

# SANTEC

FLUID IMAGINATION

## UNILATERAL MINIMUM RETAIL PRICE ( “UMRP” ) POLICY

Effective January 1, 2016

Santec Faucets Inc. has established a Unilateral Minimum Retail Price (“UMRP”) Policy upon all sales of Santec Designer-branded products destined for the retail market. It is Santec Faucets expressed intent that these Policies will facilitate and maintain the rewarding economic returns earned by our dealer community for sales of Santec Designer products, and enable them to dedicate sufficient resources towards educating consumers and their own employees on the benefits, value, and quality of Santec Designer -branded products (the “Products”).

- 1. Unilateral Minimum Retail Price ( “UMRP” ) - Scope.** The UMRP applies to all sales of Santec Designer Branded Products destined for the retail market in the United States and Canada. The definition of “Retail Market” herein applies to all residential consumer sales, including to trade professionals engaged by consumers. For completeness, Santec Faucets UMRP also places limitations on wholesale distribution prices to dealers who are not Authorized Santec Faucet Retailers. Sales for commercial, hospitality or multi-unit residential projects, and specials are exempted from the UMRP. Also, sales to dealers’ employees / professionals for personal use only may also be exempted. Finally, sales of returned products are permitted (provided they are in new condition, with no defects or damage, and clearly labeled as “Open Box” or “Returned”) to be exempt from the UMRP.
- 2. UMRP - In Store.** Authorized Retailers and Distributors may not sell the Products to the retail market at a discount of more than thirty percent (30%) off the effective List Prices. (We further recommend that showrooms limit the discount to retail consumers to 25% off of List Price, and “save” the remaining percentage for trade professionals.) This includes in-store price tags and shelf labels. Such minimum retail pricing shall be effective *before* the addition of any applicable sales taxes.
- 3. UMRP - Internet.** Due to the restrictions on the minimum retail prices listed on the Internet Authorized Retailers and Distributors may **not** sell the Products over the Internet to the retail market at a discount for more than thirty percent (30%) off of the effective List Price established by Santec Faucets. Such minimum retail Internet pricing shall be effective before the addition of any applicable sales taxes and includes “in-cart” and final checkout pricing.
- 4. Minimum Selling Price ( “MSP” ) - Distribution to Non-Authorized Dealers.** Authorized Retailers and Distributors may not sell the Products to any non-authorized dealers (know as channel partners) at a discount of more than forty percent (40%) off of the effective List Prices established by Santec Faucets. Such distribution MSP shall apply both to non-authorized store and Internet retailers. It is Santec Faucets expressed intent that non-authorized dealers (who do not share the commitment to these pricing Policies) should not be enabled to compete unfairly with Santec Faucets Authorized Retailers when sourcing Products through distribution.

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ANY PRODUCT PROMOTIONS OFFERED BY SANTEC FAUCETS TO ALL AUTHORIZED DEALERS THAT PROVIDES ADDITIONAL DISCOUNTS ARE AN ACCEPTATION TO ARTICLE 5.

5. **Enforcement.** These Policies are non-negotiable, and will not be altered for any dealer or distributor. If Santec Faucets in its sole discretion determines that a dealer/distributor has violated the UMRP or MAP policy, Santec Faucets will pursue enforcement actions. Within a 12-month period:

- 1<sup>st</sup> violation: Warning.
- 2<sup>nd</sup> violation: Price increase of 5%
- 3<sup>rd</sup> violation: Suspension of dealer/distributor's "Santec Faucets Authorized" status for 180 days. (Purchasing is suspended)

6. **Verification.** Santec Faucets reserves the right to audit individual transactions for compliance under these Policies. Additionally, Santec Faucets (or an independent 3<sup>rd</sup>-party authorized to act on Santec Faucets behalf) may review advertisements and websites, and may shop retail and Internet stores to determine whether a dealer's pricing conforms to these Policies. Interpretation and enforcement shall be made exclusively by Santec Faucets in its sole discretion.

\* \* \*

**By signing below, we hereby acknowledge and agree to comply with the Policies as set forth above.**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Date: \_\_\_\_\_