

General Purchasing Terms and Conditions (GPTC) at Hansgrohe AG - To be used in business dealings between companies -

I. General

In addition to the individual contract agreements these Purchasing Terms and Conditions apply exclusively to all business dealings with suppliers and all other contractors (hereinafter collectively called "the Supplier"). They apply in cases of permanent business relationships or framework contracts in all follow-up supply relationships until our new Purchasing Terms and Conditions come into force. All other GPTC shall not be accepted as subject terms of contract, neither with the confirmation of the order by the Supplier, an acceptance of the Supplier's delivery and services without any reservations nor the payment of such. All agreements that are made regarding the conclusion of the contract shall be set out in writing. All changes or amendments of contractual agreements must be made in writing and are subject to our approval.

II. Offers, documentation of offers

All offers must comply with our request in respect of quantity and quality. Any discrepancies from the request must be explicitly referred to in the offer. The Supplier is bound by his offer for at least one month and shall provide a sample of the product in question. Offers and samples shall be provided free of charge. All prices shall be quoted in EUR/USD including VAT, shall be free of delivery charges and include packaging as well as insurance. We reserve all copyrights and proprietary rights to documentation which we handed to the Supplier for the purpose of submitting an offer. These documents shall be returned to us without delay and free of charge following either non-delivery of an offer or the completion of an order, insofar as the covenant in figure XII also applies.

III. Purchase order, documentation, order transfers

1. Our order(s) shall be accepted within seven days of receipt with a written confirmation of order(s) containing binding delivery dates, order number, order reference, order date and price. Our purchasing orders are exclusively given in writing. Orders placed verbally, by phone or by cable, as well as agreements or amendments to these, require our written confirmation.

The agreed delivery schedules become binding unless objections are raised within one week of their receipt. Framework contracts only govern the purchase of necessary primary materials within the limits of what is required. The production of items to be delivered on demand is only permitted following a release order. Should there be changes to drawings or forms by the Supplier, he will bear the risk of non-acceptance of the goods as well as all defects and damage caused by this.

2. Non-compliance in quantity and quality in regard to the text and contents of our order and later changes to the contract shall only be deemed agreed upon following an explicit confirmation in writing from us.

3. We are entitled, in consultation with the Supplier, to request modifications in construction, delivery quantity and delivery dates, before processing the order. Appropriate, mutually satisfactory agreements shall be concluded concerning the consequences of such modifications. If no agreement can be reached we reserve the right to cancel. In such a case the Supplier will receive a reasonable reimbursement. The Supplier does not have the right to make modifications in construction or design in comparison to previous, similar deliveries and services without consulting us.

4. Drawings, tools, samples, models, brands and presentations and the like as well as finished and semi-finished products which were handed over by us or manufactured for us, shall remain or become our property and shall not be supplied to or inspected by third parties without our explicit written consent. Subject to individual, differing agreements, they will be returned to us without further request immediately our purchase order is completed. Products manufactured with said tools, brands and presentations, or tagged products shall only be supplied to third parties with our explicit written consent, insofar as the covenant in figure XII also applies.

5. The transfer of an order to third parties is not allowed without our consent and entitles us to withdraw from the order and claim compensation.

IV. Prices, invoices, payment terms, ban on assignment, ability to supply

1. The price quoted in the order is the maximum price. It may be undercut, but not exceeded. Prices shall be understood to include VAT, but it shall be shown separately. Unless otherwise agreed in writing, the price is understood to be "free domicile" to the address for dispatch stated by

us including packaging and transport insurance. Unless otherwise agreed by way of exception, packaging shall be charged at net cost price. In case of a return shipment at least two thirds of the calculated value shall be credited.

2. Invoices shall be submitted separately from the goods shipment in duplicate for each order, or each partial delivery, or partial service. The invoices shall include order number, order reference and date of the order. VAT shall be shown separately.

3. Payment will be made only following receipt of all the goods free of defects, or complete service free of defects after receiving the invoice. In the case of approved partial deliveries, the same also applies. Delays caused by incorrect or incomplete invoices do not affect the discount periods. Payment will be made as required by the cash discount agreement within 30 days minus a 3% discount or within 60 days net. This payment period is computed from the day of delivery and receipt of invoice. A delay in payment caused by petty negligence on our behalf is ruled out. Moreover, claims for compensation will be limited to the typical damages resulting thereby.

4. Without prior consent in writing by us, claims by the Supplier against us may not be assigned to third parties. Payments shall be made only to the Supplier.

5. In case the financial standing or the ability to deliver of the Supplier should deteriorate to such a degree whereby fulfilling the contract is at risk or the subcontractor suspends payment or insolvency proceedings regarding his assets are commenced, we reserve the right to withdraw from the contract. This may also be exercised partially.

6. Within the limit of statutory regulations we shall be entitled to the right to set off or retain.

V. Delivery dates and schedules, delays

1. Delivery dates and schedules for orders and the dispatch of goods upon request are binding. A delivery date or schedule shall be deemed satisfied if our plants have received the goods in time. Partial deliveries can only be accepted following prior agreement with us. The Supplier shall inform the relevant purchasing department of Hansgrohe immediately in written form of any difficulties which could impede an on-time delivery of the specified quality and obtain our decision on the continued validity of the order. The Supplier is liable if information regarding the delay is either late or was not supplied. In case of a delayed delivery, we are entitled to statutory relief. We are not required to give a time limit if our own deadlines mean that it has to be assumed that our customer will reject our execution of the contract. An exemption from liability or limitation of liability of the Supplier is precluded. In the case of cancellation we may keep partial deliveries by issuing a credit note. In case of repeated or permanent non-compliance with delivery dates by the Supplier we have the right of cancellation. If the reason for the delay is beyond the Supplier's control, we have the right of extraordinary cancellation if the supply date has been exceeded by a considerable time span and the urgency of the delivery requires this due to our own deadlines.

2. In case acceptance of goods cannot be fulfilled by us on time due to force majeure as well as other unforeseen obstacles beyond our control, which have an impact on our acceptance of the goods, the deadline for accepting the goods will be extended appropriately and there shall be no default of acceptance. In all other cases claims for compensation due to delayed acceptance on our part will be limited at any rate to 50% of the value of the delivery of the goods the acceptance of which was delayed.

3. In case of a delay in delivery, following a warning, we are entitled to demand a contractual penalty of 0.5% of the net order value for each week or part of a week; the maximum penalty is 5% of the total net order value and/or the delivery and/or cancellation of the contract. The contractual penalty paid will be credited against any claim for damages.

4. We are under no obligation to accept any delivery of goods if it takes place too early.

VI. Delivery, shipment, transport, packaging and passage of risk

1. All deliveries are strictly "free domicile".

2. Delivery notes and packing slips must accompany each delivery. These documents shall contain the following: your and our order number, number of items and units of quantity, gross, net and if need be the calculated weight, your and our description of the goods including part identification numbers and the remaining quantity in an approved partial

delivery. In case of freight delivery a dispatch note must be sent to us separately on the day of dispatch.

3. The Supplier shall be liable for delays, additional costs as well as damages caused by non-compliance with our shipping terms.

4. All goods shall be supplied in packaging stipulated by us and the Supplier is responsible for seeing that the goods are protected by the packaging against damage. Unless otherwise instructed, the goods shall be packaged appropriately and in conformity with industry practice. The return of special packing material can only take place if the delivery papers contain notes to this effect. It shall be returned free of postage.

5. The Supplier shall be liable for loss and damage which occurs during transport including unloading up to the point of acceptance in our plants. For this reason the Supplier is obliged to take out adequate transport insurance for his delivery. In the exceptional case that we bear the costs of transportation, on principle the cheapest means of transport shall be chosen, taking transportation safety into account.

6. Passage of risk becomes effective as soon as the goods have been properly delivered to the address for dispatch or with the installation and acceptance of the goods in our plants. Up until the time of dispatch the goods shall be stored at the Supplier's risk and cost.

VII. Force Majeure

War, civil war, export restrictions or trade restrictions due to a change in political circumstances as well as strikes, exclusions, disruptions in operation and restrictions in operation and similar events, which make it impossible or unacceptable for us to comply with the conditions of the contract are defined as force majeure and release us from the contract and the obligation of on-time acceptance for its duration. Following notification by us, the contractual partners shall adjust their obligations to the changes in contractual conditions in good faith. As long as the duration of the force majeure is not insubstantial, i.e. has lasted for at least two weeks without interruption, we have the right to withdraw from the contract, insofar as it results in a substantial decrease in our requirements. This applies in particular if our requirements decrease by more than 30%.

VIII. Quality, quality assurance

For the delivery, the Supplier shall comply with the acknowledged standards of technology and the agreed (technical) data, in particular quality specifications as well as applicable protective laws and other safety regulations. Based on the international standard ISO 9000:2000 ff the Supplier shall maintain a quality management system with an undertaking of a target of zero defects and the continual improvement of his performance. The Supplier shall be responsible for his subcontractors maintaining a comparable quality management system, which ensures that bought parts and/or externally refined parts are free of defects. Details shall be regulated by Quality Assurance Agreements (QAA) as well as by individual agreements pertaining to quality in writing between the partners.

IX. Defect rights, defect investigation, limitation of time, recourse

1. The Supplier shall supply the goods free of defects. Statutory provisions apply unless subsequently something else was agreed upon. He shall be liable for all defects and subsequent damage resulting from non-compliance with the specifications. We have the right to demand supplementary performance from the Supplier, withdraw from the contract or decrease the purchase price and demand compensation or reparation for unsatisfactory expenses according to statutory provisions. Within the scope of failure to perform, we have the right to demand either rectification of the defect or the delivery of goods free of defects. The Supplier shall bear the cost of all work done to rectify the defect, all expenses incurred for a replacement delivery or the remedy of the defects, in particular the cost of transport, handling, labour and materials. In case the Supplier fails to remedy the defect or to provide a replacement delivery within a reasonable period of time set by us, or should the attempt to do this go wrong, we are entitled to withdraw from the contract and claim compensation rather than performance. In urgent cases, especially if there is a danger of delay, to counteract acute dangers or to avoid major damages we are entitled to remedy the defects ourselves or have them remedied by a third party at the cost of the Supplier.

2. Should there be no arrangements within the framework of a Quality Assurance Agreement, deliveries shall be inspected by us within a reasonable period of time for obvious deviations from the quality and quantity specifications. A notice of defect issued by us is in time, if it is received by the Supplier within a period of 10 working days from the receipt of goods or, in the case of hidden defects, from the discovery of such. To this extent the Supplier waives the right to object to a late notice of defects as untimely. In the case of work passing through our company, the notice of defect issued by the recipient shall be referred to. In case of a complaint we reserve the right to charge the Supplier for all costs incurred in connection with a notice of defect. The Supplier shall bear the costs and risks of a return of defective goods supplied.

We are under no obligations toward the Supplier other than those of notification and examination as mentioned above. This applies particularly to the obligation to examine and issue a notice of defects in accordance with § 377 of the HGB (German Commercial Code).

3. In products which are installed according to the specific use they are assigned for in a building, our claims on material defects are limited to five years from the handover of the item, unless a contractual extension of this period has been agreed. Claims on material defects in all other products manufactured or supplied by the Supplier, or on orders fulfilled by him, expire 36 months after the delivery of the HG products manufactured from the delivered goods, but not beyond five years following delivery to us. The Supplier shall accordingly pass on the aforementioned regulation on the statute of limitation to his subcontractors. The Supplier shall further submit this regulation on the statute of limitation to his commercial liability insurer so it can be included in his commercial and product liability insurance policy.

4. Should there be deficiency in title, the Supplier shall indemnify us from claims by third parties. With regard to deficiency in title, a time limit of 10 years applies.

5. For parts of the delivery which have been rectified or repaired within this time limit for our claims on defects, the time limit restarts after the Supplier has completely satisfied our demands for rectification.

6. If we take back goods, which have been manufactured and/or sold by us, due to defects in the goods manufactured by the Supplier under contracted conditions, or our selling price was therefore diminished, or we have therefore had a claim against us in any other way, we reserve the right of recourse to the Supplier, whereupon there is no need on our part for an otherwise necessary stipulation of a time limit for our defect rights.

7. We have the right to claim compensation for expenses from the Supplier, which we had to bear towards our customers, because the customer has a claim against us for replacement and the ensuing necessary expenses, in particular costs for transport, handling, labour and material.

8. Irrespective of the regulation in section 4, the statute of limitation in the cases of sections 6 and 7 shall only apply at the earliest two months after the point in time where we fulfilled the demands on us by our customer, and five years after the delivery by the Supplier at the latest.

9. Should a material defect become obvious within six months since the passing of risk, it can be assumed that the defect was already present during the passing of risk, unless this assumption is inconsistent with the type of defect.

10. If defects of a similar nature should be detected within or outside the given warranty period in more than 5% of the respective products delivered within a six-month period, all the products of this batch shall be deemed defective (batch defect). The Supplier shall bear all the resulting costs in connection with the rectification of this batch defect.

X. Product Liability, Indemnity, Liability Insurance

The Supplier shall indemnify us against any liability resulting from defects in goods and subsequent damages here or at the third party. The Supplier shall agree with his insurer the endorsement of this indemnity within the scope of his commercial liability insurance. The Supplier shall indemnify us from the responsibility of product damage insofar as claims from third parties are concerned, if the cause lies within his domain or organisational area. He shall pay expenses incurred for a recall action to prevent personal and material damage, which became necessary due to a product defect caused by the Supplier, and he is therefore obliged to purchase a product recall cost insurance with an amount of cover of at least €5 million. The Supplier shall further purchase a product and liability insurance policy with cover of at least €5 million flat rate for damage to persons and property. In derogation of § 4 section 1 no. 3 of the AHB (General Liability Insurance Conditions) the insurance cover shall further be extended to damages abroad. The Supplier is obliged to inform us of exclusion from USA/Canada cover. The scope of this insurance cover must include the form of cover in the so-called extended product liability insurance (ProdHV) which includes the insurance cover for personal and material damage due to omissions of guaranteed features in the delivered goods, No. 4.1 ProdHV; interconnection, combination and manufacturing of the delivered goods, No. 4.2; further machining or processing according to No. 4.3 ProdHV; removal and installation according to No. 4.4 ProdHV; reject products by machines according to No. 4.5 ProdHV as well as a clause for inspection and sorting out according to No. 4.6 ProdHV. The cover for liability according to No. 4.1 to 4.6 ProdHV must also amount to at least €2 million. The Supplier shall provide the purchaser on request with confirmation from the insurer (certificate of insurance) to that effect.

XI. Provision of tools, materials, retention of ownership

1. Insofar as the order includes an absorption of tool or model costs, it is agreed that the tools and models remain our property. The Supplier shall use these materials exclusively for the production of the items we order.

The Supplier shall insure our materials against fire, water, tempest, burglary and vandalism at reinstatement value at his own expense. At the same time, the Supplier already now assigns all claims for compensation from his insurance to us; we hereby accept such assignment.

The Supplier is obliged to have any required maintenance work and inspections as well as all repair and service work done in due time at his own expense.

2. The items we provide remain our property. Processing or conversions, contractually agreed upon, are done by the Supplier for our purposes. If the items we provide are irreversibly incorporated or mixed with other items to which we have no ownership rights, we acquire co-ownership rights in the new item in proportion of the value of the conditional commodity to the other items at the time they are processed, incorporated or mixed. If this processing, incorporating or mixing is such that the Supplier's item is the principal item, it is considered agreed that the Supplier conveys proportional co-ownership rights to us.

This regulation also applies if we refuse a delivery due to lateness or a defect, or if we refrain from further orders. In such cases the items provided by us shall be made available to us free of charge. To offset charges is excluded.

3. To the extent that our collateral rights as defined in section 2 exceed the purchase price of all our conditional commodities not yet paid for by more than 20%, we are, upon request by the Supplier, obliged to release the collateral rights at our discretion.

4. We do not accept any expansion or extension of the retention of proprietary rights, which exceed the basic retention of proprietary rights of the Supplier for unprocessed items stored with us, in particular following processing, incorporating or mixing with other items as well as after disposal of the Supplier's products.

XII. Confidentiality

The Supplier is obliged to deem as business secrets all our orders and related commercial and technical details. The Supplier is under obligation to maintain secrecy concerning documents and information after expiration of this agreement. They may be disclosed to third parties only with our explicit written approval.

XIII. Industrial property rights, release

The Supplier guarantees that the delivered item and its format are in accordance with the regulations which are in existence for operating or using such items, no matter if this regulation is based on European rights, law, official directives or trade practices.

The Supplier commits himself to hold us free and harmless from any claims under either public or private law arising from contravention of the above rights, law, directives or practices. The Supplier guarantees that no third-party rights are violated in connection with his delivery. Should any claims be made against us by third parties for violation of industrial property rights, the Supplier is obliged to save us harmless from these claims upon first written request. Regarding the use of any third-party property rights relating to licensing agreements entered into by the Supplier, he shall take care that the use of all delivered items is permissible in all countries where relevant property rights are in existence. We have the right to share his property rights free of charge to cover the items delivered by him. The Supplier's obligation to save us harmless relates to all expenses which we necessarily incur through or in context with the assertion of claims against us by third parties.

XIV. Place of jurisdiction, place of performance, miscellaneous

1. Insofar as nothing else results from the order, the place of performance shall be our registered office.

2. For all legal matters between the Supplier and us, even if the Supplier's registered corporate office is located abroad, the legislation of the Federal Republic of Germany applies exclusively, under exclusion of the conflict of law and the United Nations Convention on Contracts for the International Sale of Goods (CISG).

3. If the registered office of the Supplier is in one of the member states of the European Union, Rottweil (Germany) is the sole court of jurisdiction agreed upon. Should the registered office of the Supplier be outside the European Union, all disputes which cannot be settled amicably shall be ultimately decided upon by the arbitration rules of the German Institute of Arbitration (DIS) Bonn, and there can be no recourse to litigation. The court of arbitration can also decide on the validity of this agreement of courts of arbitration.

4. The Supplier undertakes to observe the Masco Corporation Supplier Business Practices Policy in accordance with attachment 1.

5. Should one or several of the clauses in the agreement or the General Purchasing Terms and Conditions (GPTC) be or become ineffective, this shall not affect the validity of the remaining clauses. Ineffective clauses shall be reinterpreted in such a manner that the economic purpose intended with these regulations will be achieved.