

Hydranautics Terms and Conditions for Purchase of Goods and Services

1. Order of Precedence, Acceptance, Modification.

1.1 Order of Precedence. These terms and conditions together with the specifications, drawings, or other documents referred to, attached or incorporated by reference hereto (collectively "Agreement"), supersede any prior or contemporaneous communications, representations, promises, or negotiations respecting the subject matter of this Agreement. If there is an irreconcilable conflict among the provisions of those documents, the following order of precedence applies: a) the purchase order; then b) any document executed by both parties after the issuance of this Agreement that is expressly intended to amend or supersede the terms herein; then c) this Agreement; and finally d) other contract documents agreed to in writing by the parties.

1.2 Acceptance. Each purchase order is for the purchase of goods, services, or both described on the face of each purchase order (collectively, "Goods") and is issued by Hydranautics and/ or its affiliates identified on the face of each purchase order. Each purchase order is deemed accepted upon the earlier of confirmation of delivery date or within five business days after the purchase order is issued. Hydranautics rejects any additional or inconsistent terms and conditions offered by Supplier at any time. Any reference to Supplier's quotation, bid or proposal does not imply acceptance of any term, condition, or instruction contained in such document. No course of prior dealing or usage of the trade may modify, supplement or explain any terms used in this agreement.

1.3 Modification. No change to or modification of this Agreement will be binding upon the parties hereof unless in writing, specifically identifying that it amends this Agreement, and signed, or approved electronically, by an authorized procurement representative or officers of both parties. If any of the parties hereof becomes aware of any ambiguities or conflicts between this Agreement and any other document, the discovering party will immediately submit the matter to the other party for resolution.

2. Delivery, Shipment and Packaging

2.1. Supplier will deliver Goods in the quantities and on date(s) specified on each purchase order or scope of work. If delivery dates are not stated, Supplier will offer its best delivery date(s), which will be subject to acceptance by Hydranautics. Unless otherwise agreed, all Goods shipped in one day from and to a single location must be consolidated on one bill of lading or air waybill.

2.2. All items will be packaged according to Hydranautics's instructions or, if none, according to good commercial practice in a manner sufficient to ensure receipt in an undamaged condition. Hydranautics will not be liable for any discharge, spill or other environmental incident (including clean-up costs) involving any Goods until received by Hydranautics. If Goods include products, all containers will be properly marked for identification as instructed by Hydranautics's purchase order or specification and contain a packing slip that details, at a minimum: (i) Hydranautics purchase order number(s), (ii) line item number(s), (iii) product part number, (iv) detailed product description, (v) total number of boxes in shipment, (vi) quantity of product shipped, and (vii) final delivery address. Items delivered in advance of Hydranautics's delivery schedule may be returned or stored at Supplier's expense. The purchase order number(s) and line item number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading and air waybills.

2.3. Prior to or within one business day after Supplier delivers the Goods to the address instructed by Hydranautics, Supplier will send Hydranautics a complete set of delivery or shipping documents including the commercial invoice and packing list.

2.4. **Time is of the essence for Hydranautics.** Time is of the essence for Hydranautics. If all or part of the delivery schedule is endangered for any reason other than Hydranautics's fault, Hydranautics may exercise one or more of the following options (i) Supplier shall, at its expense, deliver Goods by the most expeditious delivery method; (ii) notwithstanding anything to the contrary, and in addition to its other rights and remedies, Hydranautics may terminate this Agreement or outstanding purchase order without any liability to Supplier for Goods not yet delivered by providing Supplier written notice effective immediately, (iii) Hydranautics may purchase substitute goods or services elsewhere and charge Supplier for any losses incurred by Hydranautics; (iv) Hydranautics reserves the right to reject, at no expense to Hydranautics, all or any part of any delivery that is late; and/or (v) as liquidated damages, Supplier shall pay Hydranautics

an amount equal to one percent (1%) of the order price attributable to the late Goods for each seven (7) day period that the Goods are late or until actual delivery.

3. Notice of Delay. Supplier must immediately upon learning of a delay, and in no event one (1) day after learning of a delay or should have reasonable learned of a delay, notify Hydranautics in writing of any delays or anticipated delays and provide all relevant information with respect to such delay.

4. Excusable Delay (Force Majeure). Neither party will be in default for any delay or failure to perform due to causes beyond its reasonable control and without its fault or negligence ("Force Majeure Event"). Any delay or failure to perform caused by the default of a sub-tier supplier of Supplier will be excused only if (a) it is beyond the control of both Supplier and its sub-tier supplier(s) and without the fault or negligence of any of them, and (b) the Goods to be furnished cannot be obtained from other sources in sufficient time to permit Supplier to meet the delivery schedule. Supplier's ability to provide Goods at a more advantageous price or Supplier's economic hardship in processing necessary operations for delivery of the Goods will not constitute a Force Majeure Event. The party affected by a Force Majeure Event will promptly provide written notice to the other, explaining in detail the full particulars and expected duration of the Force Majeure Event, and will use its best efforts to remedy the delay. If Supplier's delivery is delayed, Hydranautics may, at Hydranautics's sole option, cancel deliveries scheduled during the period of the Force Majeure Event or elect to extend the period of performance to cover the period caused by the Force Majeure Event. If a Force Majeure Event occurs that affects delivery of Goods to Hydranautics, Supplier will allocate its available resources in a manner that assures Hydranautics of at least the same amount of total time in completing the delivery as was allocated to Hydranautics before to the Force Majeure Event. If delivery of any Goods is delayed for more than 30 days due to a Force Majeure Event, Hydranautics may, without liability, cancel all or any part of such purchase order.

5. Shipping Terms, Title and Risk of Loss

5.1. All deliveries will be made in accordance with Incoterms® 2010. If the Goods will be transported by Supplier to Hydranautics's location in the U.S., unless otherwise specified on the face of the purchase order, delivery of the Goods will be made D.D.P. Hydranautics's location and risk of loss for the Goods passes to Hydranautics upon delivery of the Goods at Hydranautics's warehouse.

5.2. The foregoing does not relieve Supplier of any responsibility for hidden damages discovered after acceptance of the Goods. Notwithstanding the foregoing, title and risk of loss to Goods subject to a consignment stock agreement pass upon release of the Goods from the consignment stock as per Hydranautics's request. Hydranautics may direct Supplier to ship the Goods to Hydranautics or to any third party designated by Hydranautics.

6. Hydranautics-Supplied Materials

6.1. Title to any material, tooling, equipment or technical data that Hydranautics pays for or is provided to Supplier by or on behalf of Hydranautics, including replacements ("Hydranautics Property"), will remain or vest with Hydranautics. Supplier will conspicuously label Hydranautics Property as such, maintain it in good condition, keep written records of the Hydranautics Property in its possession and the location of the property, not allow any liens to be placed upon it, and not change its location without prior written approval from Hydranautics. Supplier is responsible for inspecting and determining that the Hydranautics Property is in useable and acceptable condition.

6.2. Supplier will use Hydranautics Property exclusively to fulfill the Hydranautics purchase orders unless otherwise authorized in writing by Hydranautics's procurement representative. Hydranautics Property is intended for use at the Supplier's site only or as otherwise authorized in writing by Hydranautics's procurement representative and, to the extent applicable, is subject to U.S. and other government export or re-export requirements. Supplier is responsible for any loss, damage, or destruction of Hydranautics Property and any loss, damage or destruction of any third party property resulting from Supplier's negligent use of Hydranautics Property. Supplier will not include the cost of any insurance for Hydranautics Property in the prices charged under this Agreement. Supplier will return Hydranautics Property or dispose of it at Hydranautics's sole option as it directs in writing. Hydranautics makes no representations and disclaims all warranties (express or implied) with respect to Hydranautics Property.

7. Price. Supplier will furnish the Goods at the prices stated on the face of the purchase order. If prices are not stated on the face of the purchase order, Supplier will offer its lowest prices subject to written acceptance by Hydranautics. Unless otherwise provided on the face of each purchase order, the prices include all packaging and freight to the

specified delivery point; applicable taxes and other government charges including, but not limited to, all sales, use or excise taxes; and all customs duties, fees or charges. To the extent that value added tax (or any equivalent tax) is properly chargeable on the supply to Hydranautics of any Goods, Hydranautics will pay the tax in addition to payments otherwise due to Supplier under each purchase order, if Supplier provides to Hydranautics a value-added tax (or equivalent tax) invoice.

8. Price: Most Favored Customer and Meet or Release. Supplier warrants that the prices charged for the Goods delivered under a purchase order are the lowest prices charged by Supplier to any third party customers for similar services. If Supplier charges any third party customer a lower price for a similar volume or scope of similar services, Supplier must notify Hydranautics and apply that price to all Goods ordered under such purchase order. If at any time before full performance of each purchase order Hydranautics notifies Supplier in writing that Hydranautics has received a written offer from another supplier for Goods similar to those to be provided under such purchase order at a price lower than the price set forth in this Purchase Order, Supplier will immediately meet the lower price for any undelivered Goods. If Supplier fails to meet the lower price Hydranautics, at its option, may terminate the balance of such purchase order without liability.

9. Invoicing and Payment. After each shipment or service is performed, Supplier will submit an invoice describing the Goods provided and, as applicable, part numbers, quantity, unit of measure, hours, and the unit and total prices. Any incidental charges such as royalties, selling commissions, non-recurring engineering, or other incidental charges must be separately itemized and identified on the invoice. The invoice will be accompanied (if applicable) by a signed bill of lading or express receipt evidencing shipment. Payment of an invoice does not constitute acceptance of the Goods and is subject to appropriate adjustment should Supplier fail to meet the requirements of the purchase order. Unless agreed otherwise in a writing signed by authorized representatives of both parties, payment is due 60 days after receipt of invoice and conforming Goods.

10. Set Off and Liens. Hydranautics may deduct any amount owing from Supplier to Hydranautics against any amount owing to Supplier under this Agreement. Supplier hereby waives its right to file a lien against any property or assets of Hydranautics or otherwise encumber such in a summary or other proceeding. Supplier will indemnify and hold Hydranautics harmless for any liens or claims filed by Supplier's sub-tier contractors or agents against Hydranautics or its assets relating to amounts owed by Supplier to its sub-tier contractor or agents.

11. Inspection

11.1. All Goods may be inspected and tested by Hydranautics, its customers, higher-tier contractors, and end users at all reasonable times and places. If an inspection or testing is made on Supplier's premises, Supplier will provide, without additional charge, all reasonable facilities and assistance required for the inspection and tests. In its standard inspection and testing of the Goods, Supplier will use an inspection system to ensure specifications are met. Supplier will maintain all inspection records, including sub-tier supplier records relating to the Goods and make available to Hydranautics during the performance of this Purchase Order.

11.2. Final inspection and acceptance by Hydranautics will be at destination unless otherwise specified in each purchase order. Hydranautics may inspect all or a sample of Goods, at Hydranautics's option, and may reject all or any portion of the Goods or lot of Goods if any of the inspected Goods are defective or nonconforming. If Hydranautics performs any additional inspections after discovering defective or non-conforming Goods, the additional inspection costs will be paid by Supplier. No inspection, tests, approval, design approval, or acceptance of the Goods relieves Supplier from liability for warranty, latent defects, fraud, or negligence.

12. Warranty

12.1. Supplier warrants to Hydranautics, its successors, assigns, customers and end users that, upon delivery, and during the entire Warranty Period specified below, all Goods furnished (including all replacement or corrected Goods or components that Supplier furnishes under this warranty) will (a) be free from defects in material, workmanship, and design, (b) conform to applicable drawings, designs, quality control plans, specifications and samples and other descriptions furnished or specified by Hydranautics, (c) be merchantable, (d) be fit for the intended purposes set forth herein (to the extent the Goods are not of a detailed design furnished by Hydranautics) and operate as set forth herein, (e) comply with all applicable national and local laws, (f) be free and clear of any and all liens, restrictions, reservations,

security interests or encumbrances, (g) not infringe any patent, published patent application, or other intellectual property rights of any third party existing as of the date of delivery, and not utilize misappropriated third party trade secret information, (h) if containing or using chemical substances, the chemical substance is on the Inventory of Chemical Substance compiled and published by the Environmental Protection Agency under the Toxic Substances Control Act, and (i) all Material Safety Data Sheets required to be provided by Supplier will be provided to Hydranautics before the respective shipment of Goods and will be complete and accurate. Services will meet the highest standards in the industry.

12.2. Unless a different warranty period is stated in a purchase order or other documentation provided by Hydranautics, the warranty period for Supplier's warranties in section 12. 1 is for a period of twenty four (24) months from the date of Hydranautics's acceptance of the Goods (the "Warranty Period"). These warranties will survive any delivery, inspection, acceptance or payment by Hydranautics for the entire Warranty Period. Goods that meet the preceding standards are collectively called "conforming Goods." If conforming Goods are not furnished or are delivered late, then Hydranautics may, at its election and in addition to any other rights or remedies it may have at law or in equity, have the Goods repaired, replaced, corrected or sourced from a third party, at Supplier's expense. Supplier is also responsible for all related expenses and damages including without limitation, the costs of removal, disassembly, failure analysis, fault isolation, reinstallation, re-inspection and retrofit of the nonconforming Goods or of Hydranautics's affected end-product; all freight charges; all customer charges; and all corrective action costs (i.e., costs of additional inspection or quality control systems). Unless set off by Hydranautics, Supplier will reimburse Hydranautics for all such costs upon receipt of Hydranautics's invoice. If Supplier is unable to remedy the nonconformance or to deliver replacements or such measures are delayed for an unreasonable period of time, then Hydranautics may, at its election, rescind the purchase order, demand a reduction of the purchase price and/or claim damages from Supplier.

13. Changes. Hydranautics may direct any changes to purchase orders, drawings, designs, specifications, methods of shipment and packaging, quantities, schedules, places of delivery or scope of work by written or electronic notification. If the change causes an increase or decrease in the cost of performing such purchase order, an equitable adjustment will be made in such purchase order price, delivery dates or both, and such purchase order will be modified in writing or electronically. Any claim for adjustment under this provision may, at Hydranautics's option, be deemed to be waived unless asserted in writing (including the amount of the claim) and delivered to Hydranautics within fifteen (15) days from the date of the receipt by Supplier of the Hydranautics-directed change to such purchase order. If the cost of property made obsolete or excess as a result of a change is paid by Hydranautics, Hydranautics may prescribe the manner of disposition of the property. Supplier will not be entitled to any other remedy on account of such change and nothing in this Agreement will excuse Supplier from proceeding with the purchase order as changed.

14. Design and Process Changes. Supplier shall not make changes to the design, materials, manufacturing location, equipment or processes specified in each purchase order or documents referenced in it, or if none, those in place when each purchase order is issued, without the advance written approval of Hydranautics's procurement representative.

15. Stop Work. At any time by written notice and at no cost, Hydranautics may require Supplier to stop all or any part of the work under each purchase order ("Stop Work Order"). Immediately upon receipt of a Stop Work Order, Supplier will comply with its terms. At any time during the stop work period, Hydranautics may, in whole or in part, either cancel the Stop Work Order or terminate the work under the Termination section of this Agreement. To the extent the Stop Work Order is canceled, Supplier must resume work.

16. Termination

16.1. The non-breaching party may terminate this Agreement if the other party commits a material breach and fails to remedy the breach within thirty (30) calendar days following receipt of written notice specifying the grounds for the breach. A material breach includes, but is not limited to, late delivery or delivery of nonconforming Goods. Hydranautics's sole liability to Supplier, and Supplier's sole and exclusive remedy, is payment for Goods received and accepted by Hydranautics before the termination. The payment can be set off against any damages to Hydranautics. The solvent party may terminate this Agreement upon written notice if the other party becomes insolvent or if any petition is filed or proceedings commenced by or against that party relating to bankruptcy, receivership, reorganization, or assignment for the benefit of creditors.

16.2. Notwithstanding any firm time period or quantity on the face of each purchase order, Hydranautics may terminate Hydranautics Terms and Conditions for Purchase of Goods and Services

each purchase order in whole or in part at any time without cause for unperformed services upon thirty (30) days' prior written notice. Supplier will be paid a reasonable termination amount consisting of a percentage of the purchase order price reflecting the percentage of the work performed prior to termination. However, in no event will Supplier be paid more than the lesser of (i) the total price of the purchase order, or (ii) an amount equal to Supplier's direct costs for labor and materials incurred as of the date Supplier is notified of termination, plus Supplier's actual allowance for overhead (not to exceed thirty percent (30%) of such direct costs) plus ten percent (10%) of such direct costs for profit. Supplier shall not be paid for any work done after receipt of the termination notice, nor for any costs incurred by Supplier's vendors or subcontractors that Supplier could have reasonably avoided. Notwithstanding the foregoing, this provision does not apply when Hydranautics is rejecting the Goods, revoking acceptance, or asserting its rights or remedies for breach or default.

16.3. To the extent that any portion of each purchase order is not terminated under 16.1 or 16.2, Supplier will continue performing that portion.

17. Cessation of Delivery. If delivery of any Goods called for under each purchase order is to be discontinued or suspended at any time within one year after final delivery of any Goods under each purchase order, Supplier must give Hydranautics at least one hundred eighty (180) days prior written notice of the discontinuance or suspension. During the notice period Supplier must accept orders from Hydranautics for the Goods at the price and on the terms of the last purchase order of particular Goods. If the Supplier discontinues manufacture of the Goods and does not provide Hydranautics another qualified source, the Supplier shall provide Hydranautics all drawings, specifications, data, and know-how to enable Hydranautics to manufacture or procure said Goods under a royalty-free license which is hereby granted, and ensure supply to Hydranautics through any time period needed to identify and qualify alternate material

18. General Indemnification. Supplier will, at its expense, defend and indemnify Hydranautics and its parent companies, subsidiaries, affiliates and agents, and their respective officers, directors, shareholders, and employees, and Hydranautics's customers (collectively "Indemnitees") from and against any and all loss, cost, expense, damage, claim, demand or liability, including reasonable attorney and professional fees and costs and the cost of settlement, compromise, judgment or verdict incurred by or demanded of an Indemnitee arising out of, resulting from or occurring in connection with Supplier's negligence, willful misconduct, or breach of the terms of this Agreement. In no event will Supplier enter into any settlement without Hydranautics's prior written consent, which will not be unreasonably withheld.

19. Insurance. Supplier will have at their own expense at all times while it has any obligations remaining under this agreement, policies of insurance written by insurer(s) acceptable to Hydranautics with a financial strength rating not lower than "A-" by A.M. Best Company. Such policies will afford the following: (i) commercial general liability (including coverage for bodily injury, property damage, personal injury, contractual liability, product liability and, for services to be performed, completed operations liability) in a sum no less than \$1 million, (ii) automobile liability in a sum no less than \$1 million for each accident, (iii) worker's compensation in an amount no less than the applicable statutory minimum requirement and employer's liability in an amount of no less than \$1 million for each accident, (iv) umbrella liability in an amount not less than \$4,000,000, (v) employment practices liability in an amount not less than \$1,000,000 and (vi) property insurance covering Hydranautics's Property pursuant to Section 6.2. Prior to the delivery of any Goods or commencement of any services under this Agreement, Supplier will provide to Hydranautics certificate(s) of insurance executed by a duly authorized representative of each carrier evidencing that Supplier maintains the foregoing insurance. Such insurance will be primary and non-contributory, and will be specifically endorsed or otherwise name Hydranautics and/or its subsidiary(s) as additional insured. Supplier shall provide Hydranautics a certificate of insurance that is acceptable to Hydranautics. Except where prohibited by law, Supplier will require its insurers to waive all rights of recovery or subrogation against Hydranautics, its subsidiaries and affiliated companies, and its and their respective officers, directors, shareholders, employees and agents. Supplier shall provide for 30 days' written notice to Hydranautics prior to the cancellation of any insurance referred to herein. The amount of insurance carried in compliance with the above requirements will not be construed as either a limitation on or satisfaction of Supplier's indemnification or other obligations under this Agreement.

20. Confidentiality and Ownership of Intellectual Property

20.1. All Goods, including without limitation inventions, discoveries, specifications, samples, drawings, materials, know-how, designs, processes, and other information whether technical, business, financial or other, that: (a) has been or will be provided to Supplier by or on behalf of Hydranautics or which Supplier otherwise acquires under this Agreement; (b) Supplier will design, develop or otherwise create only for embodying in Hydranautics's products in connection with a purchase order whether or not completed and (c) the existence, negotiations, terms and performance of this Agreement shall be regarded by Supplier as confidential and deemed to be "Confidential Information" of Hydranautics. Supplier shall promptly and fully disclose to Hydranautics all Confidential Information under 20.1(b) above in sufficient detail to enable Hydranautics to practice and protect same and will assist Hydranautics in every proper way (at Hydranautics's expense) to obtain for Hydranautics's own benefit patents, copyrights and/or other rights of protection on any such Confidential Information in any and all countries. All Confidential Information under 20.1(b) shall be a "work for hire" and the ownership and copyright therein vests in Hydranautics and shall be the exclusive property of Hydranautics. To the extent that exclusive title or ownership rights in such Confidential Information may not originally vest in Hydranautics, Supplier hereby irrevocably assigns, transfers and conveys to Hydranautics all right, title and interest therein. This Section 20 does not affect Supplier's intellectual property rights, rights to apply intellectual property rights or confidential information which were made before each purchase order and independent of Hydranautics's Confidential Information.

20.2. Hydranautics's Confidential Information will remain the property of Hydranautics and will not be used by Supplier for any purpose other than for performing this Agreement, may not be disclosed to any third party, and will be returned to Hydranautics upon the earlier of Hydranautics's written request or completion of this Agreement. If, with Hydranautics's prior written approval, Supplier furnishes Confidential Information to a sub-tier supplier, Supplier will bind the sub-tier supplier in writing to the obligations set forth in this Section 20 and Supplier will remain responsible to Hydranautics for any breach of this provision by its sub-tier suppliers.

21. Audit

21.1. Supplier will maintain suitably detailed records as may be necessary to adequately reflect Supplier's compliance with the terms of this Purchase Order for at least five years from the last date of delivery. Supplier will permit Hydranautics's auditors to have access at all reasonable times to Supplier's books and other pertinent records. Supplier will also furnish other information as may be needed by Hydranautics's representatives in auditing compliance.

21.2. If, as a result of an audit, any invoice submitted by Supplier is found to be in error, an appropriate adjustment will be made to the invoice or the next succeeding invoice following the discovery of the error and will be paid promptly by Supplier or Hydranautics, as the case may be. Supplier will promptly correct any other Supplier deficiencies discovered as a result of the audit.

22. Assignment and Subcontracting. Neither party may assign this Agreement or any rights or obligations, or subcontract all or any material aspect of the work called for without the prior written approval of the other party, unless the assignment is to a subsidiary or affiliate of the assigning party.

23. Relationship of Parties/Independent Contractor.

23.1. Nothing in this Agreement will be construed to place Supplier and Hydranautics in an agency, employment, franchise, joint venture or partnership relationship. Neither party has the authority to obligate or bind the other in any manner, and nothing contained in this Agreement creates rights of any kind for any third parties and neither party will make any representation to the contrary. Supplier will perform its obligations under this Agreement as an independent contractor. Supplier retains the right to exercise full control of, supervision over and responsibility for Supplier's performance hereunder, including the employment, direction, compensation and discharge of Supplier's personnel, as well as compliance with workers' compensation, unemployment, disability insurance, social security, withholding and all other laws, rules, codes, regulations and ordinances governing such matters.

23.2. For any Goods provided under this Agreement, Supplier and Hydranautics stipulate that Hydranautics is not deemed to be the statutory employer of Supplier's employees and all employees of any sub-tier contractor retained in any manner by Supplier, who perform services or access Hydranautics's property. Supplier and Hydranautics further

stipulate that all services performed pursuant to a purchase order are an integral part of or essential to Hydranautics's production of its goods or delivery of its services.

24. Compliance with Laws and Integrity. Supplier and its subcontractors shall comply with all applicable international, national, state and local laws, regulations and ordinances in performing this Agreement. Supplier will maintain an integrity and compliance program reasonably acceptable to Hydranautics and effective in preventing and correcting ethical violations and in maintaining compliance with laws. The parties hereby incorporate by reference the requirements of 41 C.F.R. §§60-1.4(a), 29 C.F.R. Part 471, Appendix A to Subpart A. 41 C.F.R. §60-300.5(a)ii and 41 C.F.R. §60-741.5(a), if applicable. Supplier shall abide by and ensure that its subcontractors abide by the requirements of 41 C.F.R. §60-300.5(a), which prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. Supplier shall also abide by and ensure that its subcontractors abide by the requirements of 41 C.F.R. §60-741.5(a), which prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities

25. Anti-Corruption Laws.

25.1. In this anti-corruption laws section, the term “Included Scope” means, both collectively and separately, the Agreement and the portions of Supplier’s respective businesses that are involved in it.

25.2. In this anti-corruption laws section, “Anti-Corruption Laws” means, both collectively and separately, any anti-corruption, anti-bribery or similar governmental ethics and transparency laws that have particular jurisdiction or that govern the Included Scope in any manner. Although Supplier is responsible for determining the extent and applicability of Anti-Corruption Laws, the US Foreign Corrupt Practices Act of 1977 (the “FCPA”) and the UK Bribery Act 2010 are both expressly included in the scope of “Anti-Corruption Laws” regardless of Supplier’s actual residency or the actual location that services are performed and received or that goods are made, delivered and received under the Agreement

25.3. Supplier represents to Hydranautics that, with respect to the Included Scope, as of entering into the Agreement:

- (a) Supplier has not violated any Anti-Corruption Laws; and
- (b) Supplier has not directly or indirectly made any offer, payment, promise to pay, or authorized payment, or offered a gift, promised to give, or authorized the giving of anything of value to any Government Official (defined as any officer, employee or person acting in an official capacity for any government department, agency or instrumentality, including state-owned or -controlled companies, and public international organizations, as well as a political party or official thereof or candidate for political office) or any other person while knowing or having reason to know that all or a portion of such money, gift or thing of value will be offered, paid or given, directly or indirectly, to any Government Official, for the purpose of (1) influencing an act or decision of the Government Official in his or her official capacity, (2) inducing the Government Official to do or omit to do any act in violation of the lawful duty of such official, (3) securing an improper advantage, or (4) inducing the Government Official to use his influence to affect or influence any act or decision of a government or instrumentality, in order to assist Hydranautics or any of its affiliates in obtaining or retaining business.

25.4. Supplier warrants to Hydranautics that, with respect to the Included Scope, and during the term of the Agreement, Supplier will:

- (a) not violate any Anti-Corruption Laws; and
- (b) not directly or indirectly make any offer, payment, promise to pay, or authorize payment, or offer a gift, promise to give, or authorize the giving of anything of value to any Government Official or any other person while knowing or having reason to know that all or a portion of such money, gift or thing of value will be offered, paid or given, directly or indirectly, to any Government Official, for the purpose of (1) influencing an act or decision of the Government Official in his or her official capacity, (2) inducing the Government Official to do or omit to do any act in violation of the lawful duty of such official, (3) securing an improper advantage, or (4) inducing the Government Official to use his influence to affect or influence any act or decision of a government or instrumentality, in order to assist Hydranautics or any of its affiliates in obtaining or retaining business.

25.5. Supplier represents that, unless disclosed to Hydranautics in a separate written statement, none of its employees, directors, officers or principals is a Government Official with jurisdiction or influence over the Included Scope. Supplier shall notify Hydranautics in writing within five (5) business days if at any time during the term of this Agreement any of Supplier's employees, directors, officers or principals is named, appointed, or otherwise becomes a Government Official with jurisdiction or influence over the Included Scope.

If Supplier learns or comes to have reason to know of any payment or transfer (or any offer or promise to pay or transfer) in connection with the Included Scope that would violate Anti-Corruption Laws, it shall immediately disclose it to Hydranautics.

26. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York, without regard to that state's conflicts of law principles. The parties expressly agree to exclude the United Nations Convention on Contracts for the International Sale of Goods, 1980, and any successor thereto.

27. Arbitration. Any controversy, dispute or claim (including, but not limited to, third-party claims) arising out of or relating to this Agreement, its interpretation, its breach, its validity (including, but not limited to, any claim that all or any part of this agreement is void or voidable), its termination, or the subject matter thereof will be settled by confidential and binding arbitration by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The place of arbitration will be New York, New York and the arbitration will be conducted in English.

28. Remedies. All remedies set forth in this Agreement are in addition to, and will in no way limit, any other rights and remedies that may be available to the parties at law or in equity.

29. Notices. All Notices relating to this Agreement must be in writing and sent to the addresses in this section. If Supplier does not provide an address below, notices to the Supplier will be sent to the address previously communicated to Hydranautics or via e-mail.

(1) To Hydranautics:
Procurement Director
401 Jones Road
Oceanside, CA 92058

With a copy to:
General Counsel
Nitto, Inc.
300 Frank W. Burr Blvd.
Teaneck, NJ 07666

(2) To Supplier:
Address on purchase order

Notices must be delivered personally, by recognized overnight courier, mailed certified first class mail postage prepaid, by facsimile transmission to the facsimile number provided by Hydranautics or Supplier respectively; or sent by electronic transmission (email) with proof of delivery. Any Notice will be deemed given on the date delivered if delivered personally; three business days after being placed in the mail as specified; or upon confirmation receipt that it was transmitted satisfactorily if transmitted by facsimile or electronic transmission.

30. Publicity. Supplier shall not use Hydranautics's name or marks, refer to or identify Hydranautics in any advertising or publicity releases or promotional or marketing correspondence to third parties without Hydranautics's prior written approval.

31. Headings and Captions. Headings and captions are for convenience of reference only and do not alter the meaning or interpretation of any provision of this Agreement.

32. Waiver. The failure of either party to enforce at any time any of the provisions of this Agreement will not be construed to be a continuing waiver of any provisions hereunder, nor will any such failure prejudice the right of such party to take any action in the future to enforce any provisions hereunder.

33. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, that provision will be severed from this Agreement; the remaining provisions will remain in full force and effect; and a similar legal, valid and enforceable provision will be substituted in lieu of the severed provision.

34. Survival. All provisions of this Agreement which by their nature should apply beyond its term will remain in force after any termination or expiration of this Agreement including, but not limited to, those addressing the following subjects: Import/Customs Compliance; Price; Most Favored Customer and Meet or Release; Invoicing and Payment; Set Off; Warranty; Cessation of Production; General Indemnification; Intellectual Property Indemnification; Insurance; Confidentiality and Ownership of Intellectual Property; Audit; Applicable Law and Forum; Remedies; Notices; Publicity; Severability; and Survival.