

**General Purchase Conditions of Pentair Water Proces Technologie Holding B.V. and its subsidiaries****1. Applicability**

**1.1** These general purchase conditions (hereinafter referred to as 'General Purchase Conditions') are applicable to the offer, purchase and delivery of all goods and/or services, including the performance of assignments, the contracting of work and hiring of workers (the goods and services hereinafter both jointly and separately referred to as: 'Products') whereby products are purchased by or on behalf of Pentair Water Proces Technologie Holding B.V. and its subsidiaries (hereinafter referred to as: 'Pentair' or 'Purchaser') from the supplier (hereinafter referred to as: 'Supplier'), as well as all similar transactions and agreements between Pentair and the Supplier. Pentair explicitly dismisses any general conditions or conditions of sale of the Supplier.

**1.2** These General Purchase Conditions may only be departed from if Pentair has agreed to such departure in writing, specifically stating the articles of these General Purchase Conditions to which such a departure refers. In that case, the departure agreed to in writing is only applicable to the specific agreement for which the departure was agreed.

**2. Formation of Agreements**

**2.1** An offer made by the Supplier, in whatever form, serves as an irrevocable offer with regard to the prices, quantities, delivery times and other essential parts of the offer. Any costs in connection with making the offer will not be reimbursed by Pentair.

**2.2** An agreement (hereinafter referred to as: 'Agreement') is deemed to have been concluded if and in so far as an Agreement has been confirmed in writing by Pentair to the Supplier, under the conditions laid down by Pentair in writing (hereinafter referred to as: 'Pentair's Confirmation'). Pentair reserves the right to cancel the purchase made or order placed, if the Supplier has failed to confirm within two weeks from Pentair's confirmation by means of an order confirmation.

**2.3** Pentair may require at all times that the quantity and/or nature of the Products to be delivered be changed. If in the opinion of the Supplier such changes have consequences for the agreed price or delivery time, the Supplier will inform Pentair of this as soon as possible in writing before proceeding with the change. The price and/or delivery time changed by the Supplier will apply only if it has been accepted by Pentair in writing.

**2.4** Pentair may at any time cancel the purchase made or order placed in whole or in part by written notice to Supplier. In such event Pentair shall make payment to the Supplier for costs incurred by Supplier prior to such termination, to be determined in accordance with recognized accounting principles together with a reasonable allowance for overhead and profit on work performed.

**2.5** Electronic communication between Pentair and the Supplier will be regarded as written correspondence. The electronic communication system used by Pentair will serve as sole proof of the content and the time of delivery and receipt of this electronic communication.

**3. Performance**

The Supplier guarantees that the delivery of Products (hereinafter referred to as: 'Delivery') will meet the minimum requirements, such as:

- the description/specification given by Pentair (including but not limited to quantities, performance and quality) as well as the requirement that the Products possess the properties and qualities that Pentair may reasonably expect of them;
- the requirement that the Delivery be free from defects in respect of materials, design, performance and suchlike;
- the requirement that the agreed materials and raw materials be used and that tools, equipment and personnel be deployed that meet the highest quality requirements;
- the time schedule or implementation schedule set or approved by Pentair;

- the requirement that the Delivery be accompanied by the necessary documents, such as packing lists, guarantee and/or quality and other certificates, drawings, instruction manuals, spare parts lists and maintenance regulations;
- the applicable statutory and regulatory requirements, including the necessary exemptions and permits applied for, obtained and maintained by the Supplier at its own expense.

**4. Delivery**

**4.1** The Supplier must ensure that the Products are packed as economically, safely and carefully as possible and are secured in such a way that the Products arrive at their destination in good condition. Any costs in this respect will be borne by the Supplier.

**4.2** Delivery will be made 'Delivery Duty Paid', unless agreed otherwise. The expression 'Delivery Duty Paid' has the meaning as stated at the time of Pentair's Confirmation in the INCOTERMS published by the International Chamber of Commerce in Paris.

**4.3** The delivery date laid down in the Agreement is final and applies to the entire Delivery. Without prejudice to the other rights of Pentair, the Supplier will forfeit to Pentair an immediately due and payable fine which is not open to mitigation of 0.5% of the agreed total price for each calendar day that the stipulated delivery date is exceeded.

**5. Defects**

Pentair is entitled but not required to investigate and/or inspect the Products as well as semi-finished and finished products, or have such products investigated and/or inspected, prior to or at the time of Delivery or acceptance. Inspection or investigation does not discharge the Supplier from any guarantee or other obligation under the terms of the Agreement.

**5.1** If the Delivery does not comply with that laid down in Article 3 of these General Purchase Conditions, Pentair will inform the Supplier of this within a reasonable period after discovering the defect. The fact that the Products have been accepted or put into use by Pentair does not restrict Pentair in its right to make a complaint in respect of a defect. If the parties have contractually agreed on a specific guarantee period, Pentair may make a complaint, even after the guarantee period has expired, in respect of a defect that was

discovered by Pentair afterwards. After repair or replacement, this guarantee period will commence once again. The burden of proof that Pentair has not acted in accordance with the guarantee conditions rests with the Supplier.

**5.2** If there is a defect in the Delivery as referred to in Article 5.2, Pentair may require that the Supplier replaces or repairs the Products within two weeks at its own expense. Pentair may, however, also decide to terminate or cancel the Agreement and claim repayment of the purchase price and compensation from the Supplier.

**5.3** If the Supplier has not complied with its obligations as referred to in this article, the Supplier will be in default by operation of law and Pentair will be entitled, without any further demand, to replace or repair the Products or arrange for them to be replaced or repaired at the Supplier's expense.

**6. Transfer of ownership and risk**

**6.1** The Products are at the risk of the Supplier until they have arrived at the agreed delivery location and have been accepted by Pentair in writing. Ownership of the Products is transferred to Pentair at the moment of delivery or, if earlier, at the time of payment. The Supplier guarantees that the full and unencumbered ownership of the Products will be transferred.

**6.2** Products that have been given or sent by Pentair to Supplier for repairs or processing are subsequently at the risk of the Supplier. If Pentair sends Products to the Supplier for this purpose, after dispatch the Products are entirely at the risk of the Supplier. The Supplier will take out adequate insurance for these risks, including the risk during the transport of the Products, at its own expense.

## **7. Price and Payment**

**7.1** The agreed price is a fixed price. All prices stated by the Supplier are exclusive of VAT and inclusive of all costs, including the costs of applying for, obtaining and maintaining exemptions and permits, duties, levies and other taxes in relation to the Supplier's compliance with the obligations.

**7.2** The Supplier will not invoice Pentair the amounts due until the date of delivery of the Products or, if this date is later, on the date on which the performance has been accepted by Pentair. The Supplier will allow Pentair to inspect at any time the underlying documents belonging to the invoice, such as time and cost specifications and invoices from subcontractors.

**7.3** Invoices must comply with the Dutch Turnover Tax Act as applicable at the time of the Agreement. The Supplier must state on the dated and numbered invoices Pentair's and the Supplier's contract numbers relating to the Products.

**7.4** Once the invoice has been approved in full, Pentair will pay the invoiced amount within sixty days of receipt of the invoice. Payment does not constitute acceptance of the performance delivered and does not discharge the Supplier from any obligation. Pentair is authorized at all times to deduct amounts it owes the Supplier from all those amounts, whether or not due and payable, that Pentair claims or may claim from the Supplier at any time.

## **8. Intellectual property rights**

**8.1** The Supplier guarantees that no intellectual property right of any third party will be infringed through the use and/or trading of the products by Pentair and its customers and the Supplier, if and in so far as required, possesses the necessary licences from third parties for this purpose. The Supplier accordingly indemnifies Pentair and its customers against claims from third parties and will compensate Pentair in full in respect of all claims, including the full costs of legal and other assistance.

**8.2** The Products to be delivered by the Supplier also include all drawings, specifications, required materials, calculations and other documents or data carriers produced or used by the Supplier in the performance of the Agreement. These are or will become the property of Pentair and will be given to Pentair on demand.

**8.3** Customization: If Products are to be developed by the Supplier specifically for Pentair, all intellectual property rights in relation to such customization, including any personality rights, wherever in the world, will belong exclusively to Pentair. By signing the Agreement concerned, these rights will be transferred in advance by the Supplier to Pentair, this transfer also being accepted by Pentair in advance. In so far as a further deed or deeds or other documentation or acts are required or expedient for the transfer of such rights, the Supplier will lend all cooperation that Pentair may deem desirable on demand. By signing the Agreement concerned, the Supplier irrevocably authorizes Pentair to draft such deed or deeds and other documents and to sign them on the Supplier's behalf. The Supplier will also provide Pentair on demand with all further authorization which may be yet required or expedient. If and in so far as certain intellectual property rights prove not to be transferable, the Supplier will grant Pentair a sole and exclusive, perpetual and worldwide license to make, use and sell such Products, including any improvements or amendments thereof, and grant sublicenses to third parties with regard thereto. In the case of customized software, the source code, including all documentation and materials, will be deposited in escrow with a professional source code custodian immediately after signing the protocol of delivery for Pentair. Pentair is entitled to demand the release of all versions of the source codes with the accompanying documentation, if and when it declares to the custodian that the Agreement with the Supplier is to be cancelled or terminated in or out of court.

**8.4** If the Supplier acts in breach of any obligation contained in this article, the Supplier will forfeit an immediately due and payable fine which is not open to mitigation of EUR 50,000, without prejudice to any other rights of Pentair.

## **9. Confidentiality**

**9.1** The Supplier guarantees that all confidential information and all other know-how in the broadest sense of the word obtained from Pentair will be kept strictly confidential, and that this information and know-how will only be made available to employees and any third parties if and in so far as this is necessary for the performance of the Agreement concerned or the delivery of the Products, and on condition that these employees and third parties are bound to the same secrecy beforehand in writing. This obligation of confidentiality will continue in full until after the implementation or termination of the Agreement until the information or know-how concerned has become generally and publicly known, without this being attributable to the Supplier or an employee or third party engaged by it. The Supplier is required on Pentair's demand to provide Pentair with all drawings, specifications, required materials, calculations and other documents or other data carriers containing confidential information or know-how produced or used by Pentair or the Supplier in the performance of the Agreement, and in accordance with Article 8.2. to transfer the ownership of such items, without retaining any copy, as will also be confirmed by the Supplier in writing.

**9.2** In the event of each infringement of this article, the Supplier will forfeit an immediately due and payable fine which is not open to mitigation of EUR 50,000, without prejudice to all other rights of Pentair.

## **10. Transfer**

**10.1** Without Pentair's written permission, the Supplier is not permitted to transfer to third parties the rights and obligations under the Agreement, to which these General Purchase Conditions are applicable.

**10.2** Pentair is permitted to transfer the rights and obligations under the Agreement, to group companies of Pentair without the Supplier's permission.

## **11. Liability and Insurance**

**11.1** The Supplier is liable for and will indemnify Pentair against all costs and loss and/or damage that may be directly or indirectly the consequence of failure by the Supplier (including its employees and auxiliary personnel) to comply with any obligation under the Agreement, or failure to do so on time or satisfactorily, or the breach by the Supplier of any regulation or statutory provision. Suppliers' obligation to indemnify Pentair covers also third party claims instituted against Pentair.

**11.2** The Supplier is obliged to take out adequate insurance and keep insured in respect of its liability towards Pentair and towards third parties. Supplier will submit without delay at Pentair's request the policies and proof of payment of the insurance premiums. Pentair is entitled to demand to have its name included in the insurance policy as co-insured and beneficiary. The Supplier hereby cedes to Pentair in advance all claims to insurance payments, in so far these concern loss and/or damage for which the Supplier is liable towards Pentair.

**11.3** The Supplier will also indemnify Pentair against all claims of the Dutch Tax and Customs Administration and the Industrial Insurance Board in respect of contributions and taxes payable for employees and subcontractors. The Supplier will submit documentation on Pentair's demand, showing that the contributions and taxes have been paid promptly and in full.

**11.4** This Article 11 takes precedence over all other provisions in these General Purchase Conditions or any other condition agreed between Pentair and the Supplier, unless explicitly departed from this article on the grounds of Article 1.2 of these General Purchase Conditions.

## **12. Force majeure**

**12.1** In the event of force majeure, meaning a situation or incident that may be interpreted as such according to general legal standards, the Supplier will inform Pentair immediately of the nature and expected duration of the force majeure. If a period of

force majeure continues for longer than five business days beyond the agreed delivery date, Pentair will be entitled to terminate the Agreement without this giving rise to any liability or further obligations on the part of Pentair. In that case, the Supplier in reasonableness will compensate Pentair for any loss and/or damage incurred.

### **13. Termination**

**13.1** Without prejudice to rights further accruing to Pentair, such as the right of cancellation as referred to in Article 2.4, Pentair is authorized to terminate the Agreement in full or in part without further notice of default, by means of a written statement if:

- the Supplier fails to comply with one or more of its obligations under the Agreement;
- the Supplier is declared insolvent, has applied for a moratorium, has entered into a composition with its creditors, has ceased or wound up its business operations, or an attachment has been levied on a sizeable part of its assets;
- a change of control of the Supplier's company takes place that is relevant in the opinion of Pentair;
- the Products are rejected after inspection and re-inspection as referred to in Article 5.

**13.2** In the event of termination, the risk of goods already delivered rests with the Supplier. The goods will in that case be at the disposal of the Supplier and must be collected by it. The Supplier will reimburse immediately the amounts already paid by Pentair in respect of the terminated Agreement.

### **14. Applicable law and competent court**

These General Purchase Conditions and each Agreement will be governed solely by Dutch law, with the exclusion of the rules of international conflict of laws. The applicability of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is also excluded. Disputes arising from the Agreement and/or the General Purchase Conditions will be exclusively submitted to the competent court of Amsterdam.

### **15 Miscellaneous**

If a court judges that one or more of the provisions of these General Purchase Conditions conflicts with a mandatory rule of law, the remaining provisions remain fully in force. In that case the nonbinding provision will be replaced by a similar, legally enforceable provision which approaches the purport of the nonbinding provision as closely as possible. The titles of articles used in these General Purchase Conditions serve only to facilitate reference to them and do not affect the explanation or interpretation of the provisions laid down in these articles.

The General Purchase Conditions were filed at the office of the Commercial Register of the Chamber of Commerce for the Eastern Netherlands on 5 July 2011, under number 06032084

These General Purchase Conditions are the translation of the Dutch original, which will be provided upon first written request. In the event of a conflict of interpretation the Dutch version shall be decisive.