warehousing fees. Each Party further agrees that any cost of transportation from the Seller's factory to the warehouse shall be borne by Seller and that cost of warehousing shall be borne by Buyer. The Seller may prepay warehousing cost on behalf of Buyer and Buyer agrees to repay any such amount. Each Party further agrees that title to, risk of loss of, and control of the Products shall pass to the Buyer upon the transfer of the Products in accordance with the Incoterm specified in the Order and Buyer shall have the ability to direct the use of, and obtain substantially all the benefits from, the Products.
5. **Express Warranty.** Seller warrants to the first user of the Products that the Products will conform to their specifications and be free of defects in material and workmanship during the applicable Product warranty period as specified below:

Product Line	Warranty Period from Seller's Factory Shipment Date (months)
PRESSURE EXCHANGERS	
Ceramic components	60
Non-Ceramic components	30
TURBOCHARGERS	
AT Turbocharger	36
LPT Turbocharger	36
CIRCULATION AND BOOSTER PUMPS	
VPXP Pump + motor	18
HPXP High-Pressure Centrifugal Booster Pump + motor	18
HP Pump + motor	18
UHP Circulation and Booster Pump + motor	18
HIGH-PRESSURE PUMPS	
CPXP™ Axial Piston Pump + motor	24
ATMP High-Pressure Pump + motor	24
OTHER PRODUCTS	
CPXP accessories (hoses, inlet joint, outlet CV)	24
Racks and Manifolds	24
Couplings	12
Repaired Products and components	The longer of: (a) remaining period of the original warranty, or (b) 6 months.

6. **Warranty Limitations.** The warranties in Section 5 do not apply to any Products that: (a) has been subjected to abuse, misuse, neglect, accident, improper testing, improper installation, improper storage, improper handling, abnormal physical stress, abnormal environmental conditions, alteration, acts of God or failure to follow the procedures and instructions specified in Seller's operations and maintenance manuals and technical documents; (b) has been repackaged, tampered with, modified, or altered by persons other than Seller or its authorized representative. In addition, a PX system rack is specially designed to achieve optimum performance and efficiency. To operate properly, a PX system rack must employ the same make and model of energy recovery device throughout the rack. Failure to comply may lead to reduced efficiency, failure of the entire rack and damage to individual PXs. Failure to comply shall result in a voiding of the warranty for any affected PXs. Buyer, not Seller, is responsible for selecting materials and components that meet performance and safety requirements for a Product's intended application.
7. **Limited Remedy.** Except where otherwise provided, Seller's sole obligation, and Buyer's sole and exclusive remedy, for any warranty or claim related to a Product or Service shall be for Seller, at its option, to repair or replace the Product or re-provide the Service; or, if the foregoing is not possible, to refund Buyer the amount paid to Seller for the applicable Product or Service. THE REMEDY SET FORTH IN THIS SECTION 7 IS EXCLUSIVE AND IS GRANTED IN LIEU OF ALL OTHER REMEDIES.
8. **Warranty Disclaimer.** OTHER THAN AS SET FORTH IN SECTION 5 SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, ABOUT THE PRODUCTS OR SERVICES AND SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.
9. **Warranty Returns.** Warranty claims must be made in writing during the warranty period. Products believed to be defective must be shipped to Seller within 30 days of the

written claim at Buyer's expense in accordance with Seller's Return Material Authorization Procedure.

10. **Service**. For applicable fees and expenses set forth in the Order or otherwise specified by Seller to Buyer from time to time, Seller will supervise the installation and commissioning of the Products and/or repair of the Products, as well as provide startup and training services with respect to the Products (collectively, the "Services" and each day on which the Services are performed, a "Service Day"). Any Service Days purchased by Buyer must be used by Buyer within eighteen (18) months after the shipment of the Products for which the Service Days have been purchased (the "Service Day Expiration Date"). Buyer will forfeit the right to receive any Services that are not scheduled prior to the Service Day Expiration Date. Seller assumes no responsibility for construction details or for the work of other companies or contractors.

11. **U.S. Export Compliance**. Buyer agrees not to export or re-export the Products to countries subject to embargoes or other U.S. trade sanctions, nor to prohibited or denied persons or entities in violation of applicable law. For more information, you may go to: http://www.treas.gov/ofac/ and https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern.

12. **Suspension.** Buyer shall have the right to suspend the Order or otherwise delay delivery at any time between the date of placement of the Order and 30 days prior to the agreed delivery date provided delivery is delayed less than 60 days. If Buyer decides to delay shipment within the last 30 days prior to the agreed delivery date and/or if delivery at any time is postponed 60 days or more, Buyer shall reimburse the reasonable substantiated extra cost of storing, protecting and insuring the Products (if any), plus a fee equal to 2.5% of the total value of the corresponding Order for each month delivery is postponed ("Storage Fee").

13. **Cancellation.** Cancellations of Orders by Buyer shall be subject to a cancellation fee, which shall be as follows and shall be paid as a condition to such cancellation:

Time of Cancellation	Cancellation Fee (expressed as a percentage of Total Contract Amount)
Prior to Procurement	20%
During Procurement but prior to commencement of Machining and Assembly	30% (or actual incurred costs plus 15% profit if greater than 30%)
During Machining and Assembly but prior to Product Completion	60% (or actual incurred costs plus 15% profit if greater than 60%)
After Product Completion	100%

14. **Amendments/Changes to Purchase Order.** Neither Buyer nor Seller may amend or otherwise change a purchase order unless it is in writing and signed or approved by both parties. The parties acknowledge and agree that such amendment may result in Seller charging additional fees, costs or expenses to Buyer.

15. **Limited Liability.** EXCEPT FOR WILLFUL MISCONDUCT, FRAUD, PERSONAL INJURY OR DEATH, IN NO EVENT SHALL SELLER BE LIABLE FOR INDIRECT, INCIDENTAL OR CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING DAMAGES FOR LOST PROFITS OR SAVINGS, LOSS OF USE OF ANY PRODUCT OR SERVICE, LOSS OF BUSINESS OR OTHER ECONOMIC LOSS OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, ARISING OUT OF OR RELATED TO THIS SALES CONTRACT. SELLER'S MAXIMUM LIABILITY TO THE BUYER UNDER THIS SALE SHALL BE LIMITED TO THE PRICE BUYER PAID FOR THE PRODUCTS AND SERVICES. BUYER EXPRESSLY AGREES TO THE LIMITS ON SELLER'S LIABILITY IN THIS SECTION AND ACKNOWLEDGES THAT, WITHOUT ITS AGREEMENT TO THESE LIMITATIONS, THE PRICES FOR THE PRODUCTS AND SERVICES WOULD BE HIGHER.

16. **Confidentiality.** Each party agrees to hold in confidence Confidential Information disclosed to it by the other party and to use such information solely for the purpose of performing its obligations under these Terms and Conditions. "Confidential Information" means any plans, drawings, know-how, data, methods of operation or other technical or business information disclosed by one party to the other as part of the sale, but does not (or will cease to) include Information (i) that is or becomes publicly available or known through no fault of the receiving party, (ii) was rightfully known to the receiving party at the time of disclosure, (iii) was rightfully obtained from a third-party or (iv) is disclosed with the consent of the disclosing party. Breach of this term shall entitle the non- breaching party to injunctive and such other appropriate relief notwithstanding Section 15.

17. **Force Majeure.** If a Force Majeure Event prevents a party (the "**Impacted Party**") from complying with one or more obligations under this Contract (other than an obligation to pay money), exercising discretion under this Contract, or satisfying any conditions under this Contract, that inability to comply will not constitute a breach or result in any liability to the other party, and any time limits on that performance stated in this Contract will be suspended for the duration of that Force Majeure Event, if (1) the Impacted Party uses reasonable efforts to perform those obligations, (2) the Impacted Party's inability to perform those obligations is not due to its failure to (A) take reasonable measures to protect itself against events or circumstances of the same type as that Force Majeure Event or (B) develop and maintain a reasonable contingency plan to respond to events or circumstances of the same type as that Force Majeure Event, and (3) the Impacted Party complies with its obligations below regarding notification of the Force Majeure Event.

    For purposes of this Contract, "**Force Majeure Event**" means, with respect to a party, any event or circumstance, whether or not foreseeable, that was not caused by that party and any consequences of that event or circumstance. Without limiting the generality of the foregoing, the following events, if not caused by the Impacted Party, are Force Majeure Events: (1) floods, fires, earthquakes, tornadoes, tsunamis, storms, public health crises (including, without limitation, epidemics and pandemics), other acts of God, or explosions; (2) wars (whether or not declared), invasion, hostilities, terrorist threats or acts, riots or other civil unrest; (3) government order or law, actions, quarantines of any nature (including, without limitation, those imposed on vessels, jurisdictions, regions, communities, and other areas), travel restrictions, export or import restrictions, embargoes or blockades, in each case whether in effect on or after the date of this Contract; (4) action by any governmental authority, whether in effect on or after the date of this Contract; (5) national, regional, or local emergency as declared by a governmental authority with authority for the relevant jurisdiction, in each case whether in effect on or after the date of this Contract; (6) strikes, lockouts, labor stoppages or slowdowns or other industrial disturbances; and (7) failure of public utilities (including, without limitation, shortage of adequate power), common carries or transportation facilities. In allocating the risk of delay or failure of performance of their respective obligations under this Contract, the parties have not taken into account the possible occurrence of any of the events listed above or any similar or dissimilar events beyond their control, irrespective of whether such listed, similar or dissimilar events were foreseeable as of the date of this Contract.

    If a Force Majeure Event occurs and prevents (or would reasonably be expected to prevent) the Impacted Party from complying with one or more obligations under this Contract, the Impacted Party shall promptly upon obtaining actual knowledge thereof notify the other party of occurrence of that Force Majeure Event, its effect (actual and reasonably expected) on performance, and how long the noncomplying party expects it to last. Thereafter, the Impacted Party shall update that information as reasonably necessary. During a Force Majeure Event, the Impacted Party shall use reasonable efforts to limit damages to the other party and to resume its performance under this Contract.

    If the Impacted Party's failure or delay remains uncured for a period of 180 consecutive days following written notice given by it under this Section 17, either party may thereafter terminate the Order upon written notice to the other party.

18. **Governing Law/Disputes.** These Terms and Conditions and any dispute arising out of or related to this sale will be governed by the laws of the State of Delaware, U.S.A., excluding its conflict-of-law provisions. The United Nations Convention on Contracts for the International Sale of Goods shall not apply. Any dispute that cannot be resolved amicably shall be submitted to binding arbitration with the American Arbitration Association in San Francisco, California if the Buyer is located in North America, South America, Australia or New Zealand; or with the London Court of Intentional Arbitration (LCIA) in London, United Kingdom if the Buyer is located elsewhere.