



## WATTS WATER TECHNOLOGIES, INC. TERMS & CONDITIONS OF PURCHASE

These terms and conditions apply to all orders between Watts Water Technologies, Inc. or any of its subsidiaries (“Buyer”) and the seller (“Seller”).

**1. Offer and Acceptance.** This Purchase Order is only an offer to enter into a contract. Buyer may revoke, amend or modify this offer at any time prior to Seller’s acceptance. Any of the following acts constitutes Seller’s acceptance of this Purchase Order and all terms and conditions herein: (a) Seller’s acknowledgement of this Purchase Order, (b) Seller’s commencement of performance or delivery of any products ordered under this Purchase Order or (c) Seller’s acceptance of any payment by Buyer hereunder. Acceptance of this Purchase Order is expressly limited to and conditioned upon acceptance of the terms set forth below, which terms cannot be altered or amended without Buyer’s express written agreement.

**2. Changes.** Prior to shipment of products specified in a Purchase Order, Buyer may, by written notice to Seller, make changes in specifications, designs, method of packing or shipment, quantity ordered, destinations and delivery schedules. No change, modification or revision of this Purchase Order by Seller shall be binding upon Buyer unless in writing and signed by Buyer’s duly authorized representative.

**3. Cancellation.** Buyer may, by written notice to Seller, cancel the whole or any portion of this Purchase Order in the event of (i) proceedings, voluntary or involuntary, in bankruptcy or insolvency, by or against Seller, (ii) the appointment, with or without Seller’s consent, of any trustee or receiver for any substantial portion of Seller’s assets, (iii) any assignment for the benefit of Seller’s creditors, or (iv) Seller’s breach of any provision contained herein. Buyer may cancel any order for convenience at any time in-whole or in-part prior to shipment. In the event of cancellation for convenience, Buyer and Seller shall negotiate reasonable compensation to Seller for the actual and reasonable expenses incurred by Seller, up to the termination date, for any finished goods, work in process or raw materials purchased solely for the account of Buyer; provided that Seller substantiates such expenses in a manner reasonably satisfactory to Buyer and has used reasonable efforts to mitigate such expenses by, among other things, returning goods to Seller’s suppliers, selling to other third parties or otherwise utilizing such finished goods, work in process or raw materials. In no event shall Buyer’s liability for any cancelled order exceed the prices Buyer would have paid for the cancelled products.

**4. Prices & Payment.** All prices shall be as stated in this Purchase Order and are firm. All applicable federal, state, local and excise taxes, duties and charges shall be stated separately on Seller’s invoice and shall not be included in the price of the product unless agreed by Buyer. Buyer may

provide Seller with a tax exemption certificate where applicable. Unless otherwise provided in this Purchase Order, payment terms shall be net sixty (60) days from the date of Seller’s invoice. Any amount owed to Seller by Buyer or any of Buyer’s affiliates shall be subject to deduction for any set-off, counterclaim or indemnification right arising out of this or any other agreement with Seller and Buyer or any of Buyer’s affiliates.

**5. Packaging and Shipment.** All products shall be suitably packaged and marked and otherwise prepared for shipment by Seller in accordance with reasonable commercial practices. Seller shall mark on containers all necessary handling, loading and shipping instructions. An itemized packing list shall be included with each shipment.

**6. Delivery.** Title to and risk of loss of the products passes to Buyer at the delivery point. Time and place of delivery are of the essence in the performance of this Purchase Order. If delivery cannot be made at the specified time and place, Seller shall promptly notify Buyer of the earliest possible date for conforming delivery. Notwithstanding such notice, Seller’s failure to effect conforming delivery shall entitle Buyer to revoke any acceptance, to cancel this order without liability to Seller, to receive a full refund of any amounts paid, to purchase substitute products elsewhere, or to return at Seller’s risk and expense all or any part of a nonconforming delivery. Our receipt or acceptance of all or part of a nonconforming delivery shall not constitute a waiver of any claim, right or remedy Buyer have under this Purchase Order or under applicable law.

**7. Inspection.** All products delivered hereunder are subject to inspection and acceptance at Buyer’s premises notwithstanding prior payment or inspection at source. Payment for products shall not constitute acceptance thereof. Acceptance of any products shall not alter or affect the warranties of Seller.

**8. Warranties.** In addition to any other express or implied warranties, Seller represents and warrants that the products shall (i) be new and free from any liens or other encumbrances; (ii) be free from defects including without limitation in design, materials and workmanship, labeling and packaging; (iii) conform to their specifications, drawings, and descriptions, and approved samples (if any); and (iv) shall conform to and be produced in conformity with all applicable federal, state and local statutes, rules and regulations. Seller represents and warrants that the products and their sale, resale, distribution or other use do not and will not infringe any patent, copyright, trade mark, trade secret or other proprietary or intellectual property rights;

provided that this representation and warranty shall not apply to the extent such infringement is the direct result of Seller's strict adherence to detailed written design specifications furnished by Buyer to Seller. These warranties shall survive any delivery, inspection, acceptance, payment or resale of the products and shall extend to Buyer's customers and any end user customers. In the event of any breach of warranty, Buyer may return any products not conforming to their applicable warranties, and Seller shall, at Buyer's option, replace such product or refund their purchase price to Buyer. In addition, Seller shall be liable for all expenses incurred by Buyer as a result of a breach of any warranties set forth herein, including, without limitation, all expenses incurred by Buyer in recalling such product from Buyer's distributors or customers or related to the redelivery of conforming products.

**9. Quality Control.** Seller shall implement and maintain such quality assurance standards as are reasonably necessary to provide to Buyer products that conform to the product specifications (if any) and warranties so as to meet the quality standards of Buyer or any other standards agreed to between the parties. Seller shall notify Buyer immediately of any quality problems that it discovers. Seller shall provide competent personnel to assist in the prompt identification and resolution of any performance problems with the products. Seller is responsible for performing any inspections or testing of products required of Seller by this Purchase Order. Buyer shall have the right prior to, during or after the manufacture and shipment of products, to inspect and review the manufacturing operations and procedures of Seller during normal business hours for the purpose of determining compliance with the requirements of this Purchase Order. During such inspection and review, Seller shall provide Buyer with reasonable assistance without charge.

**10. Product Recalls.** Seller shall promptly inform Buyer in writing of (i) any product recall suggested or required by any governmental authority, (ii) any voluntary product recall, and (iii) any notices from any governmental authority relating to product recalls and/or defects concerning safety (including a copy of the notice). Seller shall (a) bear all costs and expenses of any product recall, including any costs associated with the shipment of recalled items from Buyer's customers to Buyer or Seller and the shipment of replacement products to Buyer's customers and (b) reimburse Buyer for its reasonable costs and expenses incident to such recall. Subject to legal requirements, Buyer may assume primary responsibility for communicating with its customers in connection with a recall. Each of the parties hereto agrees to notify the other in writing in the event either identifies a need for a product recall. Seller shall correct as soon as possible problems or other issues which result in recalls. Seller shall be responsible for the costs of making any changes to products required in connection with a recall.

**11. Indemnification.** Seller shall indemnify, hold harmless, and at Buyer's request, defend Buyer, its

successors, assigns, affiliates, officers, directors, customers, advisors agents and employees, against all claims, liabilities, damages, losses and expenses, including attorneys' fees and cost of suit, arising out of: (i) any claim relating to the death or injury to any person or persons or any damage to property resulting from any products sold by Seller, including, without limitation, the manufacture, packaging, sale, use, or advertisement of any products, design or manufacturing defects, failure to warn, and the failure of any products to comply with their applicable specifications and warranties; (ii) any claim based on the negligence or willful misconduct of Seller or any of Seller's agents, subcontractors, employees or anyone acting on behalf of Seller; and (iii) any claim alleging that any product infringes a patent, copyright, trademark, trade secret, intellectual property right or other proprietary right. Seller shall not settle any suit or claim without Buyer's prior written approval, such approval not to be unreasonably withheld. Seller's obligation to indemnify, hold harmless and defend Buyer under the terms of this Section 11 is independent of and in addition to Seller's obligation to procure and maintain insurance as required in Section 12 below. Seller's insurer's position regarding insurance coverage for Buyer, as an additional insured, does not in any way modify or limit Seller's indemnification obligations hereunder.

**12. Insurance.** At its sole expense and unless otherwise agreed in writing by Buyer, Seller shall maintain with an insurance company or companies commercial general liability insurance in the minimum amount of \$3,000,000 per occurrence with an aggregate of \$3,000,000 for product liability, bodily injury (including death) and property damage. The insurance policy shall include Buyer as an additional named insured, shall state that such insurance is primary insurance as regards any other insurance carried by Buyer, and include a waiver of subrogation in favor of Buyer (for the purposes of this sentence Buyer shall include Buyer's parent, subsidiaries, and affiliates). Supplier shall continue to maintain such insurance following sale of the products to Buyer. A certificate and endorsements evidencing such insurance coverage shall be filed with Buyer, and shall provide for 30-days' prior written notice to Buyer of cancellation or material change. Liability insurance limits shall not be construed to limit Buyer's right of indemnity hereunder.

**13. Confidential Information.** Seller acknowledges and agrees that all specifications, drawings, diagrams, schematics, sketches, models, molds, tools, samples, designs, technical information, data, business plans, financials or other confidential information ("Confidential Information"), furnished in writing, orally or otherwise, by Buyer or on Buyer's behalf, is and shall remain Buyer's sole and exclusive property, and shall be returned promptly to Buyer or Buyer's designee (together with all copies) upon Buyer's request. Seller agrees to hold Confidential Information in the strictest confidence, not to disclose Confidential Information to third parties except as required by law, and to use Confidential Information solely for the

purpose of performing the Purchase Order. Seller shall not, without obtaining written consent of Buyer, in any manner advertise or publish information about the Buyer or its products or that Seller has furnished products to Buyer hereunder.

**14. Tools and Equipment.** All tools, dies, molds, patterns, jigs, masks and other equipment and materials furnished by Buyer to Seller or paid for by Buyer, directly or indirectly, and any replacements, shall be and remain Buyer's property. Seller shall safely store such property, shall plainly identify such property as Buyer's property and shall not use such property except in filling this or other Purchase Orders for Buyer. All such property shall be held at Seller's risk and shall be returned promptly to Buyer or Buyer's designee upon the earlier of Buyer's request or the termination or completion of this Purchase Order.

**15. Compliance with Laws.** Seller shall comply with all applicable governmental laws, ordinances, codes, rules, regulations and orders in the performance of this Purchase Order. Seller shall obtain all permits or licenses required in connection with the manufacture, sale, shipment and installation of the products ordered hereby.

**16. Assignment.** Seller shall not subcontract or assign any duties, rights or claims under this Purchase Order unless agreed in writing by Buyer. For purposes of this Section, a change of control is deemed an assignment.

**17. Governing Law.** This Purchase Order and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced as a sealed instrument in accordance with the laws of the Commonwealth of Massachusetts without regard to: (i) its conflict of law rules; (ii) the United Nations Convention on Contracts for the International Sale of Goods; or (iii) the 1974 Convention on the Limitation Period in the International Sale of Goods, as amended. Each party hereby irrevocably submits to the exclusive jurisdiction of the courts located in the Commonwealth of Massachusetts for

the resolution of all disputes arising under or in connection with this Purchase Order.

**18. Severability; Remedies; Waiver; Survival.** In the event that any one or more provisions contained in this Purchase Order shall be held by a court of competent jurisdiction to be invalid or unenforceable in any respect, the validity and enforceability of the remaining provisions contained herein shall not in any way be affected thereby. The remedies contained herein are cumulative and in addition to any other remedies at law or equity. Buyer's failure to enforce, or waiver of a breach of, any provision of this Purchase Order shall not constitute a waiver of any other breach or of such provision. All of Seller's obligations set forth in this Purchase Order (other than the obligation to deliver the products covered hereby) shall survive the cancellation, termination or completion of this Purchase Order.

**19. Entire Agreement.** This Purchase Order, together with any confidentiality agreement previously executed by the parties (if applicable), is the complete and exclusive statement of the contract between Buyer and Seller with respect to Buyer's purchase of the products. No waiver, consent, modification, amendment or change of the terms of this Purchase Order shall be binding unless in writing and signed by Buyer and Seller. Any term or condition incorporated in Seller's purchase order(s), order acknowledgement(s) or any other document provided to Buyer by Seller which is in any way different from, inconsistent with or in addition to the terms and conditions set forth in this Purchase Order shall be of no effect, shall not apply to the purchase and sale of products between the parties, and shall not become a part of a contract between the parties or be binding upon Buyer. Buyer's failure to object to terms contained in any communication from Seller will not be a waiver of the terms set forth herein. Seller shall not condition any delivery upon the abrogation or modification of any of the terms and conditions included in this Purchase Order.