

## **GROHE UNILATERAL SUGGESTED MINIMUM ADVERTISED PRICE PROGRAM (USMAPP)**

Throughout the years, GROHE America, Inc. has built a strong brand and reputation among its customers. GROHE America, Inc. actively supports the advertising, promotion and selling of its quality products by its distributors by providing marketing support material at no extra cost. GROHE America, Inc. will not support advertising or promotional materials through **offline** and/or **online** media that could diminish the value of the GROHE brand.

Effective August 1, 2010, GROHE America, Inc. has modified its Unilateral Suggested Minimum Advertised Price Program (“USMAPP”), applicable to all distributors and their customers which advertise prices of GROHE products. **This program applies to U.S. and Canadian distributors which advertise prices of GROHE products offline and/or online and/or which sell to customers which advertise prices of GROHE products offline and/or online and to those distributors’ customers.**

No GROHE America employee or representative has been or will be authorized to modify or change this Policy for any particular advertiser. GROHE America alone will implement, interpret and enforce this Policy in its own independent judgment. Please make sure that all appropriate people in your organization receive a copy of this Policy. GROHE America may amend or discontinue this Policy at any time, and we will notify you of any such amendment or discontinuation. This Policy is in addition to and separate from all other GROHE America policies.

## GROHE UNILATERAL SUGGESTED MINIMUM ADVERTISED PRICE PROGRAM (USMAPP)

### 1. USMAPP SCOPE

GROHE's USMAPP applies to the following advertising/promoting by distributors and their customers:

- a. Print advertising placements including inserts, coupons, mailers, catalogs, magazines, newspapers, brochures, etc.;
- b. Outdoor Advertising including billboards, banners, posters, etc.;
- c. Broadcast (TV, radio);
- d. Fax communications intended to reach multiple individuals;
- e. Internet placements including social networks, banner ads, broadcast e-mails, landing pages, etc.; and
- f. GROHE Authorized Online Reseller sites which advertise or promote GROHE products.

### 2. ADVERTISING PRICES

- a. **Advertised Prices:** Distributors are not required to list prices in offline or online media. However, if a price is listed, no distributor may advertise a GROHE product at a discount in excess of 40% off of the current published list price.
- b. **GROHE Ondus:** The GROHE Ondus line of bath and shower products cannot be advertised at any price on the internet. Only the availability of GROHE Ondus products from authorized GROHE Ondus distributors may be advertised online.
- c. **No Maximum Prices:** GROHE America, Inc. does not establish maximum advertised prices, and distributors may advertise GROHE products at any price in excess of the price established by the USMAPP
- d. **No Price Required:** GROHE's USMAPP allows distributors to omit pricing from their advertisements and include statements such as "call for price," "call for more information," or "call for quote."
- e. **Online Pricing:** All pricing listed on an Internet site, including "shopping cart/check-out" or similar pricing, is considered advertised price and, therefore, must comply with GROHE's USMAPP
- f. **End User Rebates:** If a GROHE authorized end user rebate promotion or coupon is in effect for any GROHE product, the distributor may advertise a price lower than that established by GROHE's USMAPP as long as the distributor provides a notation immediately adjacent to the pricing informing viewers that the advertised price is net of the rebate or coupon.
- g. **Discontinued Products:** GROHE's USMAPP does not apply to products discontinued by GROHE.
- h. **Price Mark-outs and/or "Specials":** GROHE's USMAPP does not apply to products with marked-out or special pricing. In order to qualify as marked-out or special pricing, the advertisement or promotion must include a statement of the reason for the marked-out or special pricing. The only acceptable reasons for marked-out and/or special pricing are:
  - Returned product
  - Refurbished product
  - Inventory reduction

If a distributor states "Inventory reduction" pricing GROHE will assume that the distributor no longer intends to sell that product, and therefore GROHE will not sell that particular product to the distributor in the future.

- i. **Free and Reduced Cost:** Free shipping and/or handling, 0% tax, free financing or free promotional items do not violate GROHE's USMAPP. Reduced charges also are permissible for these items.
- j. **Going Out of Business:** GROHE's USMAPP does not apply to legitimate going out of business, liquidation or bankruptcy related sales.
- k. **Selling Prices:** GROHE distributors remain free to establish their own selling prices.

### 3. UNILATERAL POLICY

- a. The adoption and implementation of this program is solely GROHE America, Inc.'s unilateral corporate decision and responsibility. No employee or representative is authorized to discuss, modify, seek or obtain agreement with the USMAPP. Any questions about this program should be submitted in writing to **distributor.support@grohe.com**.
- b. The USMAPP is subject to revision at any time.
- c. GROHE America, Inc. will determine unilaterally whether products are being advertised in violation of the USMAPP and will take action as warranted.
- d. Each distributor is free to decide whether or not to follow GROHE America, Inc.'s USMAPP requirements.

### 4. USMAPP ENFORCEMENT

#### First Violation

A written notice will be sent advising that the advertiser is not compliant with this policy. The advertiser will be given a period of five (5) days from the date of the written notice to make the required changes to become compliant. If after five (5) days, the advertiser is still not in compliance, it will be considered a second violation.

#### Second Violation

GROHE America will reduce the distributor (or advertiser's distributor) rebates by 25% from the date of the second violation for the balance of the respective calendar year. If after five (5) days from the date of second violation notification, the advertiser is still not in compliance, it will be considered a third violation.

#### Third Violation

GROHE America will reduce the distributor (or advertiser's distributor) rebates by an additional 25% (a total of 50%) from the date of the second violation for the balance of the respective calendar year. If after five (5) days from the date of third violation notification, the advertiser is still not in compliance, it will be considered a fourth violation.

#### Fourth Violation

GROHE America will cancel all distributor (or advertiser's distributor) rebates from the date of the second violation for the balance of the respective calendar year. If after five (5) days from the date of fourth violation notification, the advertiser is still not in compliance, GROHE America will implement "hold" status and refuse purchase orders from the distributor for a period of 30 days or longer at GROHE America's discretion.

**GROHE authorized stocking distributors can sell GROHE brand products for resale through online websites to GROHE Authorized Online Dealers ONLY (see the GROHE Online Reseller Program). The list of GROHE Authorized Online Dealers is included here as Addendum One. GROHE reserves the right, without limit, to amend the GROHE Authorized Online Dealer list at its discretion. All GROHE Authorized Online Dealers and their supplying distributors are subject to the terms of this USMAPP.**