

SONARDYNE INC.

AND

CUSTOMER'S FULL TITLE

VESSEL SYSTEM HEALTH CHECK TERMS

SONARDYNE INC.

Suite 130, 8280 Willow Place Drive, Houston, Texas 77070, USA

Tel: +1 281 890 2120 Fax: +1 281 890 7047

VESSEL SYSTEM HEALTH CHECK TERMS

THIS **AGREEMENT** ("Agreement") is made on _____ ("Commencement Date")
BETWEEN

(1) **SONARDYNE INC.**, (registered no.76-0261169) a company incorporated in Texas whose address is Suite 130, 8280, Willow Place Drive, Houston, Texas, 77070, U.S.A. ("Sonardyne"); and

(2) **CUSTOMER'S FULL TITLE.** (registered number [INSERT]) a company incorporated in [INSERT] whose [registered office/[principal place of business] is at [INSERT] ("Customer")

1. GENERAL

- 1.1 Sonardyne is a global subsea engineering company specialising in the design, manufacture and supply of acoustic positioning, inertial navigation, acoustic and optical communications, sonar imaging, wireless control and autonomous data acquisition products for a diverse range of underwater applications.
- 1.2 Customer is [INSERT].
- 1.3 Sonardyne agrees to supply the Services, in consideration of payment by the Customer to Sonardyne of the Service Price and subject to the terms of this Agreement.

2. BASIS OF SERVICES

- 2.1 The Customer has requested Sonardyne to supply the services of an engineer/s ("**Engineer**") to perform the services stated in Schedule 1 ("**Services**"). The Schedules, together with these terms and any further documents expressly incorporated in Sonardyne's Order Acceptance or Confirmation comprise the provisions of the contract between the parties ("**Agreement**").
- 2.2 In the event of any inconsistency between these terms and any other provisions making up the Agreement, these terms shall prevail. Standard terms of the Customer on any purchase order, acceptance or other document are expressly excluded and do not form part of the Agreement.
- 2.3 Sonardyne agrees that the Engineer shall carry out the Services using reasonable skill and care and in accordance with standard industry practice. The Customer shall be responsible to Sonardyne for any claims, costs, damages and liabilities arising out of Sonardyne or the Engineer following any directions, instructions, designs, specifications, or other reliance on Customer supplied information or material.
- 2.4 Sonardyne is not responsible for delays or changes in the location of the Customer's vessel in respect of a previously agreed embarkation at an agreed location on an agreed date and any additional Charges, costs and expenses incurred as a result of such change shall be at the risk and expense of the Customer.
- 2.5 Sonardyne shall use reasonable endeavours to accommodate requested changes to the agreed location or date and time of embarkation and timing of the Services, subject to availability of suitably qualified engineers.
- 2.6 Travel days and days when the Engineer is prevented from working due to delays on site or getting to or from the vessel or site, unavailability of the Customer's vessel, facilities or materials etc., will be charged at the applicable day rate. Chargeable days commence on the date the Engineer commences travel from his home base and ends on the date the Engineer arrives back at his home base.
- 2.7 At Sonardyne's discretion depending on the overall travel time and the opportunity for the Engineer to recover before commencing the Services, Sonardyne may book a business class or equivalent flight.
- 2.8 Sonardyne will arrange international and domestic flights for Sonardyne personnel, unless otherwise agreed in writing. The Customer shall provide safe travel from an agreed point in country to the work site or vessel at its own cost.
- 2.9 Sonardyne will review travel advice from government, the World Health Organisation and other relevant organisations before confirming the provision of the Engineer and reserves the right to decline a service request based upon this advice and to suspend or cancel any order or contract should the updated advice, lead Sonardyne to the conclusion that the risks to its staff, whether of death, physical injury, of crime, corruption, exposure to illness or injury, kidnapping, ransom or otherwise, are such that it will not accept the continuation of the Services.
- 2.10 In advance of acceptance of any service request or travel, Sonardyne will also require knowledge of the Customer's induction and/or "Meet and Greet" procedures for the Engineer, including arrangements for safety and security, for review prior to agreement of any service request. Sonardyne reserves the right to decline a service request or travel request if the procedures are not acceptable to Sonardyne. If adequate "Meet and Greet" provisions have not been agreed prior to the commencement of travel then Sonardyne shall have the right to delay travel of the Engineer and the commencement of the Services until there is agreement on these provisions.

VESSEL SYSTEM HEALTH CHECK TERMS

- 2.11 Customer shall supply reasonable and necessary information, facilities and assistance to Sonardyne and to the Engineer in connection with the performance of the Services. If required, the Customer shall supply all assistance and information for Sonardyne to obtain invitation letters, visas and work permits necessary for the Engineer to provide the Services, or shall itself provide the same. Without affecting its liability to Sonardyne hereunder, the Customer shall ensure that all obligations on it which need to be flowed down to and carried out by the vessel owner/operator/shipyard or any third party on its behalf shall be performed adequately by such third party.
- 2.12 The Services are anticipated to be carried out for the number of days and at the location/s stated in Schedule 1.
- 2.13 Subject to the other provisions of this Agreement, working hours are stated in Schedule 1.
- 2.14 The conditions under which the Engineer works and the hours worked shall be no less beneficial to him than those enjoyed by other members of the Customer's staff of equivalent status.
- 2.15 The Engineer shall not be asked to perform services outside of the scope of the Services.
- 2.16 Both parties shall perform their obligations in accordance with all applicable laws and regulations having the force of law. In particular Customer shall ensure that all health and safety laws, rules, regulations and obligations are complied with.
- 2.17 The Customer shall provide accommodation and meals at the work site/on board, free of charge, including an appropriate sleeping place, bed and clean bed linen, adequate toilet and washing facilities, and adequate refreshments including drinking water and meals. The terms "appropriate" and "adequate" shall be judged by reference to standards normally applicable in Western Europe unless otherwise agreed.
- 2.18 If the Customer believes that repeated long hours will be required then it is its obligation prior to the commencement of the Services to request the appropriate number of Engineers and the Customer shall be responsible for any consequent delays, faults, errors and health and safety issues arising from lack of staff.
- 2.19 In the interests of health and safety, the standard working day is no more than 12 hours. This may be exceeded in extreme circumstances at the discretion of the Engineer, but sufficient recovery time must be provided before the following shift commences. In exercising discretion the Engineer and Sonardyne shall have regard to the provisions of applicable law and health and safety provisions, including the Maritime Labour Convention relating to hours of work and rest. The Engineer and Sonardyne shall not be obliged to regard the economic considerations of the Customer as being extreme circumstances.
- 2.20 The Customer shall provide free of charge, emergency repatriation from a vessel or work site to a place of safety in the event of circumstances warranting emergency repatriation including without limitation damage or danger to the vessel or work site, sickness, injury, death, risk of infection, emergency, war, insurgency, civil unrest or natural disaster and shall perform such obligations to the fullest extent reasonably possible notwithstanding the existence of a Force Majeure Event.
- 2.21 In the case of the Engineer having a medical emergency on board a vessel or work site, then the Customer shall have the Engineer transferred from the vessel or work site to an agreed local hospital. Sonardyne will arrange any necessary emergency repatriation from the hospital back to the Engineer's home country.
- 2.22 Sonardyne Engineers are supplied with normal personal protective equipment, (safety boots, overalls, hard hats, gloves and eye protection). Additional protective and other equipment shall be supplied free of charge by the Customer.
- 2.23 If there is a requirement to enter confined spaces, carry out lone working, or work in abnormal environments then it is the Customer's responsibility to conduct the necessary risk assessment and to provide the required personal safety equipment and other control measures reasonably necessary to mitigate risks, including the provision of personal gas monitors and/ or forced air if the working environment is a confined space.
- 2.24 The Customer will follow the applicable legal standards and also internationally accepted recommended standards for industry, and where relevant shipping and offshore working, with respect to health, safety and working conditions.
- 2.25 On completion of the Services the Customer shall if requested, ensure that any report provided by the Engineer is signed off by or on behalf of the Customer without delay.

3. PRICE AND PAYMENT

- 3.1 Subject to clause 2.4, 2.6 and 3.2 Customer agrees to pay Sonardyne for the Services in accordance with Schedule 1. Unless otherwise agreed in Schedule 1, payment shall be made within 30 days of receipt of a valid invoice from Sonardyne and Sonardyne shall send invoices monthly or at the end of the Services at its discretion.

VESSEL SYSTEM HEALTH CHECK TERMS

- 3.2 Expenses incurred in the performance of the Services including without limitation, for visas and other documentation necessary for travel, flights, accommodation and travel, taxi fares, meals and out of pocket expenditure of the Engineer, shall be reimbursed to Sonardyne at cost +15%.
- 3.3 The Charges are exclusive of amounts in respect of applicable taxes and levies and any charges or imposts of any kind including VAT, sales taxes, excise duties and import or export duties or fees. The Customer shall, on receipt of a valid invoice from Sonardyne, pay to Sonardyne such additional amounts in respect of any such amounts as are chargeable on the supply of the Services.
- 3.4 The Customer shall make all payments without withholding or deduction of, or in respect of, any tax unless required by law. If any such withholding or deduction is required, the Customer shall, when making the payment to which the withholding or deduction relates, pay to Sonardyne such additional amount as will ensure that Sonardyne receives the same total amount that it would have received if no such withholding or deduction had been required unless required by law to pay the net amount, in which case the Customer shall fully co-operate with Sonardyne and shall provide such assistance and documentary evidence as requested in order for Sonardyne to re-claim the withheld tax from the relevant tax authority.

4. LIMITATION AND EXCLUSION OF LIABILITY

- 4.1 ANY LIABILITY WHICH SONARDYNE MAY HAVE FOR CLAIMS CONCERNING DAMAGE TO THE PHYSICAL PROPERTY OF THE CUSTOMER OR THEIR EMPLOYEES, AGENTS, CUSTOMERS OR ANY THIRD PARTY CONTRACTED TO THE CUSTOMER, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE SERVICES, HOWEVER ARISING, SHALL BE LIMITED TO \$1,000,000 (ONE MILLION US DOLLARS) IN TOTAL, IN RESPECT OF ALL CLAIMS.
- 4.2 SUBJECT TO CLAUSE 4.1 AND TO THE REMAINING PROVISIONS OF THIS CLAUSE 4, THE LIABILITY OF SONARDYNE FOR ANY CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, HOWEVER ARISING, SHALL BE LIMITED IN RESPECT OF ALL CLAIMS IN AGGREGATE TO THE CHARGES PAID BY THE CUSTOMER OR \$50,000 (FIFTY THOUSAND US DOLLARS), WHICHEVER IS THE GREATER.
- 4.3 WITHOUT PREJUDICE TO THE REMAINING PROVISIONS OF THIS CLAUSE 4, SONARDYNE SHALL NOT, UNDER ANY CIRCUMSTANCES WHATEVER, BE LIABLE, HOWEVER ARISING FOR ANY:
 - 4.3.1 DIRECT OR INDIRECT LOSS OF OR DAMAGE TO:
 - 4.3.1.1 REVENUE OR PROFIT; OR
 - 4.3.1.2 GOODWILL OR DAMAGE TO REPUTATION; OR
 - 4.3.1.3 BUSINESS; OR
 - 4.3.1.4 PRODUCTION; OR
 - 4.3.1.5 BUSINESS OPPORTUNITY; OR
 - 4.3.1.6 BARGAIN; OR
 - 4.3.1.7 ANTICIPATED SAVING; OR
 - 4.3.1.8 DATA, OR FOR CORRUPTION OF DATA OR INFORMATION; OR
 - 4.3.1.9 THE COST OF DETACHMENT, DECOMMISSIONING AND RETRIEVAL OF ANY PRODUCTS OR ITEMS AND THE ATTACHMENT OR COMMISSIONING OF ANY PRODUCTS OR ITEMS (EXCEPT SPECIFICALLY AGREED IN WRITING TO BE PART OF THE SERVICES); OR
 - 4.3.1.10 ANY COSTS AND LIABILITIES ARISING FROM POLLUTION OR ENVIRONMENTAL DAMAGE CAUSED DIRECTLY OR INDIRECTLY BY ANY PRODUCTS OR THE SERVICES; OR
 - 4.3.2 INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE.
- 4.4 CUSTOMER SHALL ASSUME AND INDEMNIFY, DEFEND, HOLD HARMLESS AND RELEASE SONARDYNE FROM ALL LIABILITIES COSTS CLAIMS AND DAMAGES ARISING OUT OF THIRD PARTY CLAIMS OF ANY TYPE AGAINST SONARDYNE RESULTING FROM THE PERFORMANCE OF THE SERVICES.
- 4.5 THE EXCLUSIONS AND LIMITATIONS OF LIABILITY CONTAINED IN THESE TERMS SHALL APPLY REGARDLESS OF WHETHER THE LOSS OR DAMAGE WAS FORESEEABLE OR WHETHER THE CUSTOMER NOTIFIES SONARDYNE OF THE POSSIBILITY OF ANY GREATER LOSS OR DAMAGE BUT ALL SUCH EXCLUSIONS SHALL ONLY APPLY SO FAR AS PERMITTED BY LAW AND IN PARTICULAR NOTHING IN THIS AGREEMENT SHALL AFFECT LIABILITY:
 - 4.5.1 FOR DEATH OR PERSONAL INJURY CAUSED BY NEGLIGENCE TO THE EXTENT PROHIBITED BY THE UNFAIR CONTRACT TERMS ACT 1977;

VESSEL SYSTEM HEALTH CHECK TERMS

- 4.5.2 FOR FRAUDULENT MISREPRESENTATION OR OTHER FRAUD;
- 4.5.3 FOR ANY BREACH OF ANY OBLIGATIONS IMPLIED BY SECTION 12 OF THE SALE OF GOODS ACT 1979 OR SECTION 2 OF THE SUPPLY OF GOODS AND SERVICES ACT 1982.
- 4.6 ALL WARRANTIES, CONDITIONS, TERMS AND LIABILITIES EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, ON THE PART OF SONARDYNE, INCLUDING THOSE RELATING TO WORKMANLIKE PERFORMANCE AND THE SKILL AND CARE TO WHICH THE SERVICES ARE TO PERFORMED, COMPLIANCE WITH DESCRIPTIONS, THE QUALITY OR THE FITNESS FOR PURPOSE OF PRODUCTS AND THE SERVICES WHICH ARE NOT EXPRESSLY SET OUT IN THE CONTRACT ARE EXCLUDED EXCEPT TO THE EXTENT SUCH EXCLUSION IS PROHIBITED OR LIMITED BY LAW. UNLESS OTHERWISE EXPRESSLY AGREED IN WRITING TIME SHALL NOT BE OF THE ESSENCE WITH REGARD TO PERFORMANCE OF THE SERVICES.
- 4.7 THE DELIVERABLES SET OUT IN SCHEDULE 1 RELATE ONLY TO THE CONDITION OF THE SYSTEM COMPONENTS EXAMINED AT THE TIME OF THE TEST. SUCH DELIVERABLES DO NOT CONFIRM THE SYSTEM AND COMPONENTS WILL REMAIN OPTIMISED AND READY FOR USE FOR THE VALIDITY OF THE CERTIFICATES.
- 4.8 THE TERM "HOWEVER ARISING" WHEN USED OR REFERRED TO IN THIS CLAUSE 4 SHALL COVER ALL CAUSES AND ACTIONS GIVING RISE TO LIABILITY OF SONARDYNE ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT OR THE SERVICES INCLUDING WITHOUT LIMITATION:
 - 4.8.1 WHETHER ARISING BY REASON OF ANY MISREPRESENTATION (WHETHER MADE AFTER, PRIOR TO AND/OR IN THE AGREEMENT) NEGLIGENCE, BREACH OF STATUTORY DUTY, OTHER TORT, REPUDIATION, RENUNCIATION OR OTHER BREACH OF CONTRACT, RESTITUTION OR OTHERWISE;
 - 4.8.2 WHETHER ARISING UNDER ANY INDEMNITY OR HOLD HARMLESS PROVISION.

5. ASSIGNMENT

The Customer may not assign or transfer or sub-contract any of its rights, benefits or obligations under this Agreement without the prior written consent of Sonardyne. Sonardyne may sub-contract the performance of the Services to one of its affiliated companies.

6. CONFIDENTIALITY

- 6.1 Each party undertakes that it shall not at any time during the Agreement and after termination disclose to any person the confidential information of the other party, and shall only use the other party's confidential information as required to fulfil this Agreement.
- 6.2 Each party may disclose the other party's confidential information:
 - 6.2.1 to its employees, officers, agents, consultants, or sub-contractors ("**Representatives**") who need to know such information for the purposes of carrying out that party's obligations under this Agreement or receiving the benefit of the Services, provided that the disclosing party takes all reasonable steps to ensure that its Representatives comply with confidentiality obligations no less than contained in this clause 6. The disclosing party shall be responsible for its Representatives' compliance with the confidentiality obligations set out in this clause; or
 - 6.2.2 with the disclosing party's prior written agreement; or
 - 6.2.3 as may be required by law, court order or any governmental or regulatory authority.
- 6.3 Each party reserves all rights in its confidential information. No rights or obligations in respect of a party's confidential information other than those expressly stated in this Agreement are granted to the other party or to be implied from this Agreement. In particular, no licence is hereby granted directly or indirectly under any patent, invention, discovery, copyright or other intellectual property right held, made, obtained or licensable by either party now or in the future.

7. FORCE MAJEURE

- 7.1 Neither party shall have any liability or responsibility for failure to fulfil any obligation under this Agreement so long as and to the extent to which the fulfilment of such obligation is prevented, frustrated, hindered or delayed as a consequence of an event beyond the reasonable control of a party (or any person acting on its behalf) ("**Force Majeure Event**").
- 7.2 A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of a Force Majeure Event:
 - 7.2.1 notify the other party of the nature and extent of such Force Majeure Event; and

VESSEL SYSTEM HEALTH CHECK TERMS

- 7.2.2 use all reasonable endeavours to remove any such causes and resume performance under this Agreement as soon as feasible.

8. TERMINATION

- 8.1 Each party shall be entitled to terminate this Agreement with immediate effect by giving written notice to the other if:
- 8.1.1 that other party fails to pay any undisputed amount due under the Agreement on the required payment date and remains in default not less than 14 days after being notified in writing to make such payment; or
 - 8.1.2 that other party ceases trading, commences or is required to commence or participates in any activity associated with debt rescheduling, administration, bankruptcy, liquidation or winding up of the other party or other party's affiliates or subject to an attachment order on any part of its assets and such attachment order is not discharged within 14 days; or
 - 8.1.3 that other party commits a material breach of its obligations under this Agreement and (if such breach is remediable) fails to remedy that breach within a period of 30 days after receipt of notice in writing requiring it to do so; or
 - 8.1.4 any Force Majeure Event prevents Sonardyne from performing its obligations under this Agreement for any continuous period of one month.
- 8.2 Termination of this Agreement shall not prejudice any of the parties' rights and remedies which have accrued under the Agreement as at termination.

9. ANTI-BRIBERY

- 9.1 Neither party shall engage in any activity which could constitute bribery or corruption and shall comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the UK Bribery Act 2010 and the U.S. Foreign Corrupt Practices Act.

10. SURVIVAL OF OBLIGATIONS

- 10.1 Any term which is intended, expressly or impliedly, to continue, or to come into effect on termination or expiry of this Agreement shall continue in effect (or come into effect) on such termination or expiry.

11. VARIATION AND WAIVER

- 11.1 Any variation of this Agreement must be in writing and signed by or on behalf of the parties.
- 11.2 Any waiver of any right under this Agreement is only effective if it is in writing and signed by or on behalf of the party and it applies only to the party to whom the waiver is addressed and to the circumstances for which it is given.
- 11.3 No failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy nor shall it prevent any future exercise or enforcement of such right or remedy.
- 11.4 No single or partial exercise of any right or remedy under this Agreement shall prevent or restrict the further exercise of that or any other right or remedy.

12. ENTIRE AGREEMENT

- 12.1 These terms (together with the Schedules and the documents expressly incorporated as part of the Agreement by Schedule 1), constitute the whole agreement and understanding of the parties and supersede any previous arrangement, understanding or agreement between them relating to the subject matter of the contract.
- 12.2 Each of the parties acknowledges and agrees that:
- 12.2.1 in entering into this Agreement it does not rely on, and shall have no remedy in respect of, any statement, representation, warranty (in each case whether negligently or innocently made) or understanding of any person (whether party to the Agreement or not) which is not expressly set out in this the Agreement; and
 - 12.2.2 the only remedy available to it for breach of any statement, representation, warranty or other term which is expressly set out in this Agreement shall be for breach of contract under its terms.

13. RIGHTS OF THIRD PARTIES

- 13.1 No term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 or otherwise by a person who is not a party to this Agreement.

VESSEL SYSTEM HEALTH CHECK TERMS

14. GOVERNING LAW AND JURISDICTION

- 14.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, formation or existence (including non-contractual disputes or claims) shall be governed by and construed in accordance with laws of the State of Texas excluding any conflicts of law principles that would direct the substantive law of another jurisdiction to apply.
- 14.2 The parties irrevocably agree that the Texas courts shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement, its subject matter, formation or existence (including non-contractual disputes or claims).

AS WITNESS the hands of the parties hereto or their duly authorised representatives the date first above written.

for and on behalf of SONARDYNE INC.

Signed by
Printed Name
Position
Date

for and on behalf of CUSTOMER'S FULL TITLE.

Signed by
Printed Name
Position
Date

VESSEL SYSTEM HEALTH CHECK TERMS

SCHEDULE 1 – SERVICE OVERVIEW

[Note that Schedule 1 needs completion prior to signature. On completion delete this wording.]

1. Service Description

The Engineer will perform the following Services (delete as appropriate):

Prior to visit

- Review of system configuration to identify compliance with recommended build status
- Notification to customer of proposed/recommended changes or update and verification of Management of Change (MOC) process

On Vessel

- Verification of MOC approval and changes to software/firmware/hardware as required
- Verification and documentation of system status
- Confirmation that the Customer system (software/firmware/hardware) is up to date (updated as necessary under MOC controls), optimised and prepared for use.
- Provision to the Customer of a full system health report which can be shared with Customer's clients and prospective clients.
- Visual inspection of hardware, basic maintenance, deployment machine and topside checks
- Verification of Customer system CASIUS derived offsets and calibration figures and production of associated certification
- Provision of additional support and guidance to Customer crew to ensure they are comfortable to operate and maintain the Customer system. To encompass basic operator familiarisation training covering optimising system, calibration procedures, fault diagnosis and resolution
- Deployment Machine Maintenance Review
- Check of Customer held spares and subsea assets
- Performance of CASIUS

2. Deliverables

The Engineer will provide the following Deliverables (delete as appropriate):

Reports

- Full System Health Report - Advisory Based System report based on risk (Traffic Lights)

Certificates

- Verification of CASIUS derived offsets certification
- System Health Certificate

3. Service Specifics (insert details)

Service Location:

Working Hours:

Commencement Date:

VESSEL SYSTEM HEALTH CHECK TERMS

Estimated Service Duration:

4. **Service Price and Payment Terms** (insert details)

Service Fixed Price:

Additional Day Rate (where applicable)

Payment Terms: