



## APPLIED INSPECTION STANDARD SERVICE TERMS

### SCOPE OF SERVICES

Applied Inspection Limited ("Applied Inspection") will only perform those services specifically agreed to in writing and will not be responsible for any matters beyond the agreed-upon, written Scope of Work ("SOW"). Any descriptions, statements, comments or expressions made reflect the opinion or observations of Applied Inspection's employees based solely upon data available at the time and are not intended, nor can they be construed, as representations or warranties as to the actual circumstances. Applied Inspection's responsibilities will be limited to providing labor and equipment qualified to provide the services set forth in the applicable SOW utilizing the procedure(s) and acceptance criteria specified by its client ("Client") and specifically set forth in the SOW. Client and/or the owner-operator shall at all times remain responsible for all engineering, repair, modification and use decisions, including without limitation, decisions such as what to install, inspect or repair, the frequency of inspections or repairs, the techniques or methods to be used, the procedures, codes and acceptance criteria to be followed, whether additional Quality Assurance enhancements offered by Applied Inspection (such as a dedicated Site Supervisor) will be provided, and the final disposition of all assets (such as welds) installed, inspected or repaired by Applied Inspection. Client is responsible for inspecting Applied Inspection's work product (such as inspection reports and assets that Applied Inspection installed, repaired, painted, fabricated or otherwise worked on) when it is made available to Client and notifying Applied Inspection of any potential issues within fifteen (15) business days thereafter. Unless Client has contracted with Applied Inspection to provide a dedicated Site Supervisor at Client's cost, Client acknowledges that day-to-day direction of Applied Inspection's employees shall be provided by Client and/or the owner-operator. It is understood that Applied Inspection is an independent contractor and not an employee or agent of Client. The results of Applied Inspection's services shall be used only for Client's internal purposes. Test reports shall not be reproduced by Client except in full and may not be reproduced without the written approval of Applied Inspection. Test results are limited to the specific item(s) tested.

### STANDARD OF CARE

Applied Inspection shall perform its services within a reasonable standard of care or skill consistent with applicable industry standards. **No other warranty, expressed or implied, is made or intended by Applied Inspection, and all other warranties are expressly disclaimed.** In the event of any breach of this warranty, Applied Inspection's sole and exclusive obligation will be to correct or re-perform the deficient service or, at Applied Inspection's option, to refund the amount paid for the deficient service. Warranty claims must be asserted within the lesser of fifteen (15) business days after receipt of Applied Inspection's work product or five (5) business days after the purported deficiency was or could have been detected by Client.

### LIMITATIONS OF LIABILITY

Applied Inspection does not assume any liability or responsibility for losses or damages, such as personal injuries and property damage, except and only to the extent directly caused by the willful or negligent misconduct of Applied Inspection in the course of performing the requested services. **In no event shall Applied Inspection's aggregate liability for any reason, in connection with any claim asserted, exceed the amount paid for the services in question.** Applied Inspection shall not be held responsible or liable for any loss, damage or delay caused by accidents, strikes, fires, floods or other circumstances or causes beyond its control, including actions taken or not taken by Client or other third parties. **In no event shall Applied Inspection be liable for indirect, incidental, special, punitive or consequential damages including, without limitation, damages relating to reputation, lost business opportunities, lost profits, goodwill, downtime, overhead expenses, loss of use, business interruption, data loss or other economic loss.**

### PAYMENT

Pricing is based on Applied Inspection's standard service techniques and protocols unless otherwise specifically stated. Any request for non-standard techniques or protocols in performing the services must be identified by Client and accepted by Applied Inspection in writing prior to commencement. All pricing is rate-based (as opposed to cost-plus) and labor rates are all-inclusive. Unless otherwise agreed to in writing, payment in full shall be made within 30 days of the date of invoice, and thereafter a late charge of 12% at an annualized rate on outstanding accounts may be charged. Applied Inspection reserves the right to charge for any extra time or costs that are incurred as a result of delays, cancellations, or postponements resulting from Client's instructions, lack of instructions or mistakes for which Applied Inspection is not responsible. Payment for



services or failure to identify any deficiencies in Applied Inspection's work product within fifteen (15) business days after receipt of the work product shall constitute acceptance by Client of Applied Inspection's work and agreement that Applied Inspection met all applicable contractual requirements.

#### **USE OF APPLIED INSPECTION'S INTELLECTUAL PROPERTY**

Applied Inspection's intellectual property, including software, designs, methodologies and processes ("IP") shall not be copied, transferred, licensed or used by anyone other than Client and only in connection with Applied Inspection performing its services. Client shall not, and shall not permit anyone else to, reverse engineer, decompile, or disassemble the IP, or use the IP in any way to replicate or develop similar IP.

#### **EXCLUSIVE TERMS; MODIFICATION; CHOICE OF LAW**

These Service Terms shall govern any and all services or products provided by Applied Inspection to Client. No terms or conditions delivered with or contained in any request for services, purchase order or any other document received from Client shall alter these Service Terms. Any purported variation of these Service Terms shall have no effect unless expressly agreed to in writing and signed by an authorized representative of Applied Inspection. The provisions of these Service Terms are severable and in the event any provision is held to be unenforceable, the remaining provisions will continue in full force and effect. Should any type of dispute arise, these Service Terms shall be governed by and construed in accordance with the laws of the location where the services in question were performed without regard to conflict of law principles.

#### **LIMITED WARRANTY APPLICABLE TO ALL INDUSTRIAL TRADES WORK**

All industrial trades work performed by Applied Inspection ("Trades Work"), including insulation, welding, pipefitting, electrical, painting, coating, winterization, construction, fabrication, repair, demolition and installation services, shall be governed by the above terms plus the following Limited Warranty. Subject to the conditions and exclusions set forth below, all Trades Work shall be free from material defects in Applied Inspection's workmanship for the lesser of twelve months from the date of sale or five (5) business days after the purported deficiency was or could have been detected by Client (the "Warranty Period"). Client's sole and exclusive remedy under this Limited Warranty will be for Applied Inspection to repair or replace the purported deficiency or, at Applied Inspection's option, to refund the amount paid for the deficient Trades Work. This Limited Warranty shall not apply to materials, components, supplies, parts or goods manufactured by a party other than Applied Inspection (the "OEM"), such as construction materials and coating products. All such materials shall be governed solely by the OEM's warranty, and Client's sole recourse with respect to such materials shall be under the OEM's warranty to the extent the warranty is transferrable to Client. This Limited Warranty shall not apply to any damage, failure or other issues caused by Client's failure to comply with Applied Inspection's and/or the OEM's instructions, requirements or warranty conditions.

**THE FOREGOING LIMITED WARRANTY IS THE ONLY WARRANTY PROVIDED BY APPLIED INSPECTION AND IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE. APPLIED INSPECTION HEREBY DISCLAIMS ALL OTHER WARRANTIES, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND WARRANTY AGAINST THE INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY. THE FOREGOING STATES THE EXCLUSIVE REMEDY FOR ANY BREACH OF THIS LIMITED WARRANTY. APPLIED INSPECTION SHALL NOT BE RESPONSIBLE FOR, AND CLIENT SHALL DEFEND AND INDEMNIFY APPLIED INSPECTION AGAINST AND FOR, ANY DAMAGE, LOSS, CLAIM, INJURY OR EXPENSE INCURRED OR ASSERTED BY CLIENT OR ANY THIRD PARTY, ARISING FROM OR ATTRIBUTABLE TO CLIENT'S MAINTENANCE, POSSESSION, USE OR MISUSE OF ITS OWN ASSETS, PROPERTY AND FACILITIES AND ANY PRODUCTS IT PURCHASES FROM APPLIED INSPECTION.**

#### **ADDITIONAL TERMS THAT GOVERN ALL RADIOGRAPHIC SERVICES**

When providing radiographic ("RT") services, Applied Inspection will provide film/images and reports to Client as determined by Client (ex: to whom and how often film and reports should be turned in) and specified in the applicable SOW. Upon receiving an RT report from Applied Inspection, Client and/or the owner-operator shall be responsible for: reviewing the report to make sure that the correct codes, procedures and acceptance criteria are listed in the report; ensuring that Client has received all film for all views listed in the report; maintaining custody of the film and report thereafter; reviewing the film as Client and/or owner-operator deem appropriate; and advising Applied Inspection of any issues Client has identified with the report or film



no later than five (5) business days after Client's receipt of the report. Client and/or the owner-operator shall be responsible for permanent custody of film and the final disposition of each component (ex: weld) inspected. Any film not collected by Client when the report is submitted will be disposed of by Applied Inspection. Client and Applied Inspection acknowledge that experienced radiographers can have differing interpretations of the same radiographic image.

**ADDITIONAL TERMS THAT GOVERN ALL ADVANCED SERVICES SUCH AS SHEAR WAVE ULTRASONICS (INCLUDING TIME OF FLIGHT DIFFRACTION (TOFD)) AND PHASED ARRAY**

Statements, findings, results and/or reports made or prepared by an employee of Applied Inspection, including findings about an item meeting or not meeting code, represent the opinion of the employee based on available data at the time of the inspection and shall at all times be subject to inherent limitations of these technologies. Applied Inspection cannot be held responsible if employees of Client or another vendor reach different opinions. Applied Inspection recommends confirming all such opinions through a second method whenever practicable.

**ADDITIONAL TERMS THAT GOVERN ALL PIPELINE INTEGRITY SERVICES**

Client is responsible for making all repair, recoat, replacement and similar decisions, including decisions based on or regarding inspection results, remaining strength calculations and Client's Integrity Management Program (IMP). Client is responsible for determining the specific remaining strength calculation to be performed (B316, B316 modified, R strength, etc.) and the design factor to be used. Applied Inspection cannot be responsible for selecting or making any recommendations regarding the correct calculation method or design factor. When performing calculations, Applied Inspection's obligation shall be limited to entering data into the software and providing the calculation results to Client. Applied Inspection does not make any representations regarding the accuracy of the data or the results of the software calculations. Client is responsible for all decisions regarding its IMP. Applied Inspection does not make any representations regarding, and shall not have any liability for, any recommendations, proposed changes, updates and similar statements from Applied Inspection's employees regarding Client's IMP.

**ADDITIONAL TERMS REGARDING PROFESSIONAL ENGINEERING SERVICES**

Applied Inspection's services shall not be considered engineering services except to the limited extent that Client has specifically requested same in a written SOW, and a duly-authorized representative of Applied Inspection has agreed in writing to provide the services of a licensed Professional Engineer. For all such engagements, Applied Inspection will not be responsible for, control, direct or supervise: the performance by Client or others of their obligations and responsibilities; construction methods, means, techniques, sequences or procedures of Client or others; acts or omissions of Client or others; or advice from any independent expert engaged by Client or others. In addition, Applied Inspection will be entitled to rely upon, and shall have no responsibility for, the accuracy and completeness of all records, information, data and specifications furnished by Client, consultants and other subcontractors hired by Client, government authorities, public utilities and manufacturers and suppliers of equipment, material or supplies. Applied Inspection shall not have any responsibility for defects or limitations in any equipment, material or supplies specified or recommended by Applied Inspection.

**ADDITIONAL TERMS THAT GOVERN ALL EXPERT TESTIMONY AND EXPERT LITIGATION SUPPORT ENGAGEMENTS**

When Applied Inspection is engaged as an expert in connection with any litigation or potential litigation matter (the "Engagement"), its fees will not be dependent upon the outcome of the actual or potential proceeding in which Applied Inspection is acting as an expert for Client (the "Proceeding"). Objective conclusions will be presented without regard to how they will impact the Proceeding to ensure that Applied Inspection is able to perform its services properly. Applied Inspection will assume, for purposes of its Engagement, that information and data provided by or on behalf of Client will be sufficiently accurate, complete and comprehensive to enable Applied Inspection to perform its services. Client and Applied Inspection will agree in writing at the commencement of the Engagement on the precise scope of services to be provided by Applied Inspection, including any opinion to be provided and how samples and other materials or information are to be examined, handled, stored and/or returned. Applied Inspection will not be responsible for any matters beyond that written scope of services. Client shall be responsible for notifying Applied Inspection of all relevant timelines in the Proceeding. All reports and material developed by Applied Inspection shall be used only for purposes of the Proceeding. Any other use requires Applied Inspection's prior written consent. Client shall



disclose sufficient information about the parties to enable Applied Inspection to assess if there may be a potential conflict of interest. If Client wishes for Applied Inspection to perform joint testing, Client shall be responsible for obtaining the agreement of the other parties regarding the testing protocol to be used, and shall instruct Applied Inspection in writing as to what information and documents can be shared with the other parties.

Client will defend, indemnify and hold Applied Inspection harmless against and from any and all claims, costs, actions, losses and liabilities, including attorneys' fees, arising or relating in any way to the Engagement other than those caused solely by Applied Inspection's willful misconduct or gross negligence. If Client is representing another party in the Proceeding, Client represents that it has secured such party's agreement to be bound by these terms and conditions. If the Engagement will not involve testimony, all material created by Applied Inspection will be maintained as confidential and not disclosed to third parties (other than as required by the Proceeding) without Applied Inspection's prior written consent. All samples provided to Applied Inspection will be disposed of within 60 days of the end of the Engagement unless Applied Inspection is instructed in writing to return them to Client or retain them for a fee.

#### **APPLICABILITY OF THESE TERMS**

These Service Terms apply to and shall govern all services and products provided by Applied Inspection and its affiliates, subsidiaries, predecessors and successors. In the event of any type of dispute between Client and Applied Inspection, such as a claim by Client for alleged damages or losses purportedly caused by Applied Inspection, Client's recourse shall be limited Applied Inspection. **TO THE MAXIMUM EXTENT PERMITTED BY LAW, CLIENT WAIVES AND RELEASES ANY AND ALL RIGHTS, CLAIMS, DEMANDS OR CAUSES OF ACTION THAT MAY OTHERWISE BE AVAILABLE AT LAW OR IN EQUITY OR GRANTED BY STATUTE TO AVOID OR DISREGARD THE ENTITY FORM OF APPLIED INSPECTION OR OTHERWISE IMPOSE LIABILITY ON ANY AFFILIATE OF APPLIED INSPECTION, WHETHER GRANTED BY STATUTE OR BASED ON THEORIES OF EQUITY, AGENCY, CONTROL, INSTRUMENTALITY, ALTER EGO, DOMINATION, SHAM, SINGLE BUSINESS ENTERPRISE, PIERCING THE CORPORATE VEIL, UNFAIRNESS OR UNDERCAPITALIZATION.**

**WE VERY MUCH APPRECIATE YOUR BUSINESS. SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE PERSON FROM WHOM YOU WISH TO ORDER PRODUCTS AND/OR SERVICES OR SEND AN EMAIL TO [SERVICETERMS@APPLIEDINSPECTION.CO.UK](mailto:SERVICETERMS@APPLIEDINSPECTION.CO.UK).**