

KALLIST BRAND INTERNET MINIMUM ADVERTISED PRICE (IMAP) POLICY **CATEGORY STRATEGY**

Effective January 1, 2023

Kallista brand of Kohler Co. is one of the premier plumbing companies in the United States. It maintains a significant investment in a consistent brand image emphasizing both high quality and performance. In keeping with the carefully cultivated image, Kallista believes that its products should be advertised on the Internet at prices that reflect the value of those products.

This unilateral Kallista Brand Internet Minimum Advertised Price (IMAP) Policy (the "Policy") will be applicable to all third-party channels of distribution, including distributors approved as Authorized E-Tailers and Authorized E-Tailers, engaged in online retail advertising (hereafter "E-Tailers"). Kallista will not support an E-Tailer's advertising or promotional activities through online media that could diminish the value of the Kallista brand.

This Policy is in addition to and separate from all other programs and policies intended to establish a strong online brand presence, allowing the end customer an experience that is commensurate with Kallista's emphasis on high quality and performance.

1. SCOPE OF POLICY

The Policy applies to all online advertising and promoting by E-Tailers. This includes placements on any and all third-party marketplaces, websites, social networks, banner ads, broadcast e-mails, landing pages, etc. that are associated with or in connection to an E-Tailer in any manner.

This Policy applies only to advertised prices and does not apply to the price at which the products are actually sold to an end customer. E-Tailers remain free to sell products at any prices they choose.

2. COVERED PRODUCTS

The vast majority of Kallista brand plumbing products are covered under this KALLISTA Brand IMAP Policy. Excluded will be a relatively small set of products. On at least a quarterly basis, Kallista shall provide each E-Tailer a listing of Kallista brand plumbing products NOT subject to this Policy.

Products may be added or dropped from this Policy at Kallista's sole determination. E-Tailers shall be provided at least thirty (30) days' advance notice before a product item is added or dropped from the Policy.

Products identified by Kallista as "discontinued" shall not be subject to this Policy.

3. ADVERTISING PRICES

- a. *The advertised price of a product covered by this Policy cannot represent a discount deeper than 25% off of the current Kallista published list price (the Kallista brand published list price net of the 25% discount is herein referred to as the "Minimum Advertised Price" or "MAP") unless otherwise indicated. Kallista will provide all*

E-Tailers with thirty (30) days' advance notice of changes to its current published price list.

- b. Kallista may implement additional tiers of MAP (discounting other than 25% off of list price). Kallista will communicate details around these unique tiers at the category or product detail level to E-Tailers at least thirty (30) days in advance of implementation.*
- c. E-Tailers may advertise Kallista products at any price in excess of the MAP.*
- d. E-Tailers may advertise that customers can contact them [e.g., "call for price," "email for price," or "text for price"], provided that no automated call, text message, or "bounce-back" email is used in response.*
- e. Pricing information displayed at the final online checkout stage of a transaction is not considered advertising under this Policy. The "final online checkout stage" is the stage when a product covered by this Policy is put into a shopping cart that contains the customer's name, shipping address, email address, and payment information. Pricing information in the "shopping cart" or "checkout" stages must be obscured technically so that it is not retrievable by shopping and pricing engines, and not displayed on search page results within the E-Tailer's own website.*
- f. Instructing customers to "add to cart for price" or similar tag line is a violation of this Policy.*
- g. Promotional gift cards, instant rebates and other promotional activities that serve to effectively lower the advertised price below the MAP are not permitted when shown on the same page, email or banner ad as Kallista products.*
- h. The following actions by an E-Tailer will not be considered when calculating the effective advertised price:*
 - 1) payment of applicable sales taxes;*
 - 2) Kallista sponsored rebate program;*
 - 3) offering free shipping; or*
 - 4) providing free financing.*
- i. Kallista maintains the right to establish MAP holidays at various times throughout the year, during which period an E-Tailer that advertises a product covered by this Policy in accordance with the terms of the MAP holiday terms communicated by Kallista will not be deemed to have violated the Policy. E-Tailers will be notified at least fourteen (14) days in advance of such MAP holidays.*

4. ENFORCEMENT

Kallista recognizes that a significant number of its SKUs are subject to this Policy and could result in a fair amount of administrative work on the part of E-Tailers to ensure their advertised pricing is compliant with this Policy. That being the case, Kallista will allow each E-Tailer up to six (6) violations of this Policy within a twelve (12) month rolling time period before activating the penalty phase as stated below. It will be at Kallista's sole

determination as to whether an E-Tailer's advertised pricing constitutes an error and/or justifies activating the penalty phase.

Kallista will notify an E-Tailer via email if and when it determines a violation of this Policy has occurred.

If in Kallista's sole determination: (a) an E-Tailer receives at least six (6) different written notices identifying advertised pricing errors within a 12 month rolling time period, or (b) an E-Tailer has committed what Kallista determines to be sufficiently egregious violation, Kallista reserves the right to activate a penalty phase that may include implementing any of the following, or similar, penalties:

- 1. Loss of promotional funding;*
- 2. Removal of Kallista intellectual property from E-Tailer's website;*
- 3. Suspension of E-Tailer status for a period of time determined by Kallista (This would prohibit E-Tailer from purchasing product directly from Kallista and/or from Kallista distributors.)*
- 4. Termination of e-tailer and/or distributor arrangement with Kallista*

5. POLICY ADMINISTRATION

This Policy shall be unilaterally administered and enforced solely by Kallista, and shall be effective only in the United States. Kallista does not solicit agreement from any online retailer or distributor, nor will Kallista, accept any agreement from any online retailer or distributor regarding this Policy or the pricing at which any E-Tailer decides to sell Kallista branded products. Each E-Tailer must independently choose whether to comply with the terms of this Policy.

The Policy is subject to revision, suspension, or termination by Kallista in its sole discretion at any time. Kallista will provide notice to E-Tailers of any such revisions. There are no third-party beneficiary rights to this Policy. Kallista has the right, but not the obligation, to occasionally monitor, review or audit E-Tailers' websites. Any failure by Kallista to require compliance with any provision of this Policy for any E-Tailer will not operate as a waiver to require strict compliance in the future. No Kallista employee or agent, including a E-Tailer's sales representative, is authorized to modify, interpret, or grant exceptions to this Policy; solicit or obtain the agreement of any person to this Policy; or otherwise discuss any aspect of this Policy with any E-Tailer, including that E-Tailer's or any other E-Tailer's compliance with the terms of the Policy. Any questions about this Policy should be submitted in writing and directed to Kallista's IMAP Policy Administrator at customerservice@kallista.com. Kallista will accept no other form of communication from E-Tailers regarding the Policy.