



HYDRO DRILLING

GENERAL PURCHASING TERMS AND CONDITIONS
FOR PRODUCTS AND/OR SERVICES

ARTICLE 1 - Definitions

The term “Buyer” means HD (HYDRO DRILLING S.r.l.) or any company that is a subsidiary or an affiliate of, or is related to, HD and the entity procuring goods, or for whose account goods are being procured, hereunder. The term “Supplier” means any individual, corporation or other entity that is to perform, or provide the goods, under this Purchase Order. Purchase Order (“**PO**”) means these General Conditions of Purchase, the Purchase Order and any other documentation which is specified in the Purchase Order. The term “goods” means all items, materials, equipment, labor or other services that are the subject of this purchase.

Where these Terms and Conditions are attached to a contract, references herein to a P.O. shall as necessary be deemed to be references to that contract.

ARTICLE 2 - Conditions and acceptance of the terms hereof

All orders are placed subject to the conditions set forth or referred to in this PO, which will apply notwithstanding and to the exclusion of any provisions to the contrary in the Supplier’s conditions of sale or otherwise.

Except otherwise established in any specific agreement with Buyer, Supplier is requested to sign and return a copy of this PO within 14 days after receipt (by fax, mail, e-mail, or hand delivery). After a 14-day period with no response, or the commencement of the provision of the goods, Buyer understands that Supplier agrees to all of the terms hereof.

Buyer and Supplier will facilitate business transactions by electronically transmitting data to each other. Supplier accepts purchase orders and in case of an electronic “business to business” framework all Key Documentations produced by Buyer electronically and recognizes them valid without signature. Key Documentation includes, but is not limited to purchase order, change order, order acceptance, ASN advanced shipment notice, invoice.

ARTICLE 3 – Priority of documents

If a separate agreement between Supplier and HD for purchase of Products and/or Services exists, that agreement shall apply in place of these PO.

In the event of conflict, the terms of the PO shall prevail over those of these General Terms and Conditions of Purchase.

ARTICLE 4 – Prices and payments terms, invoicing and taxes

HD shall pay Supplier the price(s) set out in the Order.

HD SHALL NOT BE OBLIGATED TO PURCHASE AND PAY FOR ANY PRODUCTS AND/OR SERVICES WHICH HAVE NOT BEEN INCLUDED IN AN ORDER.

The price stated in this P.O. is a fixed and complete price and will not be varied for any reason without the express consent in writing of the Buyer. Except as otherwise agreed by the Parties in writing the price includes all taxes, duties, and levies to be paid at the point of delivery.

Supplier warrants that the applicable prices are no more than the prices charged to other customers for contemporaneous sales of similar items, in the same or substantially similar volumes, and under substantially similar terms and conditions. Invoices shall be mailed on the date of shipment of the Products or complete performance of the Services (or as otherwise agreed by the Parties in writing) to the address specified in the Order, and shall state the Order number. Payment shall be made by HD as



H Y D R O D R I L L I N G

agreed by the Parties in writing, unless, in HD's reasonable opinion, the Products or Services are defective, or fail to conform to the warranties provided hereunder, or HD disputes the correctness of the invoice submitted. In such event the Parties shall use their best efforts to promptly settle their dispute. Payment does not constitute a waiver of any of the Buyer's rights comprised in this order. HD may set off any amount owed by HD to Supplier against any amount owed by Supplier to HD. As applicable, an early payment discount may be mutually agreed upon in the Order. All invoices including items not listed in the Purchase Order may result in the return of the invoice and delay in payment, payments arriving at Supplier's bank account after the due date as a result of this will not be considered as late payments. The prices are exclusive of Value Added Tax and/or Sales Tax. Notwithstanding the provisions of this article, if applicable, Value Added Tax and/or Sales Tax will be added to Supplier's invoices and such invoices will be presented in accordance with applicable regulations with respect to Value Added Tax and/or Sales Tax.

Supplier shall assume full and exclusive liability for the payment of all taxes (and associated penalties and interest) including, by way of illustration and not limitation:

- corporate tax, income tax, branch profit tax, capital gains tax, or franchise tax payable, levied, imposed, or assessed upon the revenue, profits, or assumed profits of Supplier arising directly or indirectly from the performance of these PO's;
- personal income tax, employment compensation insurance, old age benefits, welfare funds, pensions and annuities, national insurance contributions, social security benefits and disability insurance, and similar charges payable, levied or imposed on any of its employees, subcontractors or agents and arising directly or indirectly from the performance of these PO's;
- sales and use tax, value-added tax, customs and import duties and levies and similar charges payable, levied or imposed on the procurement of goods by Supplier or any of its employees, subcontractors or agents and arising directly or indirectly from the performance of these PO's.

HD may, without liability to Supplier, withhold any taxes or other government charges or levies from any payments which would otherwise be made by HD to Supplier to the extent that such withholding may be required by the existing or future legislation, orders, rules or directions of any competent taxing authority.

SUPPLIER SHALL DEFEND, INDEMNIFY, AND HOLD HD HARMLESS FROM LIABILITY TO ANY COMPETENT AUTHORITY RESULTING FROM SUPPLIER'S FAILURE TO MAKE TIMELY PAYMENT OF OR PAY ANY OF THE CHARGES ABOVE.

ARTICLE 5 – Purchase order modification

Buyer may, at any time, by ten days prior notice in writing, make changes to the quantity of goods ordered (within a range of +/- 10%) as well as the date of delivery (within a range of ten days). If any such change causes an increase or decrease in the cost of or time required for the performance at work under this PO, an equitable adjustment, subject to the approval of Buyer, will be made to the price or delivery schedule, or both, and this PO will be modified in writing accordingly. Any other change will require agreement between the parties.

ARTICLE 6 – Breach of contract

In the event that delivery of all or any of the goods comprised in this PO is not effected within the time specified in this PO, which will be deemed to be of the essence, or in the event of any other breach or non-observance by the Supplier of any other terms of this PO, the Buyer will have the right to terminate this PO within the shortest possible time in whole or in part by providing written notice, in accordance with the applicable legislation, without prejudice to the right of the Buyer to damages for breach of contract.

Buyer will also have the right to immediately terminate this PO, in accordance with the applicable legislation, if the Supplier becomes insolvent, bankrupt or goes into liquidation (other than voluntary liquidation for the purposes of merger or reconstruction).



H Y D R O D R I L L I N G

ARTICLE 7 – Cancellation

Buyer will have the right to cancel this PO by ten days' prior notice in writing to Supplier at any time prior to complete performance by the Supplier without any liability other than for the payment of the price as set out in the PO for the goods already delivered or those in the course of delivery at the time of the termination notice. The price of such unfinished goods shall be based on the actual out-of-pocket costs and expenses incurred prior to termination provided that the amount to be paid will in no event exceed the total price set out in this PO. Supplier will deliver to the Buyer all such unfinished goods. Nothing herein contained will affect the Buyer's right to cancel this PO under any of the terms of this PO or of these conditions or to pursue other remedies available to the Buyer.

ARTICLE 8 – Limitation of Liability

Buyer shall in no case be liable to Supplier for loss of use of any works, loss of profit, loss of business, loss of any contract or for any indirect, special or consequential loss or damage which may be suffered by Supplier in connection with the contract.

ARTICLE 9 – Limitation on Use of Payment

Supplier shall not offer or use, directly or indirectly, any money, property or anything of value received by Supplier under or pursuant to this PO to influence improperly or unlawfully any decision, judgment, action or inaction of: any official, employee or representative of any government or agency or instrumentality thereof, or of any government owned or partially government owned entity, or any other person or entity, in connection with or relating to the subject matter of this PO or any supplement or amendment hereto. No payment shall be made nor shall any transaction be entered into in connection with this PO that is illegal, improper or is intended to unduly or improperly influence any third party, including without limitation, by means of extortion, any kickback or bribery. If Supplier breaches the terms of this provision, Buyer may immediately terminate this PO without any liability.

ARTICLE 10 – Packaging

Supplier warrants that the goods referred to in this PO will be correctly packaged and provided with the appropriate markings according to any applicable laws and regulations. The Buyer will pay no packing charge unless specified in this PO.

Goods that require special packaging or a particular way of handling must carry the appropriate markings on the packaging, allowing accident-free unloading to take place. The Supplier must also warn the Buyer of any precautions to take when unloading dangerous or radioactive products. For any goods that are defined as hazardous or dangerous under applicable law, regulation and/or HD regulations/policies, Supplier will provide Buyer with hazardous warning and safe handling information in the form of a safety data sheet and appropriate labeling for such goods as required by such applicable law and/or HD regulations/policies.

ARTICLE 11 – Delivery

Deliveries shall be made at Supplier's expense to Buyer's plant or as otherwise indicated. Receipt of the goods does not constitute final acceptance thereof. Delivery of services can be subject to the signature of the acceptance protocol/memorandum, as the case may be. The Buyer will have the right to return or reject non-satisfactory or non-required goods, with any resulting cost paid by Supplier. If the Supplier fails to deliver all or any of the goods comprised in this PO within the time specified in this PO, Buyer shall be entitled to liquidated damages payment of 1% of the PO price per day of delay with an upper limit of 10%, except that a different percentage is agreed and included in this PO. Notwithstanding the above, Buyer, at its option, may also decide to terminate the PO and/or claim for additional damages under the terms hereof.

ARTICLE 12 – Inspection



H Y D R O D R I L L I N G

According to the Buyer's or the Buyer's customers referent quality assurance requirements applying within the supplier business, which might be listed within HD POs and its annexes, the Buyer or its representatives, their customer and regulatory authorities will have the right at all reasonable times, upon advance notice, to have access to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records, such right of customers shall be valid upon authorization by Buyer. They shall also have the right to inspect or test the goods comprised in this PO during or after manufacture and may reject the goods or require the Supplier to make conforming goods if the goods do not conform with this PO. Inspection by the Buyer or its representative will not relieve the Supplier of any liability in respect of any defect.

If no stricter requirement is defined in the applicable quality assurance requirements within the supplier business, the following condition of inspection applies: The Buyer or its representatives will have the right at all reasonable times, upon advance notice, to have access to the premises of the Supplier, its subcontractors or suppliers for the purpose of inspecting or testing the goods comprised in this PO during or after manufacture and may reject the goods or require the Supplier to make conforming goods if the goods do not conform with this PO. Inspection by the Buyer or its representative will not relieve the Supplier of any liability in respect of any defect.

ARTICLE 13 – Subcontractors

Supplier shall not be entitled to subcontract any part of this PO without the express consent of the Buyer. Notwithstanding this authorization, the Supplier shall continue to be directly liable vis-à-vis the Buyer with respect to his obligations and those that Supplier subcontracts to its subcontractor.

ARTICLE 14 – Independent Contractor

Supplier is an independent contractor and not an employee or agent of Buyer. Buyer shall not manage the execution of the PO by Supplier and Supplier will not manage the execution of the PO by Buyer. Supplier has no authority to direct or control the performance of any employee of Buyer. Supplier's role will be that of an adviser and not of master to any Buyer employee. Supplier does not have any Buyer title and Supplier is not eligible for Buyer benefits or employee plans.

ARTICLE 15 – Quality

Supplier agrees that before starting the performance hereof, it shall, as applicable, have implemented and documented a Quality Assurance program meeting the requirements of ISO 9001 or of an internationally recognized standard of the same level. Documents belonging to this system shall be made available to the Buyer. If the Supplier is holder of a certified Quality Management System, the Buyer will be allowed to analyze the capabilities of the Supplier.

ARTICLE 16 – Warranty

Supplier warrants that the goods to be supplied to the Buyer hereunder will conform to the specifications, description and drawings, if any, and all agreed conditions set forth or referred to in this PO, such goods will be free from defects in design, material and workmanship, Supplier possesses the skills, professional ability, permits, licenses and certificates necessary to provide the goods, the goods do not infringe any third party intellectual property rights and Supplier declares the lawful origin of the delivered goods and warrants that it has good and full title to the Goods, free and clear of all security interests, liens, charges and other encumbrances.

Unless a longer period is specified by law or in a separate agreement between Buyer and Supplier, such warranties will extend for a period of 24 months from the receipt by the Buyer of the goods or 2 years from the date of installation of such goods, whichever first occurs.

For breach of any of the above warranties and in addition to all other remedies that the Buyer may have, Supplier, at its sole expense, will replace the defective goods with conforming goods at Buyer's Plant where the goods were originally shipped. Only in case that replacement is not feasible within the timeframe required by Buyer or if it is otherwise required under country legislation, at Buyer's option Supplier will repair the defective goods or repay to Buyer the purchase price of the defective goods.



H Y D R O D R I L L I N G

If Buyer selects repair or replacement, any defects will be remedied without cost to Buyer, including but not limited to, the costs of removal, repair and replacement of the defective goods, and reinstallation or delivery of new goods. All such defective goods that are so remedied will be equally warranted as stated above. Supplier further warrants that Supplier will convey good title to the goods to be supplied to Buyer hereunder and that such goods will be delivered free from any security interest, lien or encumbrance. Payment will not be claimed by Supplier as a waiver, release or acceptance to avoid fulfillment of the warranty clause.

Should the Supplier fail to remedy any defects or replace defective goods within the time specified by Buyer, the Buyer may order the repairing on his own. Supplier will pay for any resulting costs.

These warranties are in addition to all other warranties, express, implied or statutory, which may be applicable according to the PO. All warranties and other provisions of this paragraph will survive inspection or acceptance of and payment for the goods and completion, termination or cancellation of this PO.

ARTICLE 17– Insurance

Supplier's indemnity obligations set forth herein shall be supported, but in no way limited, by appropriate insurance policies, acceptable to HD, which shall include, among others, Employer's Liability Insurance for bodily injury, Commercial General Liability Insurance for bodily injury, personal injury and property damage including coverage for products/completed operations and contractual liability, and Automobile Liability Insurance covering the use of all owned, not-owned and hired vehicles.

Said policies shall be taken out by Supplier at its cost, with a reputable insurance company, and shall be evidenced by insurance certificates to be provided upon HD's request. Said policies shall name Supplier's clients as additional insured, and shall be endorsed to provide that no insurance policy shall be cancelled or materially changed without thirty days prior written notice to HD, and Supplier's insurers shall waive their rights of subrogation against Supplier's clients. The Supplier will indemnify the Buyer, its employees, agents, affiliates and representatives against all liability, claims, costs, and expenses on account of the death of, personal injury or loss or damage to property of any person arising out of or in any manner connected with the performance of the services and/or delivery of the goods and caused by an act or omission of the Supplier, its employees, agents, invitees or contractors, in the terms legally established. Supplier will at its own expense defend any and all actions based on such acts or omissions and will pay all charges of attorneys and all costs and other expenses arising out of these obligations of indemnification. The Supplier will procure and maintain such insurance in connection with the work/goods delivered, as the Buyer will specify and consistent with common, prudent industry practice, with coverage written in the manner in which Supplier customarily insures comparable risks or as Buyer specifies whichever is stricter.

ARTICLE 18 – Intellectual property rights

If HD furnishes specifications, requirements, designs and the like to Supplier for the manufacture of the Products, Supplier acknowledges and expressly agrees that HD is and remains the sole and exclusive owner of all such specifications, requirements, designs and the like, and of all improvements, modifications, derivative works and intellectual property rights therein. Supplier further acknowledges and expressly agrees that HD is and remains, or shall be, the sole and exclusive owner of all improvements in, modifications to, and/or derivative works of, all such specifications, requirements, designs and the like, and intellectual property rights therein.

ARTICLE 19 – Confidentiality

Supplier acknowledges that during the performance of an Order, any information of HD or its Affiliate, disclosed to, or obtained by, Supplier or its Affiliate as a result of said performance shall be deemed confidential and proprietary to HD. Supplier agrees to treat as secret and confidential, and not to, at



H Y D R O D R I L L I N G

any time during the performance hereof and for ten years thereafter, disclose, or distribute, or publish, or copy, or reproduce, or sell, or lend, or manipulate, or otherwise make use of, or permit use to be made of, any confidential information, except for the purpose of performing the Order and except with HD's prior written consent. Supplier agrees to disclose the Confidential Information, in whole or in part, only to Supplier's officers, directors and employees strictly on a need-to-know basis, and with respect to customized Products, only to such officers, directors and employees who shall have agreed in writing to a non-disclosure agreement with no less restrictive terms than the ones hereof. With respect to customized Products, if Supplier desires to utilize persons who are not its employees for the performance of the Order, Supplier agrees to obtain HD's prior written consent and a prior written non-disclosure agreement with terms no less restrictive than the ones hereof, from each such persons. HD shall have the right to audit said written non-disclosure agreements.

ARTICLE 20 – Waste Treatment

Supplier shall take care of the collection, storage, handling and transportation of wastes generated from the performance of the PO in accordance with applicable laws.

ARTICLE 21 – Governing Law

The law governing this PO will be the laws of the country of the incorporation of Buyer, and the courts of such country will have jurisdiction for any claims or disputes arising hereunder. The United Nations Convention on Contracts for the International Sales of Goods will not apply to this PO.

ARTICLE 22 – Compliance Dlgs 231/2001

The Supplier declares its awareness of the content of D.Lgs. 8th July 2001 n. 231 and of the Organizational Model and the Code of Ethics of HD visible on the webpage www.hydrodrilling.com or made available to the Supplier itself. The Supplier undertakes to behave in accordance with the provisions set forth in those documents, and to verify periodically possible modifications and/or amendments during the term of the contractual relationship. The Supplier moreover declares that is aware of the fact that the compliance with those provisions is an essential condition for HD with regard to the start and the maintenance of the contractual relationship. Each violation of one of those provisions of the Organizational Model and the Code of Ethics conduct by the Supplier constitutes a material breach of the contractual obligations and entitles HD to terminate the contractual relationship with immediate effect according to Art.1456 of the Italian Civil Code.

The terms and conditions contained herein may not be discharged in whole or in part unless specifically agreed to in writing.

Please fill the form:



HYDRO DRILLING

SUPPLIER:
Name:
Title:
Date:
Signature: