

Conditions of Sale

General

1. WATEROUS agrees to sell products to Buyer on the following Conditions of Sale which supersede any other or inconsistent terms of Buyer. Acceptance of orders by WATEROUS is based on the express condition that Buyer agrees to all of these Conditions of Sale. Buyer will be deemed to have assented to all Conditions of Sale contained herein if any part of the products are shipped or an invoice is presented in connection with said products. No modification or alteration of any provision hereof shall result from WATEROUS' acknowledgement of Buyer's purchase order, shipment of products or other affirmative action by WATEROUS toward performance following receipt of Buyer's purchase order or other forms containing provisions, terms or conditions in addition to or in conflict or inconsistent with these Conditions of Sale.
2. All orders or contracts resulting from written or verbal quotations or from published literature are subject to acceptance by WATEROUS. Prices, specifications, and designs included in such quotations or literature are subject to change without notice. All orders are accepted on basis that they will be billed at the price in effect on the date of shipment unless special price protection terms are offered with price increase announcements. All shipments made six months or more after the date of price increase will be billed at the price in effect on the date of shipment.
3. Prices do not include sales, use, excise or any other taxes based upon or measured by the sale, use, manufacture or shipment of the products hereby covered. All such taxes are in addition to prices quoted by WATEROUS or shown on its price list, and shall be paid by Buyer whether shown on WATEROUS' original billing or added to the billing later and, if paid by WATEROUS, the Buyer agrees to reimburse WATEROUS on demand for the full amount thereof.

Terms of Payment

4. Terms of payment on any order are subject to approval by WATEROUS' Credit Department. Unless otherwise stated in writing by WATEROUS, terms to Buyer who have established credit satisfactory to WATEROUS are net thirty (30) days from date of date of invoice for sales in North America and net sixty (60) days from date of invoice for International sales. If Buyer fails to make payment in accordance with the terms of this agreement, the account shall be deemed to be delinquent. A service charge not exceeding the maximum allowed by law may be assessed. Buyer agrees to pay all collection costs and expenses, including reasonable attorney's fees incurred by WATEROUS in collecting or attempting to collect such account. Payment by the Buyer of the price of the order shall be a condition precedent to Buyer's right to assert any claim against WATEROUS. WATEROUS reserves the right to ship any order C.O.D.
5. Should the financial responsibility of Buyer at anytime become unsatisfactory to WATEROUS, WATEROUS shall have the right to suspend the performance of any order or require payment for any shipment hereunder in advance or require satisfactory security or other adequate assurance satisfactory to WATEROUS. If Buyer fails to make payment in accordance with the terms of this agreement or fails to comply with any provision hereof, WATEROUS may at its option, in addition to any other remedy, cancel any unshipped portion of this order with Buyer to remain liable for all unpaid accounts. WATEROUS shall have the right to credit toward the payment of any monies that may become due WATEROUS hereunder any sums which may now or hereafter be owed to Buyer by WATEROUS.
6. All shipments are F.O.B. factory, South St. Paul, Minnesota, unless otherwise stated in the order. Unless otherwise provided in writing, freight charges on all shipments, and spotting, switching, demurrage or drayage at destination are to be paid by Buyer. Any increase in the amount of freight from that shown on the face hereof as being included is for Buyer's account. WATEROUS reserves the right to designate

original and intermediate carriers. If a specific delivery carrier is required, Buyer must designate such carrier in writing to WATEROUS prior to shipment. WATEROUS reserves the right to make partial shipments. Title to products sold shall pass upon delivery to carrier at the point of shipment, irrespective of any freight allowance or prepayment of freight, and thereafter the risk of loss or damage shall be upon Buyer.

Delay in or Prevention of Performance

7. WATEROUS shall not be liable for any expense, loss or damage resulting from delay in delivery or prevention of performance caused by fires, floods, acts of God, strikes, labor disputes, labor shortages, lack of or inability to obtain materials, fuels, supplies or equipment, riots, accidents, transportation delays, acts or failures to act of any government or of Buyer, or any other cause whatsoever, provided that such cause is beyond the reasonable control of WATEROUS; and WATEROUS shall have such additional time for performance as may be reasonably necessary under the circumstances and may adjust the price to reflect increases occasioned by such delay. Acceptance by Buyer of any product shall constitute a waiver by Buyer of any claim for damages on account of any delay in delivery of such products. If delivery is delayed or interrupted by any such cause, WATEROUS may store the products at Buyer's expense and risk, and WATEROUS may charge Buyer thereof a reasonable storage rate. If WATEROUS is delayed in proceeding with production or otherwise because it is awaiting Buyer's approval or acceptance of designs, drawings, prints, engineering or technical data, or is awaiting Buyer's approval or acceptance of the products, WATEROUS shall be entitled to an adjustment in price commensurate with any increase in WATEROUS' cost of production and any other losses and expenses incurred by WATEROUS attributable to such delays.

Inspection and Acceptance

8. Claims for damage, shortage or errors in shipping must be reported within one (1) day following delivery to Buyer. Buyer shall have seven (7) days from the date Buyer receives any products to inspect such products for defects and nonconformance which are not due to damage, shortage or errors in shipping and to notify WATEROUS, in writing, of any defects, nonconformance or rejection of such products. After such seven (7) day period, Buyer shall be

deemed to have irrevocably accepted the products, if not previously accepted. After such acceptance, Buyer shall have no right to reject the products for any reason or to revoke acceptance. Buyer hereby agrees that such seven (7) day period is a reasonable amount of time for such inspection and revocation.

Returned Material

9. No products or parts may be returned for any reason and no order may be cancelled or changed in whole or in part without the prior written consent of WATEROUS. Special items not normally stocked by WATEROUS cannot be returned for credit unless the manufacturer of said special items agrees to accept their return for credit and the Buyer agrees to pay a handling charge of twenty five percent (25%) of invoice price plus the full restocking charge of the manufacturer.

Cancellations – Partial/Deferred Delivery

10. No order or contract is subject to cancellation or change by the Buyer unless agreed to in writing by an authorized person of WATEROUS. In the event of any cancellation and without any limitation to other available remedies to WATEROUS, Buyer shall pay WATEROUS within thirty (30) days of such cancellation the contract price, including applicable taxes, for all products, materials and services which have been completed prior to cancellation. Additionally, Buyer shall pay WATEROUS within thirty (30) days of such cancellation all costs and other expenses incurred by WATEROUS for uncompleted items (including without limitation all commitments to WATEROUS' suppliers, subcontractors and others) and a cancellation charge in an amount equal to twenty percent (20%) upon the total of the foregoing. In the event of any change, WATEROUS shall be entitled to revise its prices and delivery schedules to reflect such charges.
11. Buyer agrees to accept delivery of any part or all of the products on the mutually agreed upon delivery date and failure of Buyer to furnish WATEROUS with shipping instructions shall in no way alter the terms of payment of WATEROUS' invoice for any of the products offered for delivery. Any deferred delivery requested by Buyer shall be subject to WATEROUS' written approval. On any approved deferred delivery WATEROUS shall have the right to render invoice for the completed portion of the order and to warehouse all completed

products at Buyer's expense and risk of loss; on the completed portion of the order, WATEROUS reserves the right at its option to either make a cancellation charge on the same conditions and terms of payment as outlined in Section 10, hereof or to revise its prices and delivery schedules on the uncompleted portion to reflect its increased costs, delays and expenses.

Warranty and Limitations of Liabilities and Buyer's Remedies

12. WATEROUS warrants, to the original Buyer only, that products manufactured by WATEROUS will be free from defects in material and workmanship under normal use and service for the period specified in the product catalogs supplied by WATEROUS and that service parts are warranted for a period of ninety days, provided the Buyer notifies WATEROUS, in writing, of the defect in said product within the warranty period, and said product is found by WATEROUS to be nonconforming with the aforesaid warranty. When required in writing by WATEROUS, defective products must be promptly returned by Buyer to WATEROUS at WATEROUS' plant at South St. Paul, Minnesota, or at such other place as may be specified by WATEROUS, with transportation and other charges prepaid. A Returned Material Authorization (RMA) is required for all products and parts and may be requested by phone, fax, email, or mail. The aforesaid warranty excludes any responsibility or liability of WATEROUS for:

- (a) damages or defects due to accident, abuse, misuse, abnormal operating conditions, negligence, accidental causes, or improper maintenance, or attributable to written specifications or instructions furnished by Buyer;
- (b) defects in products manufactured by others and furnished by WATEROUS hereunder, it being understood and agreed by the parties that the only warranty provided for such products shall be the warranty provided by the manufacturer thereof which, if assignable, WATEROUS will assign to Buyer, if requested by Buyer;
- (c) any product or part, altered, modified, serviced or repaired other than by WATEROUS, without its prior written consent;

- (d) the cost of dismantling, removing, transporting, storing, or insuring the defective product or part and the cost of reinstallation; and
- (e) normal wear items (packing, strainers, filters, light bulbs, anodes, intake screens, mechanical seals, etc.).

ALL OTHER WARRANTIES ARE EXCLUDED, WHETHER EXPRESS OR IMPLIED BY OPERATION OF LAW OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR ANY OTHER CAUSE OF ACTION, SHALL WATEROUS BE LIABLE FOR ANY PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR FOR PERSONAL INJURY OR PROPERTY DAMAGES.

The exclusive remedy of Buyer and the sole liability of WATEROUS, whether based on contract, warranty, tort or any other basis of recovery whatsoever, is expressly limited at the election of WATEROUS to:

- (a) the replacement at the agreed point of delivery of any product or part, which upon inspection by WATEROUS or its duly authorized representative, is found not to conform to the limited warranty set forth above, or
- (b) the repair of such product or part, or
- (c) the refund or crediting to Buyer of the net sales price of the defective product or part.

BUYER'S REMEDIES CONTAINED HEREIN ARE EXCLUSIVE OF ANY OTHER REMEDY OTHERWISE AVAILABLE TO BUYER.

Patents/Proprietary Information

13. In the event that any claim is made or action brought against the Buyer based on a claim that any product or part sold hereunder constitutes an infringement of any U.S. Patent, the Buyer shall notify WATEROUS immediately thereof. WATEROUS shall have the right, with the Buyer's assistance, if required, but at WATEROUS' expense, to conduct settlement

negotiations or any litigation. In the event said product or part is in such action held to be an infringement of any U.S. Patent, and the use is enjoined or, if as a result of a settlement, WATEROUS deems the continued use inadvisable, then provided that the Buyer has given WATEROUS the immediate notice provided for above and the product or part has been used only in accordance with the provision of this contract and shall not have been altered or changed in any material way, WATEROUS shall, at its option and expense, either procure for the Buyer the right to continue using said product or part, or repurchase same from Buyer for the original purchase price less reasonable depreciation. The foregoing states WATEROUS' entire liability for patent infringement. Notwithstanding, the foregoing, WATEROUS shall have no liability whatsoever and Buyer shall indemnify and save WATEROUS harmless from any liability, cost, claim or expense, including, without limitation, reasonable attorneys' fees, arising out of or attributable to patent infringement actions for products manufactured to the Buyer's design or specification.

14. All drawings, diagrams, specifications and other materials furnished by WATEROUS and identified as confidential, relating to the manufacture, or installation, or use or service of products or parts furnished hereunder and the information therein, are proprietary to WATEROUS. Such materials have been developed at great expense, and they contain trade secrets of WATEROUS. Buyer may not reproduce or distribute such materials except to Buyer's employees who may use the materials as part of their duties. All such materials relating to the product or part supplied directly by WATEROUS (except information as may be established to be in the public domain or disclosed pursuant to judicial government action) shall be received in confidence, and Buyer shall exercise reasonable care to hold such information in confidence.

All information received by WATEROUS from the Buyer shall be deemed not to be confidential and not to involve any trade secrets unless such information is clearly identified as confidential/trade secret information by the Buyer and an officer of WATEROUS has specifically signed a confidentiality agreement relating to such information. Except as above stated, representatives of WATEROUS are not authorized to accept any information from the Buyer in confidence.

Time Limit for Causes of Action

15. All actions, regardless of form, arising out of or related to this transaction or the products sold hereunder must be commenced against WATEROUS within the applicable limitations period, but in no event more than one (1) year after the cause of action accrues.

Indemnification

16. WATEROUS shall not be liable for any losses or damages sustained by the Buyer, or any other person, as a result of improper installation or misapplication of the product. Buyer shall defend, indemnify and hold harmless WATEROUS and its agents and employees against any loss, damage, claim, suit, liability, judgment or expense (including, without limitation, attorney's fees) arising out of or in connection with any injury, death, or damage to or loss of any property or the environment, or violation of any applicable laws or regulations, resulting directly or indirectly from the installation or operation of any products, machinery, equipment, apparatus, components or parts (collectively "Products") furnished by WATEROUS and caused by or resulting from Buyer's negligence or other fault, or caused by or resulting from any failure of Buyer or others to specify, or install, or provide devices or warnings to protect against or prevent personal injury or other damages in connection with the installation, operation, or use of any such Products by any person, whether or not such devices or warnings are required by law or government regulation.

Miscellaneous

17. Waiver of any term or provision in this agreement or of any breach of this agreement or of any term or provision hereof, shall not be construed as a waiver of any other term or provision or any other breach, nor shall any such waiver be deemed or construed as a continuing waiver of any such term, provision or breach. Any provision of this agreement prohibited by applicable law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof. The failure of WATEROUS to require strict performance of any provision shall not diminish WATEROUS' right thereafter to require strict performance of any provision.
18. These Conditions of Sale and the transaction between Buyer and WATEROUS shall be

governed under and according to the laws of the State of Minnesota without regard to choice of law provisions. Any claim or action by Buyer against WATEROUS, regardless of form, arising out of or related to this agreement or transaction or the product sold hereunder shall be exclusively brought in the state or federal courts sitting in Minnesota, the personal and subject matter jurisdiction of which the Buyer irrevocably consents and submits.

19. In the event of a conflict between any of the printed provisions hereof and any written or typed provision hereof, the written or typed provisions shall govern. All headings are for convenience of reference only and are not part of this agreement.
20. Buyer may not assign this order or any rights hereunder without WATEROUS' prior written consent. These Conditions of Sale are enforceable, however, against the successors and assigns of Buyer.
21. WATEROUS has the right to correct any stenographical or clerical errors in any of the writings issued by it.
22. These Conditions of Sale shall not be construed against the party preparing them, but shall be construed as if all parties jointly prepared these Conditions of Sale and any uncertainty or ambiguity shall not be interpreted against any one party.
23. Buyer shall not be entitled to set-off any amounts due Buyer against any amounts due WATEROUS in connection with this agreement or transaction.

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24. There are no terms, conditions, understandings or agreements between Buyer and WATEROUS other than those stated herein and all prior proposals and negotiations are merged herein. No agent, employee or representative of WATEROUS has any authority to bind WATEROUS by any affirmation, representation or warranty concerning the products sold under this agreement and unless the affirmation, representation or warranty made by an agent, employee or representative appears as an express warranty in this agreement, it shall not be enforceable. Unless expressly appearing as a warranty written into all copies of this document, there is no express warranty of any kind. No terms or conditions in any way altering or modifying the provisions hereof shall be binding upon WATEROUS unless in writing, expressly stated as amending this agreement, and signed by an authorized representative of WATEROUS. No modification or alteration of any provision hereof shall result from WATEROUS' acknowledgement of Buyer's purchase order, shipment of material or other affirmative action by WATEROUS toward performance hereunder following receipt of Buyer's purchase order, shipping order or other forms containing provisions, terms or conditions in addition to or inconsistent with the provisions hereof.

ANTI-CORRUPTION LAW COMPLIANCE

Waterous Company is committed to conducting all aspects of its business fairly, openly and honestly. Recognizing that even the appearance of impropriety could tarnish the Company's strong reputation in the global marketplace, the Company holds itself and those acting on its behalf to the highest ethical and legal standards. Thus, it is the Company's policy to comply with the U.S. Foreign Corrupt Practices Act ("FCPA"), The U.K. Bribery Act and local anti-bribery laws in all of the countries where the Company does business. It is also the Company's policy to require its agents, distributors, resellers, and other business partners working on the Company's behalf to comply with these same laws and practices.