

## CFM Systems® Warranty Terms and Conditions

This Lifetime Warranty Policy supplements and is made a part of the Standard Warranty Policy, and the written contract signed by the Buyer and ItN Nanovation AG (hereinafter referred to as the “Seller”) under which the Buyer purchased the Product (“Purchase Order”), and this Lifetime Warranty Policy is subject to the Purchase Order (including its terms and conditions). In the event of any conflict between the Purchase Order and this Lifetime Warranty Policy, the terms of the Purchase Order shall prevail.

The Seller, subject to the conditions and limitations set forth herein, warrants its CFM Systems® Membrane and Module (the Membrane Module) to be free from manufacturing defects.

If CFM Systems® is used in a different treatment application, the Seller’s warranty will be applicable only if it is previously approved by the Seller’s personnel or representatives in written.

### 1. WORKMANSHIP AND MATERIALS

CFM Systems® is defined as filtration module(s) consisting of ceramic flat sheet membranes and of polyurethane housing. The Equipment is defined as auxiliary equipment needed to operate CFM Systems®, namely filtration tower(s), filtration rack(s), diffusers, pipes, hoses and fittings.

The Seller warrants to the Buyer that the CFM Systems® is used and maintained in accordance with the Seller’s official specifications and good engineering practices. The Seller warrants to the Buyer that at the time of delivery, the delivered CFM Systems® is a new product and free from any material and workmanship defects.

Any delivered CFM Systems® component which is not free from defects will be replaced free of charge during the warranty period. The Seller, its representatives or agents are not liable for warranty rights from third parties that relate to auxiliary equipment (parts or components, e.g. air diffusers, towers and racks, pipes and fittings, etc.).

To the extent allowable any additional warranty terms for the equipment shall be assigned by the Seller, its representatives, or agents upon the shipment of the equipment. The CFM Systems® Warranty Terms are defined in the following sections.

### 2. CFM SYSTEMS® WARRANTY TERMS

Except otherwise specified in the Contract, the warranty period of the CFM Systems® supplied by the Seller shall be 2 (two) calendar years followed by a 5 (five) calendar years pro-rata warranty.

The warranty shall begin either:

- from the equipment operational start-up date/commissioning by the Buyer, or
- six (6) months upon the shipment date.

whichever occurs first.

During the five (5) calendar years pro-rata warranty period, the Buyer shall be responsible for CFM Systems® replacement cost corresponding to a cumulative yearly replacement rate of 20% (twenty percent), beginning after the 2<sup>nd</sup> (second) calendar year of the warranty period as described in the following table:

Years from warranty start	Replacement rate of the Seller	Replacement rate of the Buyer
1	100%	0%
2	100%	0%
3	80%	20%
4	60%	40%
5	40%	60%
6	20%	80%
7+	0%	100%

The Seller shall provide an additional extended warranty for CFM Systems® upon Buyer's request. The extension of the warranty will be charged to the Buyer.

### 3. OPERATIONAL PARAMETERS CONDITIONS

The CFM Systems® Warranty Terms shall apply only if the CFM Systems® is handled, unloaded, installed, commissioned and operated according to the instructions and within the following general parameters. The Seller stipulates defined Operating Parameters, Chemical Cleaning Parameters and required Transport & Storage Conditions.

The CFM System® shall be started-up by the Seller's staff and/or authorized and trained, representatives, agents and/or technicians. The Seller shall provide the supervision of the start-up/commissioning of the CFM System® at Buyer's request and no earlier than 14 (fourteen) days from the acceptance of the Seller's offer by the Buyer. The supervision of the start-up/commissioning will be charged to the Buyer.

### 3.1 Operational Parameters

The Seller needs to verify the process application for which CFM Systems® shall be utilized. Based upon the process verification, the Seller will define guaranteed CFM Systems® performance data.

The Seller warrants the solid-liquid phase separation in water and wastewater treatment applications. The design and the operational parameters must comply with the CFM Systems® preliminary and executive documentation. Since the filtration performances of CFM Systems® (e.g. flux rate, quality of effluent) depend on the operational conditions, the Seller only warrants the CFM Systems® performances within the CFM Systems® preliminary and executive documentation. Also, the CFM Systems® Operation and Maintenance manual must be followed in all aspects at all times and may be updated from time to time by the Seller from the start of warranty.

Furthermore, the Seller stipulates the following general operational parameters of CFM Systems®:

- maximum filtration trans-membrane pressure of -700 mbar a maximum of 24 hours;
- maximum backwash or chemical cleaning trans-membrane pressure of 2,000 mbar for 1 hour;
- the design scouring air flowrate is ensured;
- the temperature of the water to be filtered is within the range of 5 ÷ 45°C;
- the pH value of water to be filtered is within the range of 5 ÷ 9;
- the CFM Systems® and the Equipment shall be protected against shocks, strong vibrations and any additional weight during transportation and storage.

### 3.2 Chemical Cleaning Parameters

Without the written permission of the Seller, no other chemicals than sodium hypochlorite (NaOCl), sodium hydroxide (NaOH), citric acid (C<sub>6</sub>H<sub>8</sub>O<sub>7</sub>) or hydrochloric acid (HCl) are allowed for bringing into contact with CFM Systems® and shall void the CFM Systems® Warranty Terms. Furthermore, the chemical cleaning of CFM Systems® shall be carried out with potable water only. If the CFM Systems® permeate is intended to be used as the cleaning solution, the Seller shall be informed and verify the application. Please consult the Seller's Technical Department to inquire for the utilization of alternative chemicals and/or for special cleaning requirements.

The following tables introduces the sodium hypochlorite solution dosing criteria. The pH may be adjusted via sodium hydroxide solution dosing.

Intensity	Sodium hypochlorite solution	Target concentration	Target pH	Maximum chemical exposure duration
Weak	12% w.t. Cl <sub>2</sub>	100 ppm Cl <sub>2</sub>	10.5	Once per day for 60 min
Mild	12% w.t. Cl <sub>2</sub>	250 ppm Cl <sub>2</sub>	10.5	Once per day for 60 min
Standard	12% w.t. Cl <sub>2</sub>	500 ppm Cl <sub>2</sub>	11.0	Once per month for 12 h
Intense	12% w.t. Cl <sub>2</sub>	1,000 ppm Cl <sub>2</sub>	11.0	Once per month for 12 h

The following tables introduces the citric acid solution dosing criteria. The pH may be adjusted via hydrochloric acid solution dosing.

Intensity	Citric acid solution	Target concentration	Target pH	Maximum chemical exposure duration
Weak	50% w.t.	250 ppm C <sub>6</sub> H <sub>8</sub> O <sub>7</sub>	2.5	Once per day for 60 min
Mild	50% w.t.	500 ppm C <sub>6</sub> H <sub>8</sub> O <sub>7</sub>	2.5	Once per day for 60 min
Standard	50% w.t.	1,000 ppm C <sub>6</sub> H <sub>8</sub> O <sub>7</sub>	2.0	Once per month for 12 h
Intense	50% w.t.	2,000 ppm C <sub>6</sub> H <sub>8</sub> O <sub>7</sub>	2.0	Once per month for 12 h

The temperature of the cleaning solution shall be within a range of +10 ÷ +45°C.

The Seller's warranty will not apply if a filtration module is not operated within these Operating and Chemical Cleaning Parameters and according to the Seller's Operational and Maintenance Manual and good industry practices. Further, this warranty does not apply to any failure, defect or damage resulting from or connected with:

- misuse, abuse, neglect and/or improper handling;
- improper installation;
- unauthorized alteration of the filtration module or any part supplied therewith;
- external causes;
- any other cause not involving inherent manufacturing defects.

#### 4. TRANSPORT AND STORAGE CONDITIONS

For the length of the warranty period, the transport and storage conditions of CFM Systems® are the ones included in the CFM Systems® Shipping and Handling Instructions document, which may be updated from time to time by the Seller from the start of warranty.

Furthermore, the Seller stipulates the following general transport and storage conditions of CFM Systems®:

- the CFM Systems® and the Equipment shall be protected against shocks, strong vibrations and any additional weight during transportation and storage;
- the CFM Systems® and the Equipment shall only be transported disassembled (namely, filtration modules and filtration racks are disassembled during transport within the original packaging);
- the transportation and/or the storage for several days or weeks of the CFM Systems® the CFM Systems® and of the Equipment shall be in dry conditions and within a temperature range of +10 ÷ +50 °C;
- exposure to UV radiation, rain and/or dirt shall be avoided during transport and storage.

#### 4.1 Acceptance of Delivery

After receiving the CFM Systems® and the Equipment, check the packaging and equipment for transportation damage. Carefully check the packaging for documents and small components before discarding. If the equipment you receive does not match what you ordered, please contact the Seller, its representatives or agents immediately. If damage occurred during shipping, please contact the Freight Forwarder and inform the Seller, its representatives or agents immediately.

#### 4.2 Transport

- Always place the CFM Systems® and the Equipment on a solid and level surface sufficient load-carrying capacity and in vertical position;
- use appropriate means to secure the CFM Systems® and the Equipment against overturning or tipping over;
- maintain sufficient safety distance when lifting the CFM Systems® and the Equipment.

#### 4.3 Handling

To unload the goods, use a forklift truck and unload from the side of the cargo bay. Make sure there is ample room on the unloading site for a truck carrying a case to manoeuvre safely. In addition, a large delivery vehicle will need sufficient space for manoeuvring if no through passage is provided.

The recommended ambient temperature for installation is above +15°C. Also, the temperature of the components to be installed should be above +15°C. It is not recommended to install the CFM Systems® and the Equipment when the temperature is below +15°C.

#### 4.4 Storage

To prevent permanent deformations of components, the temperature during storage should be between +10 and +50 °C. Good ventilation is essential to prevent higher temperatures. It is advisable to leave some space between the plywood transportation crates during storage.

The plywood transportation crates must be stored on a level base and not be stacked on top of each other. In general, make sure they are not subject to loads that may deform or damage their content.

The transportation pallets must not be stacked and must not be exposed to rain and/or dirt.

## 5. Accounting Record Conditions

The Buyer shall maintain operating records of the CFM Systems® and of all relevant operation parameters, in such form as agreed upon between the parties and since the start-up day. The documentation (complete history/logbook) shall be provided to the Seller, its representatives or agents upon request. Furthermore, the Buyer shall proof that the inlet water characteristics and the operating conditions are met.

Relevant operating parameters as well as sampling and measurement procedures are defined with in the CFM Systems® executive design documentation and within the CFM Systems® Operations and Maintenance Manual, which may be updated from time to time by the Seller from the start of warranty.

All guidelines and operations must be strictly adhered to by the Buyer in accordance with the CFM Systems® Operations and Maintenance Manual.

The Buyer authorizes the Seller, its representatives or agents to conduct any possible review of the system design and operating records and/or to inspect facilities where CFM Systems® is installed upon reasonable notice at any time during normal working hours. The Buyer will support and assist the Seller, its representatives or agents during the inspections in detection of system faults and maintenance schedules.

The CFM Systems® Return Receipt shall be filled out completely and correctly with the initial date of delivery and returned to the Seller, its representatives or agents within 14 (fourteen) days after delivery. If the Buyer cannot provide a signed return receipt document, the Seller, its representatives or agents shall not be liable to replace or fix parts.

Failure of the Buyer to maintain the aforementioned records shall void this Membrane Performance Warranty.

## 6. Repair and Replacement Conditions

The sole remedy of this warranty at the Seller's sole discretion shall be to either repair broken CFM Systems® and Equipment or to provide an equivalent replacement. At no time the number

of filtration module(s) to be replaced shall exceed the total number of filtration module(s) initially purchased by the Buyer.

If requested by the Seller, the Buyer shall return spare membranes/filtration modules with a specified serial number to the Seller at the Buyer's expense.

Any warranty claim made hereunder shall be submitted to the Seller, its representatives or agents in writing within fourteen (14) days after identifying the respective defect and prior to the expiration of the CFM Systems® Warranty Terms. In order to validate a warranty claim, the Seller, its representatives or agents shall be supplied with an evidence of purchase and detailed system data as specified in section 5.

If the Buyer requests a temporary replacement of filtration module(s) to replace the filtration module(s) alleged to be defective and returned to the Seller for warranty examination, the Buyer is responsible for the cost associated with any such replacement until examination of the returned filtration module(s) has been completed. If the Seller cannot confirm the defectiveness of filtration module(s), such filtration module(s) will be returned to the Buyer at Buyer's expense.

After the receipt of a warranty claim, the Seller, its representatives or agents shall have fourteen (14) days to investigate the cause of such failure as it may deem necessary or advisable for purposes of determining the nature or cause of the failure of the filtration module(s).

## 6.1 Warranty Claims and Testing

If the Buyer notifies the Seller during the Warranty Period that the Product does not meet the Lifetime Warranty, then the Seller will perform the Standard Membrane Test on that Product. The "Standard Membrane Test" is the standard factory quality control testing protocols performed by the Seller at its factory to determine if a Product fails to meet the Standard Warranty. The Seller will undertake such investigations that, in its opinion, are necessary to verify whether a deficiency exists and to establish an appropriate remedy. If the Seller requests the operational data as specified in section 5, then the Buyer must promptly provide them to the Seller. If the Seller requests that the Buyer returns the Product for examination, then the Buyer must do this promptly and at its own expense.

If the Standard Membrane Test demonstrates that the Product does not meet the Warranty, then this qualifies as a "Module Failure" (for further information, refer to section 7). If the Standard Membrane Test demonstrates that the Product does meet the Lifetime Warranty, then this will constitute sufficient proof that the Product meets the Lifetime Warranty. In this case, the Buyer will reimburse the Seller for its costs and expenses associated in performing the Warranty investigation, including all inspections, tests and out-of-pocket travel expenses.

## 7. Replacement Schedule

It shall be at the Seller's, at its representatives' or at its agents' sole discretion to either repair broken

CFM Systems® components or to provide an equivalent replacement. "Equivalent replacement" is defined as CFM Systems® components with different specifications (e.g. surface area and/or design of the filtration module, etc.) than defined in the original order that lead to the same qualitative and quantitative system performance.

If a CFM Systems® component shall require replacement under the Repair and Replacement Conditions described in section 6, a replacement will be supplied on an ex-works basis (Incoterms 2010) by the Seller. The replacement cost shall be invoiced based on the pro-rata basis and will include all associated freight, labour, travel and living expenses.

## 8. Warranty exclusions

Occurrence of any of the following as reasonably determined by the Seller will void this warranty:

- the CFM Systems® Shipping and Handling Instruction and/or the CFM Systems® Operations and Maintenance Manual are not followed strictly;
- the CFM Systems® is not operated as defined in the CFM Systems® preliminary and executive design and in the CFM Systems® Operations and Maintenance Manual;
- the filtration module cleaning procedures specified in the CFM Systems® preliminary and executive design and in the CFM Systems® Operations and Maintenance Manual are not followed strictly and/or anything other than Seller-approved cleaning agents are used;
- the correct operation of the pre-treatment process units (e.g., screening) is not ensured;
- the CFM Systems® and/or the Equipment are improperly handled, neglected, misused and/or abused;
- the CFM Systems® and/or the Equipment are not correctly installed, operated and/or maintained;
- the CFM Systems® and/or the Equipment are altered without prior written consent;
- a continuous and timely complete history/logbook of the CFM Systems® operation and of all the relevant operational parameters at all times is not maintained;
- any other cause not involving inherent manufacturing defects.

This Warranty is expressly in lieu of all other oral or written, express or implied warranties, liabilities or obligations of the Seller. In no event shall the Seller or its directors, officers,



employees, partners, successors, representatives, agents, distribution partners, affiliates and subsidiaries or their related companies be liable for consequential or indirect damages, special exemplary and punitive damages, loss of profits, plant shut down or downtimes suited by third parties against the Buyer, incidental or exemplary damages of any kind, including any damage to the filtration system in which CFM Systems® is operated and any of its components, resulting from the breach of any warranty set forth herein.

All kinds of publication papers describing the Seller's Nano-ceramic solution CFM Systems® requires written confirmation by the Seller before publication.

## 9. Total Liability

The Seller's total liability shall not exceed the replacement value of one set of filtration modules per train. This does not include modules that are replaced due to faults in Material and Workmanship. Filtration modules replaced due to faults in Material and Workmanship will be covered the same as new membrane modules.

## 10. Amendments

The Seller, its employees, representatives, distributors, agents or dealers are not authorized to change or modify this warranty.

## 11. Jurisdiction - Disputes

This warranty will not be governed by the provisions of the 1980 UN Convention on Contracts for the International Sale of Goods; rather these rights and obligations will be governed by the laws of Germany, without regard to its conflict of laws principles. All disputes arising out of or in connection with the present contract which the parties are unable to settle shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce, by one arbitrator mutually agreed between the parties. If the parties cannot agree, then by one arbitrator chosen pursuant to the ICC Rules of Arbitration. This shall take place in Saarbrücken (Germany).

## 12. Disclaimer

There are no Warranties established or implied including the Warranty of merchantability other than those set forth hereinbefore. In no event the Seller will be liable for consequential or

indirect damages, including - but not limited to - loss of profits, plant downtime or lawsuits by third parties against the Buyer.

The Standard Warranty is made directly to the Buyer and not to other person or entity. No other person or entity may enforce this Policy against the Seller and there are no third-party beneficiaries to this Policy.

### 13. Validity

The CFM Systems® Warranty Terms are only valid in conjunction with the following signed and returned documents to the Seller, its representatives or agents:

- CFM Systems® Shipping and Handling Instructions;
- CFM Systems® preliminary design documents;
- CFM Systems® approved executive design documents;
- CFM Systems® Operations and Maintenance Manual;
- CFM Systems® Return Receipt signed by the Buyer.