

General Purchasing Terms (GPT) of Hansgrohe SE - For exclusive use in business transactions between companies -

I. General

1. In addition to the individual contractual agreements, these purchasing terms shall apply exclusively to all transactions with suppliers or other contractors (hereinafter referred to jointly as "the **supplier**") of Hansgrohe SE (hereinafter referred to as "**Hansgrohe**" or "**we**" or "**us**"). They shall also apply in the case of ongoing business relationships to all future delivery relationships until receipt of any new purchasing terms from Hansgrohe.
2. Conditions from the supplier that vary from or supplement these GPTs shall not become part of this contract either as a result of the order confirmation from the supplier or unrestricted acceptance or payment for performance. Even if we make reference to a letter containing the business terms of the supplier or a third party, or refer to such, this shall not indicate consent to the application of such business terms.
3. All agreements relating to concluding the contract shall be documented in writing; it shall be assumed that the parties have not made any oral agreements. Statements by Hansgrohe's auxiliary agents that deviate from our written declarations of intent or these GPTs need to be confirmed by Hansgrohe to be effective.

II. Offer, offer documents

1. If the supplier's offer deviates from our order, the supplier shall explicitly refer to the deviations in his offer.
2. Notwithstanding contrasting agreements, the supplier shall be bound to his offer for at least three months.
3. The prices shall be shown in euros plus any value-added tax, DDU (for deliveries to recipients within the EEA) or DDP (for delivery to recipients outside the EEA), including packaging and insurance.
4. We shall retain all ownership, copyright and other rights to documents that we provide to the supplier for submitting the offer. If an offer is not provided or after an order has been processed, said documents shall be returned to HG without charge and without delay; the provision on business secrets in point XIII shall also apply to this extent.

III. Conclusion of the agreement

1. Our offers to treat (orders) shall be accepted within seven days of receipt by way of a written order confirmation with binding information on the delivery time, order number, order reference, order date and prices. Our orders shall always be produced in writing. If framework orders exist that require delivery call-offs, our contractual delivery call-offs shall be binding if the supplier does not object to them within seven calendar days of receipt.
2. If a binding delivery date has not yet been agreed, the supplier must not undertake measures that incur costs unless we have agreed to these measures. If a binding delivery date has not yet been agreed but adherence to a delivery date requested by us requires measures to be undertaken, the supplier must inform us of this in writing.
3. Differences in quantity and quality compared with the wording and content of the order, including changes to drawings and shapes, require our written approval.
4. We shall be entitled to request changes to the design, delivery quantity and time in agreement with the supplier. The effects of the change shall be regulated whilst appropriately considering the interests of the supplier and by mutual agreement. If no agreement can be achieved, we shall be entitled to terminate the contract; in this case, the supplier shall receive appropriate reimbursement for the costs incurred.
5. The supplier shall not be permitted, without our consent, to make changes in the design, execution, production process or other characteristics of the goods compared with earlier performance of a similar kind, even if these features are not laid down in the performance description. We shall refuse agreement to such changes only for just cause.

IV. Prices, invoice, payment, prohibition on assignment, ability to deliver

1. The price shown in the order shall be considered to be the maximum price. It may be reduced but not increased. Unless otherwise agreed, the price shall include "free delivery" to the shipment address stated by us, including packaging and transport insurance (obligation to deliver). If in exceptional circumstances anything to the contrary has been agreed, the packaging and transportation costs shall be calculated at cost price. When returning the packaging, we shall be credited with the appropriate current value of the packaging. If the packaging material is completely recyclable for the supplier, the appropriate current value is at least two-thirds of the invoice value of the packaging.
2. Invoices shall be sent separately for each order, sub-delivery or sub-service in duplicate to us and may not be enclosed with the deliveries. Invoices shall include the number, reference and date of order. Value-added tax shall be listed separately.
3. Payment shall be made after complete delivery (or permissible partial delivery) and after receipt of a proper invoice. A 3% discount shall be granted if payment is made within 20 days of the end of the monthly invoicing period following the performance and receipt of a proper invoice. In the case of late payment, the supplier's claim shall be subject to interest 5% above the base rate; the assertion of higher damages shall not be excluded.
4. Claims by the supplier to us may only be assigned to third parties with prior agreement. Payments shall be made to supplier only.
5. If the supplier's creditworthiness or ability to deliver worsens to an extent that puts the fulfilment of the contract at risk or the supplier permanently stops his performance, we shall be entitled to terminate the contracts in part or in full or to withdraw.
6. Offsetting and retention rights shall be available to us in the scope laid down by law.

V. Delivery deadlines and periods, delay

1. The delivery deadlines and periods agreed in the order contracts and delivery call-offs shall be binding. The criterion for observance of periods and deadlines is receipt of deliveries in our plants. Partial deliveries shall be permissible by agreement with us only. The supplier shall inform the relevant Hansgrohe procurement department about difficulties that prevent on-time delivery at the stipulated quality. We shall be entitled to statutory claims if delivery is delayed. In the case of a withdrawal or termination right for us, we shall be entitled to restrict the withdrawal or termination to partial performance. We shall be entitled to terminate long-term obligations if the supplier does not resolve the delay within an appropriate period in spite of a request or repeatedly falls behind with important obligations.
2. In cases of slight negligence by us, claims for damages from the supplier due to delayed receipt or approval shall be limited to the typical damages expected.
3. If the supplier is in default, we shall have the right, after issuing a reminder, to demand a contractual penalty of 0.5% per week started, at most, however, 5% of the relevant net order value affected by the default. The contractual penalty paid shall be offset against any claims for damages by Hansgrohe.
4. We shall not be obliged to receive or accept the goods before the delivery deadline.

VI. Delivery, shipment, transport, packaging, transfer of risk

1. Supplies shall be delivered to the shipment address agreed in the order, which is also the place of fulfilment (obligation to deliver).
2. If the supplier dispatches the shipment himself, he shall bear the risk of accidental loss and accidental deterioration of the goods for the whole duration of the transportation. If HG takes over part of the transportation, the risk of accidental loss and accidental deterioration of the goods shall be transferred from the supplier to HG at the time when the supplier loads the goods on board the ship specified by HG, where applicable at the loading point stated by HG, in the stated shipping port. From this point on, HG shall bear the risk of accidental loss and deterioration with the exception of the period during which the goods are located in the consignment warehouse in Germany. If

the goods are located in this warehouse, the supplier shall once again bear the risk of accidental loss and deterioration.

3. Delivery notes and packing lists shall be enclosed with each shipment. These documents must contain: Your and our order numbers, quantities and quantity units, gross, net and if necessary calculation weight, your and our item names with numbers, outstanding quantities for permissible partial deliveries. For freight shipments, the supplier shall provide us with shipment notification separately one day before shipment.
4. Delays, additional costs and damages incurred by the supplier as a result of non-compliance with the shipping regulations laid down here or elsewhere shall be charged to the supplier unless he is not responsible for such.
5. The supplier shall package the delivery as agreed. Unless otherwise agreed, the supplier shall package the goods in the normal commercial way. In all cases, he shall ensure that the goods are protected from damage. If the packaging material is reusable for the supplier, he shall attach appropriate notification concerning the return of packaging materials to the delivery. In this case, we shall return the packaging material to the supplier at our expense.
6. The supplier shall take out adequate transport insurance for his deliveries. If transport costs are to be paid for by us in exceptional circumstances, the supplier shall select the cheapest shipment type whilst ensuring secure transportation.
7. The risk transfers with delivery to the place of fulfilment or on acceptance by us to Hansgrohe. Until shipped, the goods shall be stored for us free of charge and at the risk of the supplier.

VII. Force majeure

1. War, civil war and export or trading restrictions due to changes in the political conditions that make fulfilling the contract impossible or economically unreasonable for us are considered to be force majeure and release us from the obligation to receive or accept the goods for the duration of their existence. The parties shall undertake to adapt their obligations in good faith, depending on what is possible and economically reasonable in line with the modified contractual relationships. If the force majeure lasts for a considerable duration, i.e. lasts without interruption for at least four weeks, we shall be entitled to withdraw from the contract or terminate it if it results in a significant reduction in our requirements. This is particularly the case if our requirements fall by more than 30%.
2. Force majeure also applies to strikes, lock-outs, operational disturbances, business restrictions and similar events that make contract fulfilment impossible or economically unreasonable for us.

VIII. Quality and quality assurance

1. The supplier shall comply with the recognised rules of technology and the agreed (technical) data, for the deliveries, in particular quality regulations and relevant protection laws and other safety regulations. The supplier is obliged to maintain an adequate quality management system that complies with the requirements of the international standard ISO 9001, with the obligation to set a zero defect target and to continually improve his performance.
2. The supplier shall ensure that his sub-suppliers maintain a comparable quality management system that ensures the defect-free nature of his purchased parts and/or externally refined parts. The details shall be regulated in quality assurance agreements (QAA) and individual quality agreements in written form between the parties.
3. The Suppliers shall observe and comply with the European REACH (**EG No. 1907/2006**) regulation and provide HG with all information requested by HG in this context.

IX. Resources efficiency and Environment Protection

1. Hansgrohe SE expects from its suppliers a consequent environment protection management and adherence to environmental standards.
2. During the supply relationship any supplier is obliged to use required resources, especially any materials, energy and water efficiently. The supplier has to minimize any environmental impact especially any waste, sewage water, atmospheric loading or noise nuisance. The same applies for any subcontractors and logistic services.
3. The supplier is obliged to establish and maintain an adequate environmental management system according to ISO 14001 as well as an energy management system according to ISO 50001.

4. For any sourcing Hansgrohe takes into account any improvement of environmental performance and energy efficiency. Any supplier is asked to offer products which support these improvements.

X. Defects, duty infringements, complaints, lapsing, recourse

1. The supplier shall supply us with goods free from defects. A defect exists in particular if the delivered goods do not match the requirements laid out in the contract or, if nothing further has been agreed, they are not suitable for normal use (including operation). The statutory regulations on defects shall apply if nothing to the contrary has been agreed elsewhere.
2. If agreements are missing in quality assurance documents, we shall check the goods for obvious defects without delay. A complaint by us is considered in good time if it is sent within a period of 14 calendar days, calculated from receipt of delivery or for hidden defects from their discovery by us or a third party.
3. After receipt of our complaint as per Section IX.2, the supplier shall be obliged to provide an appropriately detailed written statement without delay that analyses the defect, states its causes and proposes resolution measures (including in terms of avoiding future defects).
4. Pursuant to Section 439(2) of the German Civil Code (BGB), the supplier shall be obliged to bear all of the costs incurred to rectify defects and provide replacements, in particular transportation, travel, work and material costs.
5. The parties shall agree on the flat-rates to be paid by the supplier as laid down in **Appendix 1** relating to expenses and damage incurred by us as a result of defects and other infringements of duty. In case of imminent danger or to avoid acute risks, we shall be entitled to rectify the defect itself or via a third party at the expense of the supplier.
6. For goods used in their usual way for a construction, our faulty good claims shall lapse five years after delivery of the item unless a longer lapse period was agreed. In addition, our claims regarding defects of goods or title shall lapse after 36 months from the time of acceptance or delivery.
7. In the event that the goods delivered by us are sold as new goods to consumers, the regulations in Sections 478 and 479 of the German Civil Code (BGB) on corporate redress shall also apply in the relationship between Hansgrohe and the supplier; in particular:
 - i. our defect claims shall lapse at the earliest two months after the time when we fulfilled the claims of our contractual partner, whereby this end restriction shall finish at the latest five years after the time when the supplier delivered the item to Hansgrohe,
 - ii. no other necessary period shall need to be set for our defect rights if we have to take back products we have delivered as a result of defects in a contractual item delivered by the supplier or if we have to reduce the purchase price or if any other claims whatsoever are made against us,
 - iii. we may request the reimbursement of costs that we have incurred in the relationship with the buyer under Section 439(2) BGB if the defects asserted by the buyer already existed when the risk was transferred to Hansgrohe, and
 - iv. the burden of proof under Section 476 BGB shall be reversed with the condition that the period starts on transfer of the risk to the consumer.
8. Point 7 above shall also apply if goods produced by us are integrated into another product or otherwise processed before being sold to a consumer.
9. Before we recognise or fulfil a defect claim asserted by a contractual partner, we shall inform the supplier about the asserted claim and request a statement within an appropriate period of time. If the statement is not provided within the appropriate period of time and no mutual solution is found, the defect claim actually granted by us shall be considered to be the responsibility of the contractual partner unless the supplier proves the opposite.
10. On receipt of our notification of a defect by the supplier, the limitation period relating to this defect shall be restricted until the completion of subsequent performance unless the supplier rejects the defect without delay. In the event of replacement delivery and defect resolution, the warranty period shall start again for the replaced and improved parts unless we would have to assume according to the supplier's behaviour that he did not consider himself obliged but

rather only provided replacement delivery or defect resolution out of goodwill or similar reasons.

11. If similar errors occur in more than 5% of the goods delivered by the supplier in a six-month period, all of the goods from this production period shall be considered to have this defect (serial defect) unless the supplier proves the opposite.
12. The supplier shall undertake to pass on the aforementioned rules on defect claims as appropriate to his suppliers and must on our request assign defect claims to us on account of performance.
13. The supplier shall present the limitation provisions as per points 6 to 10 above to his operating liability insurance company for inclusion in his operating and product liability insurance policy.

XI. Product liability, indemnity, insurance protection

1. The supplier shall be responsible for all claims asserted by third parties on the basis of the German Product Liability Act if these are the result of defective products delivered by him and shall undertake to indemnify us for the liability resulting therefrom. The supplier shall agree upon the joint insurance of this indemnity with his insurance company under his operating liability insurance policy.
2. Section IX. Point 11 shall apply mutatis mutandis.
3. To the extent of his contribution to the cause and responsibility, the supplier shall undertake to reimburse the costs incurred for the required warning and recall measures that are necessary due to the defects caused by the supplier. We shall inform the supplier - if possible and reasonable - about the content and scope of warning or recall activity and give him an opportunity to comment on them. If no comment is provided within the appropriate period of time and no mutual solution is reached, the warning or recall activity implemented by us shall be considered necessary unless the supplier proves the opposite. This shall not affect additional statutory claims.
4. The supplier shall maintain a product recall cost insurance policy with a coverage sum of at least €5 million.
5. The supplier is also obliged to maintain an operating liability insurance policy with a flat-rate coverage sum of at least €5 million for personal injury and material damage. The coverage must also apply to damage occurred in other countries, whereby exclusions for covering damage incurred in the US and Canada are permissible if the supplier has notified us thereof in advance.
6. The supplier is finally obliged to maintain an extended product liability insurance policy with a flat-rate coverage sum of at least €5 million for personal injury and material damage. The coverage must also apply to damage occurred in other countries, whereby exclusions for covering damage incurred in the US and Canada are permissible if the supplier has notified us thereof in advance. The scope of the extended product liability insurance policy must cover the coverage forms of the extended insurance protection as per the sample terms issued by the Gesamtverband der Deutschen Versicherungswirtschaft (GDV) "Special terms and risk descriptions for product liability insurance in industrial and trading companies (product liability model)", August 2008 version (hereinafter referred to as "ProdLM"). The coverage must - by this or other means - cover insurance for damage to property and personal injury as a result of material faults as a result of a lack of the agreed properties, No. 4.1 ProdLM; connection, mixing and processing damage, No. 4.2 ProdLM; from ongoing and further processing under No. 4.3 ProdLM; installation and removal costs as per No. 4.4 ProdLM; damage from defective machines under No. 4.5 and checking and sorting costs under No. 4.6 ProdLM.
7. On request, the supplier shall provide us with appropriate confirmations from his insurance company (certificate of insurance).
8. If the supplier does not provide evidence to us of the existence of insurance protection as per points 4 to 6 above, we shall be entitled to terminate any contracts with the supplier without notice (in full or in part).

XII. Provision of tools, materials, retention of title

1. If the order includes the handover of tool or model costs, the supplier hereby transfers the tools and models produced or purchased by him that were fully paid by us to us. We shall acquire joint ownership of tools and models partially paid for by us in the same relationship as the relevant payment to the item's value. Tools or models provided by us as well as drawings, samples and similar shall remain our property.

2. The supplier is obliged to use tools and models paid for mainly or completely by us or purchased by us as well as drawings, samples etc. (i) exclusively to manufacture the goods ordered by us, (ii) without passing them on to third parties without our explicit consent and (iii) notwithstanding individual agreements to the contrary, provided they are returned to us without delay after completion of the order. To this extent, the provision on business secrets in Section XII shall also apply.
3. Unless otherwise agreed, the supplier shall be entitled to use our brands, business logos (including product designs, packaging or similar), copyrights or otherwise protected drawings only to the extent absolutely essential to fulfil his obligations to us.
4. The supplier shall ensure that our tools and models are appropriately insured against fire, water, storm, burglary and vandalism damage within the framework of his existing insurance policies. The supplier hereby already assigns to us the claims for damages from this insurance policy; we accept the assignment. The supplier is also obliged to carry out essential maintenance and inspection work and all servicing and repair work on our items in good time. The costs for this work and any additional costs for insurance protection shall be borne by the supplier, as is usual in the industry.
5. If we provide the supplier with materials, components or other items for manufacturing goods ("**retention goods**") we shall retain the ownership of these until the supplier transfers to us the goods manufactured using said retention goods. The supplier shall process or reform the retention goods for us as the manufacturer, as defined by Section 950 BGB. The processed or reformed goods shall be considered to be retained goods as defined by these conditions. If our retained goods are processed, reformed, connected or mixed with other items that are not owned by us, we shall acquire the joint ownership of the new item in the same ratio as the invoice value of our item to the other items at the time it was processed, connected or mixed. If the item is connected or mixed in such a way that the supplier's item is viewed as the main item, the supplier hereby transfers pro rata joint ownership of this to us. The supplier shall therefore store the property thus created for us. The following regulations on retained goods shall apply accordingly to our joint ownership.
6. We shall remain owners of the retained goods even if we refuse to receive or accept the goods due to delayed or defective delivery or do not place additional orders. In such cases, the remaining retention goods shall be made available to us on request, free of charge. The supplier may neither pledge nor use as collateral the retention goods without our prior written agreement. For pledges or other interventions by third parties, the supplier shall inform us in writing without delay. The supplier shall be entitled to process the retained goods in normal business processes when manufacturing the goods ordered by us for us.
7. All extensions or lengthening of the supplier's reservation of title that goes beyond the simple retention of title for the unprocessed supplier goods stored for us, in particular after processing, combining or mixing with other goods and after the sale of the supplier goods are not recognised by us.
8. The supplier only has an offsetting or retention right due to legally binding or finally determined or undisputed counter-claims.

XIII. Spare parts, last order

1. The supplier is obliged to store spare parts for the goods delivered to us for a period of at least 10 years after the last delivery of goods.
2. In the event that the supplier intends to stop producing the goods delivered to us or spare parts for these goods, he shall inform us about the decision without delay, and at least 12 months in advance, in writing and explicitly. The supplier shall give us the opportunity to issue a last order.

XIV. Business secrets

1. The supplier is obliged to treat our orders and all associated commercial and technical details as business secrets.
2. The supplier is obliged to maintain the secrecy of the documents and information even after implementation of orders and the ending of the business relationship with us. Our business secrets may only be disclosed to third parties with our written consent or as a result of an official or legal requirement. In the latter case, the supplier shall give us the opportunity in advance to comment on the requirement.

XV. Trademarks, indemnity

1. The supplier shall provide the warranty that the delivered goods are free from the rights of third parties.
2. The supplier shall indemnify us for all public and private law claims asserted due to the infringement of point 1 above against us, including appropriate costs of legal defence unless he is not responsible for the infringement. The indemnity shall be provided at our first request.

€42.75 per hour

- (c) for issuing a special release in spite of existing defects (in particular internal transport, assessment, valuation, documentation, archiving), if the supplier has agreed to a special release for defective parts in place of subsequent performance:

€50

XVI. Court of jurisdiction, place of fulfilment, miscellaneous

1. The laws of the Federal Republic of Germany, excluding collision law and the UN Convention on Contracts for the International Sale of Goods (CISG) shall apply exclusively to all legal questions between the supplier and us, even if the supplier has his head office in another country. This shall also apply in particular to torts and other non-contractual claims.
2. Rottweil is agreed as the exclusive court of jurisdiction for all disputes arising from or relating to contracts with suppliers who have their head office in Germany or another Member State of the European Union. This shall also apply in particular to disputes on torts and other non-contractual claims.
3. All disputes that cannot be mutually agreed upon arising from or relating to contracts with suppliers who have their head office outside the European Union shall be settled finally in accordance with the arbitration regulations of the Deutsches Institut für Schiedsgerichtsbarkeit e.V. Bonn (DIS) with the exclusion of the normal legal process. The place of arbitration shall be Rottweil. The court of arbitration may also decide on the validity of this arbitration contract.
4. The supplier shall ensure that he will comply with the Masco Corporation Supplier Business Practices Policy stated in Appendix 2. HG shall be permitted at any time to check the supplier's compliance with these principles, even at his premises.
5. If individual provisions in the contract or these GPTs are invalid, this shall not affect the other conditions. Invalid provisions shall be interpreted such that this provision achieves the intended economic purpose.

3. The following damage incurred by us with regard to the delivery of defective goods shall be reimbursed by the supplier at a flat rate or as incurred as follows, unless the supplier is not responsible for the defect:

- (a) In cases of additional internal costs, due to subsequent performance, incurred as a result of deadline coordination in procurement and postings in the IT systems

€25

- (b) In the event of defective parts already processed: for the costs to remove the defective parts and/or install the replacement or improved parts,

€42.75 per hour

- (c) In the event of costs of preparing defective goods for return transport if this is required for the purposes of subsequent performance, [*per pallet*]

€20

4. If the supplier submits an invoice or delivery note that does not meet the requirements stated in Section IV.2 or Section VI.2, the additional cost for requesting correct invoices or delivery notes shall be reimbursed at €15 per document, unless the supplier is not responsible for the infringement of duty.

5. If the supplier has failed, even after an appropriate subsequent period set by us, to comply with his obligation to

- (a) provide an initial sample test report for the remaining cost of processing the sample later

€120

- (b) comment on the defect notification as per Section IX.3 he shall be charged for the additional costs of analysing the defect and determining the resolution measures

€42.75 per hour

unless the supplier is not responsible for the infringement of duty.

Appendix 1
Cost and damage flat-rates

The parties hereby agree that the flat-rates determined in this Appendix to be paid by the supplier shall apply only if the supplier does not demonstrate less damage or we demonstrate greater damage.

1. For defective deliveries, in the case of defects that are not obvious, the costs incurred to locate the cause (error analysis), if incurred by us, shall be reimbursed as part of the subsequent performance at a flat-rate of €50 per similar defect.

2. For defective deliveries, the costs

- (a) for sorting defective parts shall be reimbursed as follows: if the supplier has agreed to us doing the sorting:

- for internal transport and posting costs

€10 flat rate

- for sorting on the basis of an hourly rate

€26.50 per hour

- (b) for re-working, e.g. deburring or cleaning, as follows if the supplier has agreed for us to do the reworking:

- for internal transport and posting costs and materials

€15 flat rate

- for re-working on the basis of an hourly rate

Appendix 2**Masco Corporation Supplier Business Practices Policy**

We – Hansgrohe SE, a company of the Masco Group – pride ourselves on our reputation for honesty, integrity and outstanding performance in everything we do. We therefore expect and require that all goods produced on our behalf or on behalf of any Masco family brands are made in production facilities that comply with particular criteria relating to human rights, working conditions and environmental protection.

The selection and ongoing business relationships with our suppliers depend on compliance with the following standards that apply to all products that we purchase:

1. Compliance with all applicable laws and regulations.
2. Protect against the use of workers younger than the minimum age required by law.
3. Protect against the use of forced labour.
4. Provide appropriate wages and benefits as required by law.
5. Protect against excessive working hours that exceed local laws or business customs.
6. Protect against physical and mental punishment of workers.
7. Protect against unlawful discrimination against workers and encourage employment based on ability.
8. Respect workers' rights to associate freely.
9. Maintain safe and clean workplaces and residential facilities, in compliance with the law.
10. Protecting the company's confidential information.

We will not knowingly work with suppliers that do not respect these standards and those of our customers. We will periodically assess our supplier's compliance with these standards and those of our customers. Any reported non-compliance will be investigated and appropriate action will be taken. These standards apply whether the supplier is a Masco company, an affiliate, or a third party.