



## **REKLUSE® Minimum Advertised Price Policy (MAP)**

**Effective August 1st 2018**

REKLUSE Minimum Advertised Price Policy (MAP Policy) Introduction: As the leading producer and innovator in the field of clutch, power delivery technology and related components, REKLUSE is proud of its role in introducing product solutions to the Powersports industry around the world. REKLUSE also values its reputation for building high quality engineered manufactured products in the marketplace.

REKLUSE recognizes that our Distributors/Dealers invest a lot of time and resources into educating the public about REKLUSE products, training knowledgeable staff, and providing customer support services. REKLUSE is committed to supporting the efforts of our Distributors/Dealers and maintaining REKLUSE's reputation for providing innovative products of excellent quality.

To maintain the high level of customer confidence in REKLUSE products and the REKLUSE brand, and to protect the investment of our quality Distributors/Dealers, REKLUSE has unilaterally adopted a REKLUSE Minimum Advertised Price (MAP) Policy. The MAP Policy was chiefly adopted because Reseller advertising practices, which promote REKLUSE products primarily on the basis of price, would be detrimental to REKLUSE's reputation, Distributors/Dealers' educational training, and customer support efforts, as well as REKLUSE's competitive position. Such activities can be harmful to the REKLUSE brand and allow some Resellers to take advantage of the efforts of others. REKLUSE believes this is unfair and strongly discourages such practices.

REKLUSE, in its unilateral discretion, will not do business with any Reseller that intentionally advertises any REKLUSE product below its Retail/MAP price. REKLUSE believes that enforcement of the MAP Policy will make REKLUSE products more competitive and benefit all of its Distributors/Dealers. (Please see Retail/MAP Price).

### **Section 1: Policy**

**THIS POLICY IS NOT INTENDED TO CONTROL, INFLUENCE, DETERMINE, RESTRICT OR LIMIT IN ANY WAY THE PRICE AT WHICH ANY RESELLER MAY SELL REKLUSE PRODUCTS. THIS POLICY IS STRICTLY LIMITED TO RESTRICTIONS ON ADVERTISING. EACH RESELLER REMAINS ENTIRELY FREE TO DETERMINE ITS OWN RESALE PRICE FOR ALL REKLUSE PRODUCTS.**

1. REKLUSE recognizes that any **Distributor/Dealer/Reseller, herein referred to as Reseller** (Reseller defined as any entity reselling product for financial gain), can make its own independent decisions to advertise and sell any REKLUSE product at any price it chooses without consulting or advising REKLUSE. However, REKLUSE similarly has the right to make its own independent decisions regarding product allocations and participation of a Reseller.

2. REKLUSE reserves the right, in its unilateral discretion, to take any action with respect to any Reseller that violates this MAP Policy. This includes, without limitation, the right not to sell REKLUSE products to any Reseller that violates this MAP Policy. Any Reseller determined by REKLUSE to have violated this

MAP Policy agrees to cease using REKLUSE intellectual property (including but not limited to Trademarks, Copyrighted Material and Patents) on any online or physical store or in any advertisement.

3. REKLUSE, at its sole discretion, may hire a third party to monitor or enforce the MAP Policy.
4. All Rekluse products will have a MAP price that is equal to the suggested MSRP of each item. Resellers listing a price which is lower than the MAP price next to the featured MAP product in any advertising will be viewed as a violation of this MAP Policy. This MAP Policy applies to all advertisement of REKLUSE products in any and all print and digital media. Many websites include features such as "Click for Price," automated "bounce-back" pricing e-mails, preformatted e-mail responses, forms, automatic price display for any items prior to being placed in a customer's shopping cart, or other similar features which are all considered "advertising" under this MAP Policy. This MAP Policy also applies to any activity which REKLUSE, in its sole discretion, determines to be designed or intended to circumvent the intent of this MAP Policy including solicitations for "group purchase" and the like.
5. Where REKLUSE products are bundled with or sold as part of a package that includes other products, it shall be a violation of the MAP Policy to advertise the bundle at a price that: (a) is lower than the total MAP of REKLUSE products in the bundle or (b) violates the letter or spirit of the MAP Policy. (c) breaks down REKLUSE kit packages or assemblies and advertises items individually or bundled with other items below the MAP Policy. It shall also be a violation of the MAP Policy if products are bundled with, or displayed as part of a package that includes products not pre-approved by REKLUSE. Pre-approved products must be approved by REKLUSE to ensure the product is up to REKLUSE standards.
6. It shall be a violation of this MAP Policy for Reseller(s) (excluding REKLUSE authorized promotional programs) to include in any advertising for REKLUSE products any additional discount, coupon, gift card, or other incentive that translates into an immediate price reduction, where the cumulative effect would be to reduce the advertised price of any REKLUSE product below MAP. Any such advertising will also be considered in light of the requirements of Section 6 above. For example, a gift card redeemable on a future purchase would be considered an "other product" under Section 6 and would be a violation of this MAP Policy.
7. If a reseller has multiple stores and violates this MAP Policy with any store, REKLUSE will consider this to be a violation by all of the Reseller's locations.
8. Resellers remain free to establish their own resale prices, but REKLUSE reserves the right to cancel all order and indefinitely refuse to accept any new orders, according to published **Do Not Sell List** (DNS List) to Authorized or Unauthorized Resellers [www.Rekluse.com](http://www.Rekluse.com), and terminate the Account status of any Reseller following REKLUSE's verification that such Reseller has advertised any REKLUSE product at a net sales price less than the current MAP price established by REKLUSE, or if the Reseller has violated this policy in any other way.

Furthermore, Distributors/Dealers/Resellers are responsible for monitoring to whom they and their customers sell to. Distributors/Dealers/Resellers are required to maintain and request their customers ship to address information be published for traceability should a violation occur. Distributors/Dealers/Resellers are responsible to ensure no comingling of inventory occurs by third party fulfillment entities, which ship to their customers. If the Reseller or their customer is violating the MAP pricing and they are placed on the Do Not Sell List, (DNS); DNS shall be comprised of any individual,

or business entity that has lost the right to sell, or promote REKLUSE products based on the terms of this MAP Policy. The Distributor/Dealer/Reseller is responsible for not selling that customer. If the Distributors/Dealers/Reseller is determined to be selling the customer listed on the DNS list, the Distributors/Dealers/Reseller will also be in violation and subject to enforcement penalties

## **Section 2: Response to MAP Policy Violations**

Sanctions for violation of REKLUSE Map policy, at minimum, are set out below.

### **1st Violation**

**For the first violation during the Policy Period:** The offending Reseller, after receiving notification from REKLUSE of such violation, will remove or stop the violation, or cause the violation to be removed or stopped (if REKLUSE determines that it or they can be) within the Allotted Period. For purposes of this Policy, the "Allotted Period" means the time period specified in the notice of violation provided by REKLUSE to such Reseller, which typically will be one of the following: [1] no later than one (1) business day (usually for a violation involving the Internet); [2] no later than three (3) business days (generally for all other cases); or [3] by the conclusion of the period otherwise specified by REKLUSE.

### **2nd Violation**

**For the second violation during the Policy Period:** In the event that the violation that caused the first violation is not removed or stopped (if REKLUSE determines that it or they can be) within the Allotted Period or if such Reseller otherwise violates this Policy a second time (effective as of the date specified in notice from REKLUSE to such Reseller and continuing for the next (30) days), the authorization of such Reseller to purchase each stock-keeping unit ("SKU") in the product family involved in the second violation (as determined by REKLUSE) will be immediately revoked by REKLUSE, so that all pending orders (even if accepted) from such Reseller will be cancelled and no new orders will be accepted from such Reseller for each such SKU in violation.

### **3rd Violation**

**For the third violation during the Policy Period:** In the event that the offending conduct that caused the second violation is or are not removed or stopped (if REKLUSE determines that it or they can be) within the Allotted Period after receiving notice of the second violation from REKLUSE or if such Reseller otherwise violates this Policy a third time, effective as of the date specified in notice from REKLUSE to such Reseller and continuing until REKLUSE provides notice to such Reseller otherwise, if ever, the authorization of such Reseller to purchase **any or all** of the REKLUSE products designated by REKLUSE (the "Designated Products") will be immediately revoked by REKLUSE for (90) days or indefinitely, so that all pending orders (even if accepted) from such Reseller will be cancelled and no new orders will be accepted from such Reseller for any or all of the Designated Products.

### **4th Final Violation**

**For the final violation during the Policy Period:** In the event that the offending conduct that caused the third violation is or are not removed or stopped (if REKLUSE determines that it or they can be) within the Allotted Period after receiving notice of the third violation from REKLUSE or if such Reseller otherwise violates this Policy a fourth time, effective as of the date specified in notice from REKLUSE to such Reseller and continuing until REKLUSE provides notice to such Reseller otherwise, if ever, the

authorization of such Reseller to purchase REKLUSE products will be terminated. REKLUSE products are designated by REKLUSE (the "Designated Products"). If Reseller has no subsequent violation for period of 12 months from final violation, the violation is removed and Reseller will have rights reinstated to purchase products from REKLUSE or other Resellers.

REKLUSE reserves the right to impose more severe sanctions at its sole discretion if the MAP Administrator believes that is justified and necessary to enforce the policy. REKLUSE need not provide prior notice or issue warnings before taking any action under this MAP Policy. Intentional and/or repeated failure to abide by this MAP Policy will result in sanctions unilaterally imposed by REKLUSE and may include termination.

### **Section 3: General Terms**

**The MAP Policy applies to Resellers only in the United States and Canada, and the terms of the MAP Policy do not apply to the extent any state or United States territory by statute or other applicable law expressly prohibits policies on minimum advertised prices.**

REKLUSE is not limited by the terms of the MAP Policy and has the right to exercise its own judgement in determining the Resellers with which REKLUSE will do business, subject to the terms of any agreement with a Reseller.

Notwithstanding anything to the contrary contained herein, the MAP Policy is a unilateral policy of REKLUSE and is not a contract or agreement with or by any Reseller. REKLUSE, in its sole discretion, is responsible for interpreting and enforcing the MAP Policy and may modify, suspend, or terminate the MAP Policy at any time. In the future REKLUSE may also, in its sole discretion, announce MAP "Holidays", which refer to a period of time during which the MAP Policy will be temporarily modified by REKLUSE in a defined manner.

Questions regarding the MAP Policy should be emailed to [mappolicy@rekluse.com](mailto:mappolicy@rekluse.com) which is overseen by REKLUSE's Sales Management and supported by REKLUSE's internal and third party teams. All interpretations and representations in respect of REKLUSE MAP Policy shall be made by REKLUSE CEO, Sales Management, or Legal Counsel. No other representative of REKLUSE is authorized to make any representations of interpretations in respect of the MAP Policy, and any such attempted representation or interpretation is unauthorized and invalid.

**This MAP Policy is confidential and Resellers should not disclose communications regarding this MAP Policy or Violations to any other person or entity or Section 2 will apply.**

Questions about this policy should be directed to: [mappolicy@rekluse.com](mailto:mappolicy@rekluse.com).

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