

GENERAL CONDITIONS FOR DELIVERY

WATTS INDUSTRIES NORDIC AB

Scope

1. These conditions for delivery shall apply for deliveries made by Watts Industries Nordic AB ("Watts") and shall have precedence over conflicting or diverging conditions provided by the purchaser. Any divergence from these conditions of delivery must be agreed in writing in order to be valid.

Order and delivery

2. Delivery shall take place in accordance with the written order given by the purchaser and confirmed by Watts, indicating goods ordered, quantity, time of delivery and other conditions. An agreement of purchase between the parties is established only upon such confirmation by Watts. The purchaser shall immediately upon reception of Watts' confirmation give Watts a written notice of any complaint on its content (i.e. on goods ordered and quantity). In case of failure to do so, the order, with the contents of the confirmation, shall be considered in all respects accepted by the purchaser. In case of alterations as regards order(s), currency exchange or prices from suppliers, Watts reserves the right to make necessary alterations as regard the price, or as applicable, time of delivery. The proposals, drawings and tenders of Watts shall remain the property of Watts.

3. Delivery terms shall be interpreted in accordance with the INCOTERMS valid at the time of the agreement. If no delivery term has been agreed upon, the goods shall be delivered "EX Works" (EXW) the respective manufacturer.

Invoice, prices and payment

4. If no specific price has been agreed upon, firstly, the price contained in the price list provided by Watts to the purchaser before the order shall apply, with the rebates normally applied between parties. The agreed price does not include sales tax, VAT or other public dues. Such dues or taxes will be charged the purchaser according to the applicable laws. In case the prices of metal exceed Watts' base rates, Watts applies an extra metal charge. Watts reserves the right to charge service- or invoices charges.

5. If not otherwise agreed, payment shall be 30 days net from the date of issue of the invoice. Watts reserves the right to withhold delivery until payment has been made or satisfactory security for payment has been provided.

6. If payment is not made on time, Watts is entitled to interest on overdue payment from expiry date with the interest rate that follows from Swedish law.

7. If payment has not been made one month after the expiry date, Watts is entitled to cancel the agreement upon written notice to the purchaser. Watts shall then be entitled to, in addition to interest on overdue payment, compensation for the damages suffered by Watts.

8. If the purchaser is in a non-negligible delay with payment as regards an order, Watts may withhold delivery of goods pursuant to a later order, until such payment, including interest on overdue payment, has been made.

Reservation of ownership

9. The goods shall remain the property of Watts until fully paid; to the extent such as reservation of ownership is valid under the applicable law.

Delay of delivery and sanctions

10. If not otherwise agreed, the time of delivery is calculated from the day when a complete order was received by Watts. If Watts does not deliver the ordered quantity of goods within the time of delivery, the purchaser may demand performance by Watts.

11. In case of a delay of material importance for the purchaser, he shall be entitled to cancel the order to the extent that delivery has not been made, if Watts knew or ought to have known this. If the delay of delivery exceeds 45 days, the purchaser shall always be entitled to cancel his order.

12. Watts shall not be liable for any damage occurred as a result of late delivery, unless Watts is guilty of gross negligence. Watts shall not be liable for indirect damages or consequential damages caused by the delay.

Defective goods and sanctions

13. In these conditions "SOCLA Products" mean: all products on which the name and/or the logo SOCLA is branded. The warranty period for SOCLA Products is five (5) years, except for:

- The Xylia butterfly valves range and Insufflairs range, which have a warranty period of two (2) years;
- The disconnectors type BA, which have a warranty period of one (1) year.

The contractual warranty does not apply to (i) parts of SOCLA Products that are subject to normal wear and tear; and (ii) consumables, including but not limited to batteries of actuators, that form part of the SOCLA Products. Any liability of Watts in that respect is excluded.

14. The warranty period for all SOCLA Products starts to run as of the invoicing date. The warranty only covers defects of materials and manufacturing. Travel, transport, shipment, assembly and disassembly costs are not included in the warranty. Furthermore, the warranty, at Watts's discretion, only consists of repairing or replacing the SOCLA Product concerned. In case of repair, no new warranty period starts to run. To invoke the warranty, the purchaser must immediately notify Watts in writing of the defect if it has been observed in the relevant SOCLA Product, and specify the operating circumstances in which the defect has been noticed. The purchaser will not be entitled a refund, unless agreed otherwise.

15. Notwithstanding section 13, for all deliveries Watts gives the warranty applicable for the respective manufacturer, with the following limitations. The warranty shall include only defects in materials and/or manufacturing defects. Whether a defect exists or not shall be determined by Watts or by a proxy.

16. For the establishment of any defects in the goods, the purchaser shall at reception of the goods delivered undertake an inspection of the goods as soon as circumstances so permit. Defects that the purchaser discover or ought to have discovered during such an inspection cannot be invoked once the goods have been approved.

17. Complaint shall be made in writing within 8 days from discovery of the defect. The purchaser shall however, always be precluded from invoking the defect if complaint is not presented in writing within two (2) years from the date of manufacture of the goods.

18. Once Watts has received notice of the complaint, Watts shall immediately confirm to the purchaser the number of defective products it will take back. The purchaser shall then, at its own expense, send the goods to the warehouse or to the manufactory from where the goods delivered to him, together with the number of defective products Watts has confirmed to take back and a description of the defect. Within one week from reception of the goods, Watts shall confirm the reception and the date of manufacture of the goods to the purchaser. Within another two weeks from the dispatch of the confirmation Watts shall send a final report containing information of the existing defect.

19. To remedy a defect the defective goods are taken back and the invoice is credited accordingly, whereby the agreement of purchase of the goods in question is cancelled. However, Watts shall always be entitled to, as its own choice, instead remedy the defect through redelivery or repair if this can be done without any significant inconvenience for the purchaser. Non-detective goods shall be returned to the purchaser at his own expense.

20. In case the same defect, because of which the goods does not satisfy the quality check of the purchaser, occurs in at least ten percent of the goods in one delivery, the purchaser may return the entire delivery according to the above. In this case the return freight shall be responsibility of Watts.

21. The liability of Watts for defects does not apply if the divergence of the goods is a result of circumstances within the responsibility of the purchaser. The liability of Watts does not cover defects that depend on materials supplied by the purchaser or a construction prescribed by the purchaser. Watts shall, however, inform the purchaser if it finds it to be associated with significant inconvenience or obviously inappropriate to manufacture a product according to data supplied. Watts shall not be liable for defects in goods that the purchaser has used, modified or attempted to repair.

22. Watts shall not be liable for any other sanctions for breach of warranty than expressly set forth herein. Further, Watts shall not be liable for indirect damage or consequential damage caused by a defect in goods delivered, except as set out in any applicable compulsory legislation. This limitation shall, however, not be applicable in case of gross negligence by Watts.

Highly Customized Products

23. Highly Customized Products are special or modified products which are adapted to specific customer needs and requirements and for which we do not have an alternative future use. Highly Customized Products are not destined to be sold to other customers, except to the purchaser who ordered it.

24. In the event that the purchaser cancels an order for Highly Customized Products for reasons which are not imputable to Watts, we are entitled to charge to the purchaser and purchaser shall compensate to us an amount equal to our costs and expenses incurred in performing the purchase order until receipt of the notice of cancellation. Upon

request of the purchaser, we will detail our costs and expenses which will in total in no case be higher than the agreed purchase price.

Insolvency of the purchaser

25. Should the purchaser suspend payments, should a trustee or a receiver be appointed for him, should the purchaser attempt to make a voluntary composition with his creditors, should the purchaser be declared bankrupt or are there otherwise reasons to believe that the purchaser is insolvent and have the goods not yet been delivered, Watts may by written notice cancel the agreement.

Force majeure

26. Circumstances that according to Swedish law constitute an event of force majeure shall constitute such as an event also under this agreement, if the performance of obligations under this agreement are hindered or become unreasonably burdening. A party that wishes to invoke an event of force majeure shall as soon as possible give written notice to the other party of the emergence of such event, as well as of its discontinuance. If any obligation is delayed more than six months as a consequence of such event of force majeure mentioned above, either party has, regardless of what is otherwise stated in these conditions, the right to cancel the agreement by written notice to the other party.

General delivery conditions

27. The general delivery conditions NL 01 shall be applicable in relevant parts, as long as not otherwise is stated in these conditions or has otherwise been agreed in writing between the parties.

Compliance with export controls and sanctions laws

28. Both Watts and the purchaser shall comply with applicable export controls and sanctions laws including, but not limited to, the United States of America's, Export Administration Regulations administered by the Department of Commerce, Bureau of Industry and Security, and the various economic sanctions programs administered by the Department of the Treasury, Office of Foreign Assets Control. The purchaser may not undertake any activity, or cause or require Watts to undertake any activity that would be reasonably likely to result in Watts or its agent as a United States person, violating U.S. or any other applicable export controls and/or sanction laws.

Applicable law and arbitration

29. This contract shall be governed by the substantive laws of Sweden. Any dispute, controversy or claim arising out of or in connection with this contract, or the breach, termination or invalidity thereof, shall be finally settled by arbitration administered by the Arbitration Institute of the Stockholm Chamber of Commerce (the "SCC"). The Rules for Expedited Arbitrations shall apply and the Arbitral Tribunal shall be composed of a sole arbitrator where the amount in dispute does not exceed SEK 500,000. Where the amount in dispute exceeds SEK 500,000 the Arbitration Rules shall apply and the Arbitral Tribunal shall be composed of three arbitrators. The amount in dispute includes the claims made in the Request for Arbitration and any counterclaims made in the Answer to the Request for Arbitration. The seat of arbitration shall be Gothenburg. The language to be used in the arbitral proceedings shall be English.