

GENERAL TERMS & CONDITIONS OF PURCHASE
OF WATTS EMEA HOLDING B.V.

These terms and conditions (“Terms and Conditions”) apply to each purchase order or Supplier Schedule (“Purchase Order”) between any Watts Group Company (“Watts”) and the Supplier (“Supplier”). Watts Group Company shall mean Watts EMEA Holding B.V. and all companies in which Watts EMEA Holding B.V. – directly or indirectly – holds a controlling part of the company’s capital.

1. Offer and Acceptance

A Purchase Order is only an offer to enter into a contract for the purchase and sale of the products specified by Watts. Watts may revoke, amend or modify this offer at any time prior to Supplier’s acceptance. Any of the following acts constitutes Supplier’s acceptance of a Purchase Order: (a) Supplier’s acknowledgement of a Purchase Order, (b) Supplier’s commencement of performance or delivery of (part of the) products ordered under a Purchase Order or (c) Supplier’s acceptance of any payment by Watts hereunder. No change, modification or revision of a Purchase Order by Supplier shall be binding upon Watts unless in writing and signed by Watts’s duly authorized representative. Acceptance of a Purchase Order is expressly limited to and conditioned upon acceptance of these Terms and Conditions, which terms cannot be altered or amended without Watts’s express written agreement.

2. Changes, Postponement and Cancellation Purchase Order

- 2.1 Prior to shipment of products specified in a Purchase Order, Watts may, by written notice to Supplier, make changes in specifications, designs, method of packing or shipment, quantity ordered, destinations, delivery schedules or service requirements.
- 2.2 Any estimations, forecasts or projections of its future volume or quantity requirements for products, including, without limitation, planned quantities set forth in any Supplier Schedule, issued by Watts are not binding on Watts, and Watts makes no representation, warranty, guaranty or commitment thereon.
- 2.3 Watts may postpone a Purchase Order for a period up to six (6) months from the originally agreed delivery date without any costs or compensation to be paid by Watts provided that Watts notified Supplier of such postponement at least one week prior to the originally agreed delivery date. If postponement is notified with a shorter notice than one week, Watts shall pay Supplier reasonable, documented storage costs.
- 2.4 Watts may at any time upon written notice to Supplier, cancel the whole or any portion of any Purchase Order without liability in the event of (i) proceedings, voluntary or involuntary, in bankruptcy or insolvency, by or against Supplier, (ii) the appointment, with or without Supplier’s consent, of any trustee or receiver for any substantial portion of Supplier’s assets, (iii) any assignment for the benefit of Supplier’s creditors, or (iv) Supplier’s breach of any provision contained herein, including without limitation any provision of Sections 11 and 12 below.
- 2.5 Watts may cancel any Purchase Order for convenience – without cause - in-whole or in-part at any time prior to shipment or performance. In the event of cancellation for convenience of any Purchase Order, Watts and Supplier shall negotiate reasonable compensation for the actual and reasonable expenses incurred by Supplier for any finished products, work in process or raw materials purchased solely for the account of Watts and attributable to the firm quantities set forth in a Purchase Order, provided that Supplier substantiates such expenses in a manner reasonably satisfactory to Watts and has used reasonable efforts to mitigate such expenses by, among other things, returning products to Supplier’s suppliers, selling to other third parties or otherwise utilizing such finished products, work in process or raw

materials. In no event shall Watts's liability for any cancelled order exceed the price Watts would have paid for the cancelled products.

3. Prices and Payment

- 3.1 All prices shall be as stated in the Purchase Order and are firm. Unless specifically agreed upon otherwise in writing, all prices are stated in Euro ("EUR") and exclusive of VAT (if any), but including all other costs, including, but not limited to taxes, duties, levies, charges etc.
- 3.2 Supplier warrants that it is selling at the lowest prices and upon the most favorable terms (including, without limitation, volume, quality and/or payment terms) that it offers any buyer for products of the same or similar quality to that provided for in the Purchase Order. If, during the term of the Purchase Order, Supplier makes an offer to sell any such products to a third party at a lower price or upon one or more terms that are more favorable than the price or terms applicable under the Purchase Order, an equivalent reduction or modification of terms will apply to all products purchased thereafter for the balance of the term of the Purchase Order.
- 3.3 Supplier shall issue an invoice to Watts on or any time after the completion of the delivery. All invoices shall state Watts' order number and shall be issued no later than one hundred and twenty (120) days after receipt of the products by Watts. Unless otherwise provided in the Purchase Order or by local law, payment terms shall be current months plus ninety (90) days from the date of Supplier's undisputed invoice.
- 3.4 Watts shall be entitled to deduct from any amounts falling due to Supplier, any amount for which Supplier is liable to Watts or any Watts's Group Company.

4. Packaging and Shipment

Supplier shall pack products in compliance with any packaging specifications stated in the relevant Local agreements or Logistic agreements. If no packaging specifications are agreed in writing, packaging shall as a minimum comply with standards of the Industry and packaging shall be sufficient to protect the products during transport, handling and storage. Packaging is always included in the price. Packaging shall clearly state the recipient's address and Watts' order number. Packaging shall be minimized according to the EU directive on packaging and packaging waste (Directive 94/62/EC) and the amendment hereto (Directive 04/12/EC).

5. Delivery Terms and Performance

- 5.1 Unless agreed upon otherwise in writing, delivery shall be DDP Watts according to Incoterms 2010. Supplier shall adhere to all shipping directions specified in a Purchase Order. Notwithstanding any agreement relating to payment of freight expenses, title to and risk of loss of the products shall not pass to Watts until the products have been received at the specified delivery address specified by Watts.
- 5.2 Time and place of delivery are of the essence in the performance of a Purchase Order. As soon as Supplier considers it probable that it will not be able to deliver products at the agreed time of delivery, Supplier shall immediately give Watts notice thereof in writing in order to agree the right priorities. For the avoidance of doubt, it is outlined that such notice shall not relieve Supplier from its liability for late delivery.

- 5.3 If Supplier does not deliver Products on the agreed time of delivery, Watts shall be entitled to liquidated damages as from the agreed delivery date. The liquidated damages amount to: 2% of the total order sum per complete week of delay. The liquidated damages cannot amount to more than 10% of the total order sum. The liquidated damages shall fall due for payment at Watts' written demand. Partial deliveries shall not exempt Supplier from liability pursuant to this provision.
- 5.4 In the event of delay, Watts may request Supplier to deliver the Products by the fastest means of transport. If Watts' request is reasonable based on the potential implications for Watts, Supplier shall meet Watts' request. Any additional delivery charges in excess of those that would apply for the usual means of delivery shall be borne by Supplier.
- 5.5 Any delay beyond 14 days from the agreed delivery date, is considered a material delay which entitles Watts to terminate the Purchase Order covering the delayed Products.
- 5.6 Supplier's payment of liquidated damages due to delay does not exclude the right of Watts to claim compensation for any direct loss in excess of the liquidated damages amount. This obligation shall exist irrespective of whether Watts chooses to terminate a delayed Purchase Order or not.

6. Quality and Inspection

- 6.1 The aim is that Supplier delivers zero (0) defects, and in order to support this, all Supplier processes shall be chosen and controlled in order to meet the highest and agreed quality level. All products shall comply with agreed specifications and drawings and as a minimum comply with industry standards (provided the industry standards do not conflict with agreed specifications).
- 6.2 Supplier shall have a documented and fully implemented quality system according to ISO9001. In the event Supplier is not ISO9001 qualified, Supplier shall have a documented quality roadmap in place with a target date of when they anticipate achieving ISO9001 certification. Supplier shall strive to develop towards the ISO/TS16949 standard.
- 6.3 Any intended changes or modifications in agreed requirements or specifications, designs, manufacturing processes, materials or supply chain (subcontractors) as well as any other changes which may affect the ordered products' form, fit or function shall not under any circumstances be taken into effect prior to written approval by Watts. Moreover, Supplier shall notify Watts of an intended change of products no less than six months prior to intended effect of any such change. Supplier's non-compliance with this clause is considered a material breach.
- 6.4 Supplier shall notify Watts immediately of any quality problems that it discovers. Supplier shall be responsible to Watts for the quality, performance, characteristics, reliability, form, fit, and function of all products and components provided by any sub-tier manufacturers and suppliers used by Supplier.
- 6.5 Supplier is responsible for performing any inspections and/or testing of products. Supplier acknowledges that Watts will not perform incoming inspections of Products and waives any rights to require Watts to conduct such inspections
- 6.6 Watts may prior to, during or after the manufacture and shipment of products, inspect and test all products and all materials, equipment and facilities utilized by Supplier in producing products for Watts. Supplier will maintain an inspection and testing system and will keep records of all inspection and testing data and, with respect to products, samples of each lot shipped, for two (2) years after delivery. Unless

otherwise agreed by Watts in writing, Supplier will deliver to Watts a certificate of analysis as to specifications approved by Watts with respect to each product lot shipped.

7. Warranties and Remedies

- 7.1 For a period of 24 months from the date of delivery, Supplier warrants that products delivered (i) are designed and manufactured based on Supplier's best knowledge on product design, product materials and product technology; (ii) are fit for any normal or agreed purpose; (iii) are free from defects in design, materials and workmanship; (iv) comply with agreed specifications and requirements, and (v) comply with all statutory requirements and regulations. Furthermore, Supplier 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. These warranties shall survive any delivery, inspection, acceptance, payment or resale of the products and shall extend to Watts's customers and any end user customers.
- 7.2 In case of a non-conforming or defective product, Supplier shall without undue delay – at Watts' discretion – credit, repair or replace the entire lot of Products or part thereof at Supplier's cost and risk.
- 7.3 Supplier is liable for and shall reimburse Watts any direct and indirect losses incurred by Watts resulting from non-conform and/or defective products, including, but not limited to costs concerning production stop, inspections costs, dismounting and mounting cost, labor cost, sorting, repairing, transport, quality inspection, loss of profits, freight, import and export duties, charges, taxes etc.
- 7.4 In case non-conform Products are or are to be returned to Supplier, Supplier shall – in addition to Watts' costs related to the return – pay Watts a handling fee of EUR 100 per incident.
- 7.5 Any replacement products will also be subject to the above warranties and warranty period. The warranty period for repaired products will be extended to account for the time lapsed until the repair was completed. If Supplier does not replace, repair or re-perform, as applicable, within a reasonable time after notice, Watts may do so at Supplier's expense.
- 7.6 Any rights or remedies of Watts set forth in the Purchase Agreement are not exclusive and Watts also has all rights and remedies available under applicable law.

8. Product Recalls

Supplier shall promptly inform Watts 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). Supplier shall (a) bear all costs and expenses of any product recall regardless of whether Supplier or Watts initiates the action, including any costs associated with retrieval or removal of products, the shipment of recalled items from Watts's customers to Watts or Supplier and the shipment of replacement products to Watts's customers and (b) reimburse Watts for its reasonable costs and expenses incident to such recall. Subject to legal requirements, Watts 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. Supplier shall correct as soon as possible problems or other issues which result in recalls. Supplier shall be responsible for the costs of making any changes to products required in connection with a recall.

9. Indemnification

Supplier shall indemnify, hold harmless, and at Watts's request, defend Watts, 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 of or injury to any person or persons or any damage to property resulting from any products sold by Supplier, 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 Supplier or any of Supplier's agents, subcontractors, employees or anyone acting on behalf of Supplier; and (iii) any claim alleging that any product infringes a patent, copyright, trademark, trade secret, intellectual property right or other proprietary right. Supplier shall not settle any suit or claim without Watts's prior written approval. Supplier's obligation to indemnify, hold harmless and defend Watts under the terms of this Section 9 is independent of and in addition to Supplier's obligation to procure and maintain insurance as required in Section 10 below. Supplier's insurer's position regarding insurance coverage for Watts, as an additional insured, does not in any way modify or limit Supplier's indemnification obligations hereunder.

10. Insurance

At its sole expense Supplier shall maintain with an insurance company or with several insurance companies a commercial general liability insurance in the minimum amount of \$5,000,000 per occurrence with an aggregate of \$5,000,000 for product liability, bodily injury (including death) and property damage and containing broad form contractual liability coverage. Supplier shall continue to maintain such insurance following sale of the products for a minimum of (5) five years thereafter. A certificate and endorsements evidencing such insurance coverage shall be filed with Watts, and shall provide for 30-days' prior written notice to Watts of cancellation or material change. Liability insurance limits shall not be construed to limit Watts's right of indemnity hereunder.

11. Confidential Information and Intellectual Property

- 11.1 Supplier 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 Watts or on Watts's behalf, is and shall remain Watts's sole and exclusive property, and shall be returned promptly to Watts or Watts's designee (together with all copies) upon Watts's request. Supplier 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. Supplier shall not, without obtaining written consent of Watts, in any manner advertise or publish information about the Watts or its products, its business relationship with Watts, or that Supplier has furnished products to Watts hereunder.
- 11.2 All trademarks of Watts applied by the Supplier to product packaging or to the products are owned by Watts and shall only be used in accordance with Watts's instructions. The Supplier shall not use such trademarks except as required to fulfill Supplier's obligations under a Purchase Order. Supplier shall not seek to register, anywhere in the world, Watts's trademarks or any trademark which is identical or confusingly similar to Watts's trademarks.
- 11.3 If Watts funds the development of any item, including, without limitation, the composition of any material or product, machine, process, method, software or database, or results in any idea, invention or work of authorship which may be subject to patent, copyright, trademark or trade secret protection, Supplier agrees

to assign all right, title and interest in and to such item, idea or work of authorship to Watts. Supplier shall notify Watts of the development of such item, idea, invention or work of authorship and shall cooperate with and assist Watts in perfecting, registering or enforcing the same, and Watts shall reimburse Supplier for reasonable costs incurred by Supplier in providing such assistance.

12. Compliance

- 12.1 Supplier acknowledges that Watts's directors, officers and employees are subject to the **Watts Code of Business Conduct** (the “Code”), available at:

<https://investors.wattswater.com/corporate-governance/code-of-conduct/default.aspx>

Supplier warrants it shall not take any action which would cause any director, officer or employee of Watts to violate the Code.

- 12.2 Supplier represents, warrants and covenants that all of the products delivered hereunder will be and will have been produced and/or provided in compliance with all applicable laws, rules, regulations, orders, treaties and other requirements of European, national and local governments and agencies thereof, and that Supplier, Supplier’s business and all property used therein do and will comply with all applicable laws, rules, regulations, orders, treaties and other requirements of European, national, and local governments and agencies thereof. Supplier agrees to furnish Watts a certificate of compliance with any such laws in such form as may be requested by Watts. Supplier shall, at its sole cost, secure and maintain all necessary licenses, permits, authorizations, product listings and approvals or other approvals required for the operation of Supplier’s business or any property used therein, for the sale of products or as necessary for Supplier’s performance hereunder. Supplier shall immediately notify Watts in the event that Supplier is not in compliance with any provision of this Section. Supplier undertakes to take all necessary actions as required by applicable law and comply with all applicable law relating to the importation or exportation of products of products. Supplier shall not utilize forced or involuntary labor, regardless of its form, employ any child under the age of fifteen (15) or engage in any abusive employment practices.
- 12.3 In connection with the performance of a Purchase Order, Supplier (i) shall comply with the provisions of the **U.S. Foreign Corrupt Practices Act, UK Bribery Act** and similar laws of other countries, where applicable, and shall not take any action that may cause Watts to be in violation of such laws; (ii) shall not make any payment or transfer anything of value with the purpose or effect of public or commercial bribery, extortion or kickbacks; and (iii) shall not engage in any other corrupt business practices or other improper means of obtaining business in violation of applicable law or Watts's policies and principles of business conduct referenced herein. Upon request, Supplier shall certify to Watts its compliance with applicable anti-corruption laws in a form reasonably acceptable to Watts.
- 12.4 Watts is subject to disclosure and reporting obligations regarding its use of tin, tantalum, tungsten and gold (“conflict minerals”) that are imposed by **Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act** and the U.S. Securities and Exchange Commission’s related regulations. Supplier shall comply with the provisions of Watts’s Conflict Minerals Policy available at Watts’ website. Supplier agrees that it (i) shall cooperate with Watts’s information requests concerning the presence and origin of conflict minerals in Supplier’s products supplied to Watts, (ii) shall exercise due diligence on the source and chain of custody of conflict minerals in Supplier’s supply chain, and (iii) shall make its due diligence results available to Watts upon request. Supplier is responsible for establishing processes to communicate the requirements set forth in this Section to its suppliers and to monitor its suppliers’ compliance with these requirements. Supplier acknowledges that Watts shall be relying upon the conflict minerals information supplied by Supplier in meeting Watts’s disclosure and reporting obligations under applicable law. Supplier agrees to notify Watts promptly if any facts

subsequently arise that would make the conflict minerals information previously submitted to Watts inaccurate.

- 12.5 All Purchase Orders shall at all times be subject to and conditioned upon compliance with all applicable **export control laws and regulations** and any amendments thereto. Watts may, from time-to-time and for business reasons, withdraw from and/or restrict its business dealings in certain jurisdictions, regions, territories and/or countries. Thus, subject to applicable law, Supplier hereby agrees not to supply any products to Watts under that are sourced directly or indirectly from any such jurisdiction, region, territory and/or country identify to Supplier by Watts, which currently includes, but is not limited to Myanmar (Burma), North Korea, Iran, Syria, Cuba and Sudan.
- 12.6 Supplier represents and warrants that it complies with the registration of the products, pre-registration requirements and any authorization requirements including, without limitation, under the Regulation No 1907/2006 including its amendments of the European Parliament and the Council on the Registration, Evaluation, Authorizations and Restriction of Chemicals (“**REACH**”). Supplier represents and warrants that it meets in full and on time the aforesaid requirements under REACH. Supplier has already or will (pre-) register any chemical substances and intermediates covered by REACH which (i) are products to be delivered to Watts, or (ii) are contained in such products. Registration of chemical substances and intermediates shall include information on the manufacture and use(s) of the chemical substance including the identified use(s) as stated hereafter. Supplier shall immediately inform Watts in writing if it becomes aware that any substance was not (pre-) registered in due time or if the (pre-) registration is cancelled. Supplier shall provide Watts with a copy of the respective registration confirmation issued by the European Chemicals Agency (ECHA). Supplier shall forthwith inform Watts in writing of the presence of any Substances of Very High Concern as defined in REACH and listed in the Candidate List which are present in amounts greater than 0.1 weight % in products to be delivered to Watts. Supplier shall forthwith inform Watts in writing of any changes to the presence of Substances of Very High Concern as defined in REACH and listed in the Candidate List which are present in amounts greater than 0.1 weight % in products to be delivered to Watts.

13. **Assignment**

Supplier shall not subcontract or assign any duties, rights or claims under a Purchase Order unless agreed in writing by Watts, and in such case, Supplier shall be liable for and shall ensure that its subcontractors comply with the requirements of these Terms and Conditions. For purposes of this Section, a change of control is deemed an assignment.

14. **Governing Law and Jurisdiction**

A Purchase Order, these terms and conditions, including the validity and existence thereof and the rights and obligations of the parties hereunder shall be governed by the laws of the country in which Watts has its registered office excluding the United Nations Convention on Contracts for the International Sale of products. Supplier and Watts agree to submit any unresolved dispute to the exclusive jurisdiction of the Courts of the judicial district in which Watts has its registered office. Notwithstanding the preceding sentence, if the Supplier is located in China, Taiwan or Hong Kong, then the parties agree that any unresolved dispute shall be submitted to the Hong Kong International Arbitration Centre (the “HKIAC”) for settlement by arbitration in Hong Kong with three arbitrators under the Arbitration Rules of the United Nations Commission on International Trade Law in effect as of the date of this Agreement (the “Arbitration Rules”), as modified by these Terms and Conditions. The Watts and the Supplier shall each be entitled to designate one arbitrator. The two arbitrators shall consult with each other to agree upon the selection of a third arbitrator; provided, however, that in the event either party fails to appoint an arbitrator within twenty (20) business days of receipt by either party of a written notice requesting arbitration, or if

the two arbitrators cannot reach an agreement with respect to the third arbitrator on or prior to the twentieth (20th) business day following the date of the appointment of the first arbitrator, the appointment shall be made by the HKIAC pursuant to the Arbitration Rules and the Procedures for Administration of International Arbitration of the HKIAC (the "Arbitration Procedures"). All proceedings in any such arbitration shall be conducted in English and a daily transcript in English of such proceedings shall be prepared. Each party expressly waives the defense of sovereign immunity and any other defense based on the fact or allegation that it is an agency or instrumentality of a sovereign state.

15. Severability; Remedies; Waiver; Survival.

In the event that any one or more provisions contained in a 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. Watts's failure to enforce or waiver of a breach of any provision of a Purchase Order shall not constitute a waiver of any other breach or of such provision. All of Supplier's obligations set forth in a Purchase Order (other than the obligation to deliver the products covered hereby) shall survive the cancellation, termination or completion of a Purchase Order.

16. Exclusion Supplier's Conditions

No waiver, consent, modification, amendment or change of the terms of a Purchase Order shall be binding unless in writing and signed by Watts and Supplier. Any term or condition incorporated in Supplier's purchase order(s), order acknowledgement(s) or any other document provided to Watts by Supplier which is in any way different from, inconsistent with or in addition to these Terms and Conditions 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 Watts. Watts's failure to object to terms contained in any communication from Supplier will not be a waiver of the terms set forth herein. Supplier shall not condition any delivery upon the abrogation or modification of any of these Terms and Conditions included in this Purchase Order.