

Terms of Purchase (ToP) of Grundfos GmbH 10/2015

1 Application Our ToP exclusively govern all of the products, services (hereinafter referred to as "Products") and offers – including future ones – provided by our Vendor. They form part of all contracts that we conclude with our Vendor regarding the Vendor's Products. Our ToP only apply to companies as set forth in German Civil Code [BGB] § 310 (1). They apply even if not specifically referenced. The Vendor's terms and conditions do not apply, even if we do not object to them separately. They do not become part of the contract even if we take delivery of or pay for Products.

2 Contract The Vendor must keep its offer open for four weeks. The Vendor's offer must conform to the quantity, quality and manner of implementation specified in our inquiry or request for proposals; the Vendor must expressly identify any deviation in writing. We may cancel our purchase order if we do not receive the order confirmation forthwith. If the order confirmation has different terms than the purchase order, we will only be bound if we consent to the change in writing. Paying for or taking delivery of Products does not indicate prior consent.

Our purchase orders are exclusively placed in writing and exclusively by the purchasing department. We may request modifications to the contract even after the contract is formed, provided they are reasonable for the Vendor. The impacts of any contract modifications on both parties should be reasonably taken into account, particularly with respect to cost increases or decreases and delivery dates. We must be notified immediately of any price increases caused by changes in order execution; price increases require our prior written approval before order execution.

The Vendor may not outsource all or significant parts of our order or change the production location without our prior written approval. If we give the approval, the Vendor remains liable for performance hereunder.

3 Prices/payment The price stated on the purchase order is binding. Unless otherwise agreed upon, the price includes free domicile delivery, Incoterms 2010 DDP, including insurance and/or VAT and includes any and all costs, outlays, charges, liabilities and/or conditions of any kind.

Prices are irrevocable until the contract is performed in full, unless they decrease in our favor. If the Vendor's prices on its price list decrease after the order is placed but before the payment deadline, the price decrease will also apply with respect to us. The Vendor must notify us of the decrease and prove its amount in case of a dispute. Unless otherwise agreed upon, we will make payment within 14 days with a 3 % prompt payment discount or within 60 days net following delivery of the Products and receipt of the invoice. Payment does not constitute acknowledgement that the Products are as contracted.

We have rights of set-off and retention to the extent allowed by law, even with respect to claims held by or against our associate companies. The Vendor may only exercise a right of retention or set-off if the Vendor's claims against us are undisputed or upheld by final and absolute judgment. Claims against us may only be assigned with our prior written approval. This does not affect German Commercial Code [HGB] § 354a. We are entitled to assign rights granted hereunder to third parties.

If the Products are defective or if the Vendor's bankruptcy occurs or appears imminent, we will be entitled to retain fair and reasonable security until performance as contracted is complete or for the duration of the warranty period.

We can only process invoices if they contain the order number given in our purchase order as specified therein; the Vendor is responsible for all the consequences resulting from non-compliance with this obligation, unless the Vendor can prove that the non-compliance cannot be attributed to the Vendor.

4 Contract performance/delivery Stipulated delivery times are binding and refer to the time of handover at the receiving point designated by us. Timely and acceptable delivery and performance are a material contractual obligation. For the delivery to be considered timely, all the documentation that is required by law and contract must also be submitted in German; this can include, without limitation, approvals, permits, inspection reports, certificates of conformity, DIN or EN material safety data sheets, operating and maintenance manuals, spare parts lists, user manuals, et cetera.

Unless otherwise agreed upon, deliveries and/or shipments must be made free domicile to the receiving point, Incoterms 2010 DDP, including insurance. The Vendor may not condition its deliveries on delivery by the Vendor's own suppliers.

The Vendor must notify us forthwith in writing of any possible delay in delivery. Our acceptance of a delayed delivery does not constitute a waiver of claims for damages.

We are entitled to withdraw from all or part of the contract or suspend performance without being liable to the Vendor for claims if force majeure, strikes or other circumstances beyond the Vendor's control make performance hereunder wholly or partially impossible within the stipulated delivery time. The Vendor may only plead the absence of necessary documents, data, supplies etc. which we are to provide if the Vendor has given a timely written reminder to supply such items and failed to receive them by a reasonable deadline.

Grundfos Water Treatment GmbH are certificate with DIN ISO 9001 Quality-, DIN ISO 14001 Environment, QHSAS 18001 Working Environment and DIN ISO 50001 Energy Management System. From the supplier are expected to develop, produce, and distribute quality, environmental and energy-conscious

within of these standards. Service contracts must also be complied with in compliance with the above-mentioned standards.

The Vendor is responsible for compliance with all of the statutory requirements, including without limitation with respect to labeling, and must select the freight forwarder with extreme care, particularly in case of dangerous goods transports. The Vendor is responsible for the type of packaging for the destination country. We must be given reasonable advance notice of any and all transport costs so we can have the Products collected ourselves if we prefer. If we have agreed to bear costs separately, packaging must be billed at cost. If we have agreed to ex works pricing from the Vendor's factory / distribution center, or if we agree to pay carriage, the shipment must be transported either at the lowest possible cost at the time or as set forth in the corresponding routing order. FCA Incoterms 2010 apply to exports in this case. Furthermore, the Vendor agrees to engage the freight forwarder at our expense. If we pay the freight, the freight forwarder must be informed that we waive any and all cartage and forwarding insurance (RVS/SVS) as per German Freight Forwarders' Standard Terms and Conditions (ADSp) § 21 and do not acknowledge any amounts charged therefor.

Partial or early deliveries are not allowed, unless we have consented to them in writing. If delivery is made early, we reserve the right to return the shipment at the Vendor's expense or to not make payment until the agreed-upon due date. If delivery is made early and we do not return the shipment, the Products will be stored on our premises at the Vendor's risk and expense until the delivery date.

We can assert all statutory rights and remedies in case of a delay in delivery. We reserve the right to bill the Vendor for any damages and costs incurred as a result of the delay in delivery (including, without limitation, production downtime suffered by us and/or by our customers, liquidated damages et cetera). This is without prejudice to any further claims. If we demand compensation in lieu of or in addition to specific performance, the Vendor is entitled to prove that the Vendor is not responsible for the breach of duty or that no or significantly lower damages were incurred.

In any case, we are entitled to demand compensation for the delay amounting to 1 % for each whole or partial week of the delay, but totaling no more than 5 % of the delivery value of the Products affected by the delay; this is without prejudice to further statutory claims. The Vendor is entitled to prove that no or significantly lower damages were incurred.

Deliveries of 5 pallets or more must be announced 1-2 days prior to delivery.

We may reject deliveries if they fail to meet the following requirements:

- Packaged on clean 800x1200 mm Euro pallets in "like new" condition, furnished with the necessary pallet identification
- Pallets are secured (stretch-wrapped, shrink-wrapped, stacking frames or covering box) and packaged without any overhang
- When packaging several product types on a single pallet, the type with the largest footprint must be stacked at the bottom
- The proper shipping, freight and accompanying papers / delivery notes / packing lists and documentation, if appropriate, must be included

If the delivery fails to comply with the above requirements and is rejected, the delivery is deemed not to have been made. The Vendor will then be in default.

The Vendor's obligation to take back the packaging is governed by law.

5 Defects The Vendor will deliver the Products without any defects as to title or quality, in conformity with the current state of the art in terms of design and production, in conformity with its knowledge and the manufacturing regulations, and while consistently complying with all applicable environmental regulations in force at the locations where the Vendor knows the Products will be used. The Vendor will ensure compliance with all legally mandated or agreed-upon technical data, DIN or EN standards, quality assurance requirements, specifications, certifications and quality standards, REACH requirements and any other standards which we may stipulate. The same applies to import and export standards, including, but not limited to, customs regulations. The Vendor must present us with proof of compliance free of charge on request.

We are deemed to have met the deadline for providing notice of defects to the Vendor if we provide notice within two weeks of taking delivery of the Products or, if the defects are not noticed until the Products are processed or properly put to use, within two weeks of discovering the defects. Incoming goods will only be inspected for outwardly visible damage and for outwardly visible deviations with respect to identity and quantity. We will immediately notify the Vendor of such defects. Furthermore, we will notify the Vendor of defects as soon as they are identified in the ordinary course of business. Insofar as this is concerned, the Vendor waives the defense of undue delay in providing notice of defects.

We can assert all statutory rights and remedies without limitation at our option if the Products are defective. We expressly reserve the right to claim damages, including, but not limited to, damages in lieu of specific performance. Accepting or approving samples or specimens or approving drawings does not constitute a waiver of any warranty claims.

If the Vendor has objections to the requested type of design, storage or use, the Vendor must express such objections in writing and provide relevant recommendations for improvements. This will not restrict the Vendor's warranty obligation.

The Vendor must pay all the necessary costs incurred to remedy defects, including, without limitation, transportation, labor, materials, expert opinion,

removal and installation costs. We are entitled, but not obligated, to remedy defects ourselves at the Vendor's expense if the Vendor is in default and an additionally granted reasonable period has expired.

The Vendor warrants that the Vendor has checked for third-party property rights in the destination countries for the Products and that no third-party property rights are being infringed upon. The Vendor will hold us harmless of any third-party claims brought for infringement of industrial property rights in or outside Germany. The Vendor must reimburse us for all reasonable costs of a legal action. We may at the Vendor's expense obtain the necessary permission to use, distribute, etc. the Products from the property rights holder if this is expected to cost significantly less than the damage sustained by rolling back the transaction. We are, however, under no obligation to do so.

6 Liability/limitation period The Vendor is liable to us for all damages and for all culpable acts and omissions, including on the part of its representatives and agents for which it is vicariously liable. The Vendor's liability disclaimers and limitations are hereby excluded.

If a legal action is brought against us in connection with Products or under product liability laws, the Vendor will hold us harmless to the extent that the Vendor would otherwise be directly liable. This also applies if we are held liable for subsequent changes made to the Vendor's advertising claims or product descriptions. This is without prejudice to any other rights of recourse.

The Vendor will bear all costs incurred in connection with recalls attributable to the Vendor (including, without limitation, selection costs). As part of the Vendor's liability for damages, the Vendor is also required to reimburse any expenses incurred for or in connection with a recall conducted by us in accordance with German Civil Code § 683, § 670 or German Civil Code § 830, § 840, § 426. Wherever possible and reasonable, we will notify the Vendor of the scope and substance of the recalls and give the Vendor an opportunity to respond. This is without prejudice to other statutory rights and remedies. The Vendor will obtain a reasonable amount of insurance coverage for all product liability risks, including the risk of recalls, until such time as the Vendor's warranty lapses. The Vendor will furnish proof thereof on request.

The Vendor agrees to supervise the Vendor's employees and other third parties that the Vendor may employ at our facilities and on our business premises and to ensure compliance with the specific statutory, regulatory and operational regulations that apply to such facilities, including, but not limited to, occupational safety and health regulations, rules on the proper registration of persons employed by the Vendor and the provisions of the Convention on the Rights of the Child dated November 20, 1989. These regulations are binding and form an integral part hereof.

The limitation period is 36 months calculated from the time of passage of risk and will be extended accordingly where we are required to offer longer limitation periods by our customers. This does not apply to goodwill gestures by the Vendor or entirely insignificant defects. The limitation period will be suspended while the Vendor attempts to repair (a) defective Product(s).

7 Title We acquire title to the Products upon payment. The Vendor warrants that no third parties hold retentions of title or any other rights which interfere with our title to the Products. The Vendor must expressly notify us if this is not the case.

The Vendor may only retain title in respect of our payment obligation for the relevant Products. A retention of title may not be expanded to other goods under an open balance ["*erweitert*"] or extended to new goods manufactured from the Products ["*verlängert*"].

Goods are always processed or modified by / for us as the manufacturer; however, we incur no obligation thereby. If our retained goods are processed or inseparably mixed with another party's items, we acquire co-ownership in the new thing proportionate to the value of our goods (cost price plus VAT).

If we hold security interests that exceed the cost price of all our unpaid retained goods by more than 10%, we must release the security interests of our choosing at the Vendor's request.

Pallets, tools, machines, production resources, aids and means of transport provided by us remain our property and must be returned on request. If they are not returned, we reserve the right to bill the Vendor for them and set off these claims against any liabilities still outstanding.

Production resources supplied by us (including, without limitation, templates, erection equipment or tools) may not be used to fill delivery orders placed by third parties without our consent.

8 Non-disclosure/property rights If copyrights and/or industrial property rights accrue to the Vendor, the Vendor will grant us a perpetual, exclusive, irrevocable right of use and exploitation. We are solely and exclusively entitled to use and/or exploit any work results prepared for us.

We reserve ownership rights and/or copyrights in and to any technical and commercial documents provided or requested by us, including, but not limited to, design plans, data sheets, sketches, samples, dummies and software custom-made to our specifications (including the source code).

The Vendor agrees to hold in strict confidence, and to only use for filling the order, all the contents of the contract, including, but not limited to, prices, discounts, know-how, other business secrets and any and all technical and commercial documents that may have been provided. The non-disclosure obligation will survive the termination or expiration of this contract. This does not, however, apply to contents which are publicly known without violating the non-disclosure obligation. The contents may only be made available to

third parties with prior express written approval. The third parties must be notified of the ownership rights and copyrights and bound to secrecy in writing.

After the order is filled or if no contract is formed, the Vendor must return all documents and copies to us and delete all stored data, unless the Vendor is required by law to retain them. In this case, the Vendor must return / delete these items after the retention period expires.

The Vendor may not refer to the business relationship with us, including, without limitation, for advertising purposes, without prior written approval.

Liquidated damages in the amount of EUR 10,000.00 (ten thousand euros) must be paid for each individual, culpable violation of the aforementioned obligations. This is without prejudice to the right to claim greater losses and assert other claims which we may have, including, without limitation, claims to forbearance.

9 Tools We retain title to all production resources, materials and tools we provide with the proviso that we are deemed to be the manufacturer and holder of the property rights. They may only be used to fill the order as ordered. These supplies must be specially marked, stored and managed separately for us free of charge, and insured, inter alia, against theft, fire and water damage. At the same time, the Vendor hereby already assigns any and all compensation claims under such insurance to us; we hereby accept the assignment. The Vendor must timely perform any necessary servicing and inspection work and any and all maintenance and repair work on our tools at the Vendor's expense. The Vendor must immediately notify us of any faults that occur; if the Vendor culpably fails to do so, claims for damages will remain unaffected. The Vendor must reimburse us for any loss or impairment in value.

10 Final provisions These provisions also apply to the Vendor's associate companies within the meaning of German Companies Act [AktG] § 15. The Vendor must bind the Vendor's associate companies to observe these provisions.

Amendments and modifications hereto that are not based on an individual agreement must be made in writing (including fax). This also applies to a waiver of the written form requirement. Should provisions of these ToP be or become invalid, the validity of the remaining provisions will be unaffected thereby. The German wording controls in cases of doubt if the contract is drawn up in more than one language.

Irrespective of the agreed upon INCOTERMS, the place of our registered office is the place of performance, unless otherwise indicated by the purchase order. German law applies unless national law inevitably conflicts with it.

If the Vendor is based in Germany, the place of our registered office is the exclusive place of jurisdiction. We are, however, entitled to file suit against the Vendor at the court that jurisdiction over the place of the Vendor's residence.

All cross-border legal disputes arising under or in connection with this contract will be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce. The court of arbitration consists of three arbitrators and sits in Zurich, Switzerland.