

1. **APPLICABLE TERMS.** These Standard Terms of Sale govern all sales of goods and related services (collectively, "Goods") sold by A. O. Smith Water Products Company B.V. ("Seller") to any buyer ("Buyer"). These Standard Terms of Sale may be referred to in quotation, proposal or acknowledgment, as the case may be ("Seller's Documentation"). All sales of Goods are subject to, and are expressly conditioned upon these Standard Terms of Sale, whether or not these terms are included in an offer or an acceptance by Seller. Seller rejects all additional or different terms in any of Buyer's forms or documents unless specifically agreed to by Seller in writing. **THESE TERMS AND CONDITIONS OF SALE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF (i) WISCONSIN IF THE PLACE OF PERFORMANCE IS IN THE U.S. OR (ii) DUTCH LAW IF THE PLACE OF PERFORMANCE IS THE NETHERLANDS OR (iii) FRANCE IF THE PLACE OF PERFORMANCE IS FRANCE OR (IV) UNITED KINGDOM IF THE PLACE OF PERFORMANCE ANY OTHER LOCATION OTHER THAN (i), (ii), or (iii) ("GOVERNING LAW"). THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS (VIENNA CONVENTION) SHALL NOT APPLY.**
2. **PAYMENT.** Buyer shall pay Seller the full purchase price as set forth in Seller's Documentation within 30 days of the invoice date, without deduction or setoff. Unless Seller's Documentation provides otherwise, freight, storage, insurance and all taxes, duties or other governmental charges relating to the Goods shall be paid by Buyer. If Seller is required to pay any such charges, Buyer shall immediately reimburse Seller. Buyer shall be charged 1% interest per month on all unpaid amounts and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval. If Buyer is liquidated, granted or files for a moratorium on payment, declared bankrupt or files for bankruptcy, Buyer's liabilities to Seller shall become immediately due and payable.
3. **DELIVERY.** Time for delivery or performance shall not be of the essence and all such dates are estimates only. Delivery of the Goods shall be in material compliance with the schedule in Seller's Documentation. Unless Seller's Documentation provides otherwise, Goods shall be delivered ex-works Seller's Loading Dock (defined in Incoterms 2010). Buyer shall inspect all Goods immediately upon delivery and report any damages or discrepancies with the order to the Seller within 2 business days from unloading. Seller reserves the right to deliver in installments, and all such installments shall be invoiced upon shipment of the first installment and paid for when due per invoice, without regard to subsequent deliveries. Each delivery is a separate contract. Delay in delivery of any installment shall not relieve Buyer of its obligation to accept remaining deliveries. Seller shall have no liability to Buyer, nor shall Buyer have the right to terminate any order, as a result of a failure to meet the delivery date. All goods that have been delivered by Seller and are in Buyer's possession remain the property of Seller until Buyer has fully paid any outstanding amounts.
4. **RISK IN AND OWNERSHIP OF GOODS.** Risk of damage to or loss of the Goods shall pass to Buyer when the goods are delivered i.e despatched from Seller's premises but Buyer title shall not pass until Seller receives from Buyer full payment in cash or cleared funds. Until title passes, Buyer must: 1) hold Goods on Seller's behalf; 2) store them (at Buyer's cost) separately from all of Buyer's other goods so that they can be identified as Seller's property; not destroy, deface or obscure any identifying mark or packaging on the Goods. Buyer's right to possession of the Goods shall end immediately and Seller can end the Agreement if: Buyer is the subject of insolvency, administration, bankruptcy (or similar) orders, notices, proceedings, resolutions or arrangements in whatever jurisdiction. If Seller is owed any money by Buyer, Seller may (in addition to any other rights Seller may have) enter Buyer's premises on reasonable notice and inspect or repossess the Goods and Buyer grant to Seller an irrevocable licence so to do.
5. **INTELLECTUAL PROPERTY.** Seller expressly reserves all intellectual property rights in the Goods and business data delivered by Seller and/or provided by Seller when making the offer. Seller shall be entitled to all rights in inventions and working methods and the like made or developed by Seller in connection with an order. Seller grants Buyer a non-exclusive, non-transferable license to use any such material solely for Buyer's use of the Goods. Buyer shall not disclose any such material to third parties without Seller's prior written consent.
6. **CHANGES AND RETURNS.** Seller shall not implement any changes in the scope of work described in Seller's Documentation unless Buyer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law occurring after the effective date of any contract including these terms. Seller may accept returned Product provided any proposed return is returned within three months of delivery date. Returned Product shall be in like new condition and not removed from original packaging. Returns will be charged a 25% restocking fee.
7. **WARRANTY. WARRANTIES ARE ONLY GIVEN IF AND INSOFAR AS EXPRESSLY AGREED IN WRITING AND AS INCLUDED IN THE INSTRUCTION MANUAL APPLICABLE TO THE PARTICULAR GOOD BEING SOLD.** Notwithstanding, for after sales services that are purchased, Seller warrants such services shall be performed in a competent, diligent manner in accordance with any mutually agreed specifications in writing. To the extent Buyer purchases replacement parts, Seller warrants the replacement parts shall be delivered free from defects in material, workmanship and title. The after sales service and replacement part warranties extend for a period of one year starting from the date of service or the date the replacement part is purchased. These warranties are conditioned upon proper use, installation, and maintenance of the Goods and Buyer keeping complete and accurate records of operation and maintenance during the warranty period and providing Seller with access to those records. In the event of a warranty claim for after sales services or replacement parts that meets the above conditions, at Seller's option, Seller shall either (i) re-perform such services, or (ii) refund Buyer, or (iii) replace the applicable Good. **NO IMPLIED OR STATUTORY WARRANTY OR WARRANTY OF MERCHANTABILITY OR FOR A PARTICULAR PURPOSE IS GIVEN.**
8. **INDEMNITY.** Seller shall indemnify, defend and hold Buyer harmless from any claim, cause of action or liability incurred by Buyer as a result of third party claims for personal injury, death or damage to tangible property, to the extent caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Buyer (a) promptly, within the warranty period, notifying Seller in writing of any claim, and (b) providing reasonable cooperation in the defense of any claim.
9. **FORCE MAJEURE.** Neither Seller nor Buyer shall have any liability for any breach (except for breach of payment obligations) or loss caused by any of the following "Force Majeure Events": work strike or other labor shortage or disturbance, transport difficulties, fire, government measures including import and export prohibitions, quota restrictions, default by suppliers, or any other cause beyond such party's reasonable control.
10. **CANCELLATION.** In the event that Buyer cancels an order for any reason other than Seller's breach after Seller has started work, Seller shall be entitled to payment for the work already completed, any delivered goods, and damages, including costs, interests, and lost profits at a minimum of 25% of the purchase price. If Buyer places a specific order for which Seller needs to develop and/or deliver specific products that are not part of Seller's standard product range, Buyer may not cancel the order. The following clauses survive termination of this Agreement: 2, 3, 4, 5, 7, 10, 11, and 12.
11. **TRADE COMPLIANCE.** Buyer acknowledges that Seller is required to comply with applicable export laws and regulations relating to the sale, exportation, transfer, assignment, disposal and usage of the Goods provided under this Agreement, including any export license requirements. Buyer agrees that such Goods shall not at any time directly or indirectly be used, exported, sold, transferred, assigned or otherwise disposed of in a manner which will result in non-compliance with such applicable export laws and regulations. It shall be a condition of the continuing performance by Seller of its obligations hereunder that compliance with such export laws and regulations be maintained at all times. Seller agrees to trace and certify the origin of minerals in goods supplied by Seller and to provide Buyer with such documents and certifications reasonably requested by Buyer to satisfy its reporting obligations for conflict minerals under the Dodd-Frank Act (if the goods are being delivered in the US in accordance with clause 1) . **BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.**

12. COMPLIANCE WITH LAWS. Seller and Buyer agree the Goods are furnished in compliance with applicable United States federal, state and local laws including but not limited to: all anti-corruption laws including but not limited to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, the Anti-bribery and Anti-corruption laws of China and India, and any other applicable anti-corruption laws, including those laws intended to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“Anti-Corruption Laws”).

- a. Anti-Corruption. Buyer makes the following representations and warranties to Seller and covenants and agrees as follows: Buyer represents and warrants that it has knowledge of the Anti-Corruption Laws, and it will not take, with respect to any activities related to or on behalf of Seller’s business, directly or indirectly, any action that would constitute a violation of any of the Anti-Corruption Laws, or otherwise cause Seller or any of its officers, directors, employees, or affiliates to be in violation of any of the Anti-Corruption Laws. Buyer agrees to provide Seller with prompt written notice
- b. With respect to any transaction or business effected in connection with this Agreement, Buyer shall not pay, give, offer, promise to pay, or authorize the payment of, directly or indirectly, any bribe, gift, monies, financial or other advantage, or anything else of value, in violation of any of the Anti-Corruption Laws.
- c. Except as previously disclosed by Buyer to Seller in writing, none of Buyer’s owners, directors, officers, partners, employees, agents, or close family members (i.e., spouses, children, parents, and siblings) of any of the foregoing, is presently a government official. Buyer covenants and agrees that it shall promptly inform Seller in writing if any such person becomes a government official.
- d. With respect to any transaction or business effected in connection with this Agreement, Buyer shall maintain for not less than five (5) years complete and accurate books, records, and accounts that accurately and fairly reflect any and all payments made (including payments made by or on behalf of Buyer), expenses occurred, and assets disposed of, and shall maintain an internal accounting control system to ensure the proper authorization, recording, and reporting of all transactions. Buyer shall not provide Seller any inaccurate documentation and records in connection with any function performed under this Agreement.

Upon request by Seller, during the term of this Agreement and during the one (1) year period following its expiration or termination, Buyer shall permit Seller’s duly authorized representatives to inspect and take copies of such books and records, including but not limited to, payment records, and make the Buyer’s personnel available for meetings and discussions with Seller or its representatives upon reasonable notice and to the extent determined by Seller, at its sole discretion, as necessary to verify Buyer’s compliance with the Anti-Corruption Laws and this Agreement. Buyer shall cooperate fully, and cause the Buyer’s personnel to cooperate fully, with such verification efforts by Seller which may include a certification process.

Buyer agrees to provide Seller with prompt written notice of any violation of the obligations of this clause 11. Buyer acknowledges that Seller may terminate this Agreement, effective immediately upon a good faith determination that Buyer, any of the Buyer’s personnel, or any person acting on Buyer’s behalf with respect to this Agreement has breached any of the representations, warranties, or covenants contained in this Agreement relating to the Anti-Corruption Laws, or otherwise has committed a violation of any of the Anti-Corruption Laws, or has caused Seller, its officers, directors, employees, and/or affiliates to be in violation of any of the Anti-Corruption Laws.

13. LIABILITY. SELLER DOES NOT ACCEPT ANY LIABILITY FOR ANY LOSS SUSTAINED BY BUYER OR ANY THIRD PARTY UNDER OR RELATING TO AN ORDER PLACED WITH SELLER, UNLESS SUCH LOSS IS THE RESULT OF AN INTENTIONAL ACT OR OMISSION OR GROSS NEGLIGENCE BY SELLER. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, EVEN IF SUCH LOSS IS THE RESULT OF AN INTENTIONAL ACT, OMISSION OR GROSS NEGLIGENCE BY SELLER. SELLER’S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE GOODS SHALL BE LIMITED TO A MAXIMUM OF HALF THE PURCHASE PRICE PAID FOR THE GOODS. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY. ANY AND ALL OF BUYER’S CLAIMS WITH REGARD TO ORDERS PLACED WITH SELLER SHALL LAPSE ONE YEAR AFTER SELLER SENT THE INVOICE TO BUYER.

14. MISCELLANEOUS. These terms, together with any quotation, acknowledgement or other Seller Documentation issued or signed by Seller, comprise the complete and exclusive statement of the agreement between the parties (the “Agreement”) and supersede any terms contained in Buyer’s documents, unless separately agreed in writing and signed by Seller. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. Buyer may not assign or permit any other transfer of the Agreement without Seller’s prior written consent. These Standard Terms of Sale are available in English, Dutch, and French. Seller intends for all versions be identical in substance, spirit, and interpretation. In the event of a conflict between the English and the other versions, the English language version shall prevail. English versions of this document are available on Seller’s website.