

OSO Hotwater Inc

General Terms and Conditions of Sale

1. Definitions

1.1 These Terms and Conditions of Sale shall be subject to the following definitions:

- "OSO" or "Seller" shall refer to **OSO HOTWATER INC**, a company registered in Canada, with the Canadian business number 729423616.
- "Buyer" shall refer to any entity who enters into a contract for the manufacture, sale or supply of Products or Services from the Seller, or who receives an invoice for the manufacture or sale of Products or the provision of Services by the Seller.
- "Confidential Information" shall mean any information regarding the business or affairs of a party, including but not limited to information relating to a party's operations, finances, plans, product information, intellectual property rights, trade secrets and customers.
- "Product" shall refer to any products supplied to the Buyer by OSO.
- "Service" shall refer to any services supplied to the Buyer by OSO.
- "PO" shall refer to any purchase order between OSO and the Buyer for the sale and purchase of Products or Services.
- "Terms and Conditions of Sale" shall refer to this document.

2. Validity

2.1 Unless otherwise agreed, the Terms and Conditions of Sale shall apply to all POs, order confirmations, sales and deliveries of Products or Services from OSO. In the event of any conflict between the documents, then they shall have the priority as listed below.

- any signed supply agreement, then
- the order confirmation, then,
- the Terms and Conditions of Sale, and then,
- the PO

2.2 Notwithstanding that the Buyer has referred to general terms and conditions of purchase or other standard terms used by the Buyer, the Buyer's general terms and conditions of purchase or other standard terms shall not apply to Buyer's purchases of Products or Services from OSO.

2.3 OSO reserves the right to amend these Terms and Conditions of Sale. Current conditions are available at www.osohotwater.com.

3. Quotations, POs and Acceptance

3.1 All quotations by OSO shall signify only an invitation to the Buyer to place a PO with OSO.

3.2 OSO only accepts POs from the Buyer when these are in writing, and all POs once placed are binding for the Buyer. OSO reserves the right to deliver the PO in whole or in part or to reject delivery.

3.3 A binding agreement shall be deemed to have been signed once the Buyer has received an order confirmation in writing from OSO. Where the order confirmation deviates from the PO, a binding agreement shall not be deemed to have been signed if the Buyer rejects the order confirmation in accordance with clause 3.5.

3.4 If OSO submits a quotation that does not contain an acceptance deadline, the quotation is valid for 30 days from date of issue.

3.5 Where an order confirmation from OSO deviates from the Buyer's PO and the Buyer does not accept the deviation, the Buyer shall, within 8 calendar days of the date of the order confirmation, give OSO notice in writing thereof. In the absence of such notice, the order confirmation shall apply.

3.6 Amendments or supplements to the original PO are binding for OSO only if the parties have agreed to such amendment or supplement and OSO has given the Buyer a written confirmation.

3.7 Buyer may cancel a binding PO by providing written notice to OSO. Buyer shall be liable to pay OSO for the full price of the Products and any costs incurred by OSO unless OSO is able to mitigate its losses. OSO will only have to make a reasonable commercial effort to mitigate its losses by selling the Products to another buyer where this is a standard Product.

4. Product Information

4.1 Product information, including prices, drawings, specifications etc., as well as other details in catalogues, promotional materials or elsewhere, including information on the OSO website, is not legally binding and shall be regarded as being indicative only.

4.2 OSO retains the title to all drawings and technical specifications that are made available to the Buyer, and these may only be used for the operation and use of the Products. Such materials shall be treated as Confidential Information and may not be copied, reproduced or otherwise handed over to unauthorized third parties or representatives of Buyer who do not have a need to know such information. The materials shall, after the end of the business engagement, be returned to OSO or destroyed upon OSO's written request.

4.3 Where OSO has followed a design / instruction given by the Buyer, the Buyer shall indemnify OSO against all direct and indirect loss, damages, costs and expenses to which it may become liable due to such designs or instructions being an infringement of any intellectual property right.

4.4 Both Buyer and Seller undertake that they shall not at any time during the term of the agreement and for a period of five (5) years after termination of the agreement disclose to any person any Confidential Information disclosed to it by the other party, except as permitted by this clause 4.

4.5 No party shall use any other party's Confidential Information for any purpose other than to perform its obligations under the agreement.

5. Prices and Payment Terms

5.1 Prices in quotations, order confirmations and other references are stated exclusive of any applicable taxes.

5.2 OSO reserves the right to change the prices in any information material without prior notice.

5.3 OSO reserves the right to implement price changes 30 days after provision of notice to Buyer. If Buyer cancels a PO within that 30-day period then Buyer shall only be liable to pay any unpaid balance due to OSO for work already performed or delivered.

5.4 Payments shall be claimed by invoices and made within the due date specified in the respective invoice.

5.5 If payment is made after the due date specified in the invoice, the Buyer shall pay interest on the amount due at the rate of 1.5 % per full or partial month of delay.

5.6 The Buyer is not entitled to issue counterclaims against OSO and is not entitled to withhold any part of the purchase price of Product(s) because of counter-claims.

5.7 OSO retains ownership of the Product until the purchase price, including any expenses, has been paid in full. The Buyer cannot enter into transactions that compromises OSO's title to the goods.

6. Delivery Terms

6.1 Deliveries shall be made DAP (customers named site) in accordance with Incoterms 2010, or the latest available edition.

6.2 The delivery time may be agreed to be a specific date or within a specific time period. OSO reserves the right to make changes to the delivery time if the Buyer fails to provide all necessary information for the execution of the PO.

6.3 If OSO has undertaken in addition to arrange for shipping according to an explicit written request from the Buyer, the Buyer becomes liable for the Product in accordance with the terms of a sale made DAP.

6.4 OSO shall arrange for insurance only if expressly agreed with the Buyer. A standard insurance policy will be the only insurance secured unless other coverage is specified in the agreement.

7. Delay

7.1 If the delivery is not made by the agreed delivery time, the Buyer may claim delivery by notice in writing to OSO and define a reasonable delivery deadline that may not be shorter than 4 weeks. Where OSO does not complete the delivery within this extended deadline and such failure is unrelated to conditions that are the responsibility of the Buyer, the Buyer may cancel the portion of the PO that is delayed.

7.2 Under no circumstances may OSO be held liable for operating losses, loss of time, loss of profit or any other indirect losses and repercussions as a result of a delayed delivery of Products or Services by OSO.

8. Failure to Collect Goods

8.1 Where the Buyer, after the delivery deadline, fails to collect the Product or provide instructions about shipping, OSO is entitled to arrange for the storage and insurance of the Product at the Buyer's expense.

8.2 Where the Buyer fails to collect the Product despite a request in writing, OSO is entitled to sell the Product on the Buyer's behalf at the best possible price. This applies also to parts that are custom made in accordance with the Buyer's instructions.

8.3 Where OSO incurs losses due to the Buyer's failure to collect the delivery, OSO is entitled to compensation and Buyer is liable to pay such compensation.

9. Complaints and Duty of Inspection

9.1 The Buyer shall examine the Product upon receipt. Defects that are discovered or should have been discovered during such examination or that are discovered later, shall be brought to OSO's attention in writing immediately and not later than 8 days after the defect has been or should have been discovered.

9.2 The Buyer may issue a complaint about the Products or Services within 12 months of the delivery date.

10. Warranty

10.1 Scope. OSO Hotwater Inc (hereinafter called OSO) warrants for 2 years from the date of purchase, that the Product will: i) conform to OSO specification, ii) be free from defects in materials and workmanship, subject to conditions below. All components carry a 2-year warranty.

The warranty is voluntarily extended by OSO to 7 years for the stainless steel inner tank. This extended warranty only applies to Products purchased by a consumer, that has been installed for private use and

that has been distributed by OSO or by a distributor where the Products have been originally sold by OSO.

The extended warranty does not apply to Products purchased by commercial entities or for Products that have been installed for commercial use. These shall be subject only to the mandatory provisions of the law. The conditions and limitations set out below shall apply

10.2 Coverage. If a defect arises and a valid claim is received within the statutory warranty period, at its option and to the extent permitted by law, OSO shall either; i) repair the defect, or; ii) replace the product with a product that is identical or similar in function, or; iii) refund the purchase price.

If a defect arises and a valid claim is received after the statutory warranty period has expired, but within the extended warranty period, OSO will supply a product that is identical or similar in function. OSO will in such cases not cover any other associated costs.

Any exchanged Product or component will become the legal property of OSO. Any valid claim or service does not extend the original warranty. The replacement Product or part does not carry a new warranty.

10.3 Conditions. The Product is manufactured to suit most public water supplies. However, there are certain water chemistries (outlined below) that can have a detrimental effect on the Product and its life expectancy. If there are uncertainties regarding water quality, the local water supply authority can supply the necessary data. The warranty applies only if the conditions set out below are met in full:

- The Product has been installed by a professional installer, in accordance with the instructions in the installation manual and all relevant Codes of Practice and Regulations in force at the time of installation.
- The Product has not been modified in any way, tampered with or subjected to misuse and no factory fitted parts have been removed for unauthorized repair or replacement.
- The Product has only been connected to a domestic mains water supply in compliance with the latest Canadian drinking water guidelines. The water should not be aggressive, i.e. the water chemistry shall comply with the following:
 - Chloride < 250 mg / L
 - Electric Conductivity (EC) @25°C < 750 µS / cm
 - Saturation Index (LSI) @80°C > - 1,0 / < 0,8
 - pH level > 6,0 / < 9,5
- The immersion heater has not been exposed to hardness levels exceeding 10°dH (180 ppm CaCO₃). A water softener is recommended in such cases.
- Any disinfection has been carried out without affecting the Product in any way whatsoever. The Product shall be isolated from any system chlorination.
- The Product has been in regular use from the date of installation. If the Product is not intended to be used for 60 days or more, it must be drained.
- Service and/or repair shall be done according to the installation manual and all relevant codes of practice. Any replacement parts used shall be original OSO spare parts.
- Any third-party costs associated with any claim has been authorized in advance by OSO in writing.
- The purchase invoice and/or installation invoice, a water sample as well as the defective product is made available to OSO upon request.

Failure to follow these instructions and conditions may result in product failure, and water escaping from the Product.

10.4 Limitations. The warranty does not cover:

- Any fault or costs arising from incorrect installation, incorrect application, lack of regular maintenance in accordance with the installation manual, neglect, accidental or malicious damage, misuse, any alteration, tampering or repair carried out by a non-professional, any fault arising from the tampering with or removal of any factory fitted safety components or measures.
- Any consequential damage or any indirect loss caused by any failure or malfunction of the Product whatsoever.
- Any pipework or any equipment connected to the Product.
- The effects of frost, lightning, voltage variation, lack of water, dry boiling, excess pressure or chlorination procedures.
- The effects of stagnant (de-aerated) water if the Product has been left unused for more than 60 days consecutively.
- Damage caused during transportation. Buyer shall give the carrier notice of such damage.
- Costs arising if the Product is not immediately accessible for servicing.

These warranties do not affect the Buyer's statutory rights.

11. Product Liability

11.1 As for consequential damage resulting from a defect in the Products delivered by OSO (product liability), OSO is liable only to the extent of the mandatory provisions of the law. The Product shall be installed in a location with a suitable drain. If the Product is installed in a location without a drain, the Product shall be installed on a drain pan with adequate piping to a suitable drain.

11.2 The Buyer shall defend, indemnify and hold harmless the Seller against all claims, actions, proceedings, losses, damages, expenses and costs arising out of any claim made against the Seller by any third party.

11.3 Under no conditions shall OSO be liable for any operating losses, loss of time, loss of profit or other indirect losses and repercussions caused by the delivery by OSO of a defective Product to the Buyer.

11.4 Buyer guarantees that if the Products are sold by Buyer to consumers, that Buyer will uphold all relevant laws applicable to such sale ("Consumer Laws") in the relevant jurisdiction. OSO shall, to the extent allowed by mandatory provisions of the law, not be held liable for any losses suffered by consumers due to Buyer's breach of applicable Consumer Laws.

12. Force Majeure

12.1 OSO disclaims any liability for the non-fulfilment of a PO arising from force majeure circumstances such as natural disasters, war and mobilization, rebellion, riots, strike, lockout, any other form of industrial action, intervention by a public authority/government, import or export restrictions, fire, damage to the OSO production plant, missing or incomplete deliveries by subcontractors, etc. or from any other condition that is beyond the control of OSO.

12.2 Where delivery of Products according to the PO is prevented temporarily because of one or more of the above circumstances, the delivery time shall be extended by a period that corresponds to the duration of the respective obstacle. Missing or delayed deliveries of materials from subcontractors shall be regarded as a force majeure event.

13. Region

13.1 The warranty is only valid in Canada.

13.2 The Buyer shall be solely responsible for any and all costs related to letters of credit and for expenses related to externally verified documentation.

14. Partial Invalidity

14.1 Should one or more of the provisions of these Terms and Conditions of Sale be declared invalid or illegal or prove inapplicable, there shall be no impact on the validity, legality and applicability of the remaining provisions.

15. Limitation of Liability

15.1 To the extent allowed by mandatory provisions of the law, OSO's total liability for breach of contract shall be limited to 100% of the relevant PO purchase price.

16. Governing Law and Jurisdiction

16.1 All disputes between OSO and the Buyer that may arise in connection with these Terms and Conditions of Sale, including disputes related to the existence or validity of an agreement or the interpretation of these Terms and Conditions of Sale, shall be settled according to Canadian law.

16.2 All disputes that may arise regarding the business relationship between the parties, as governed by these Terms and Conditions of Sale and that cannot be settled amicably, shall be settled by arbitration in Canada in accordance with the regulations of the Institute applicable at the time the arbitration proceedings are initiated.

17. Communications

17.1 Questions or formal notices may be directed to: OSO HOTWATER Inc / Address: 44 Chipman Hill, Suite 1000, Saint John, NB E2L 2A9, Canada, e-mail: info@osohotwater.com