



***Confidential – Minimum Advertised Price Policy (MAP): The new policy, effective July 1, 2020 applies to all Spring USA companies.***

To: All Spring USA Dealers and Distributors

Date: May 22, 2020

Spring USA believes that how its products are advertised and promoted by its dealers and distributors has a substantial effect on the perceived quality and value of its products as a premium brand in the marketplace. More specifically, Spring USA believes that there is an equally important correlation between the way its product pricing is advertised, in relation to its published list pricing, and the capability of its dealers and distributors to sustainably provide the kind of dedicated and ongoing value-added pre-sales and post-sales services, support, and infrastructure that the company considers vital to the continued development and maintenance of its brand competitiveness. Discounted advertising that departs from the company's list pricing, as announced from time to time, can negatively affect the Spring USA brand in the marketplace and lead to damage to the company's reputation as a manufacturer of high-quality products.

Accordingly, the company has determined that its interests in continuing to maintain a strong brand identity and dealer/distributor network are best served by adopting this Minimum Advertised Price Policy, effective July 1, 2020.

#### **Policy Statement**

Spring USA dealers or distributors may not advertise Spring USA products at less than a Forty percent (40%) discount from current list pricing, as it may be published or revised from time to time. All Spring USA dealers and distributors are responsible for remaining current with Spring USA's products, with this MAP Policy, as amended from time to time, and with Spring USA's list pricing.

#### **MAP Policy Coverage: Applies to Advertising Only, Not Resale Price**

This MAP Policy applies only to price advertising and does not speak to or restrict any dealer or distributor with respect to the price at which the dealer or distributor ultimately resells our products, even if below the Minimum Advertised Price, or with respect to the terms and conditions of sale.

#### **MAP Pricing and Astra List Prices**

Spring USA's MAP Policy applies to all advertisements of Spring USA products that appear or are intended to appear in any and all advertising media, including (without limitation) *print advertising*, such as newspapers, magazines, catalogs, posters, and direct mail (flyers, coupons and similar inserts); *electronic advertising*, such as email or facsimile advertising, radio, and television; *internet advertising*, including dealer, distributor or third party websites, banner ads or crawlers, and social media; and *outdoor or indoor signage or display advertising*, such as signs, billboards, point of purchase materials, and auctions.



Electronic mail sent in response to customer inquiries stemming from a dealer or distributor's in-store displays, banners, or other in-store price markings are not considered to be "advertising" for purposes of this MAP policy, nor are communications relating to price negotiations between a specific dealer or distributor and a specific customer that does not involve media that is open or available to third parties.

Spring USA prohibits the use of split-screen, side-by-side advertising, or pop-ups to advertise a like product of any other brand. Spring USA prohibits any dealer or distributor from directing a Spring USA customer who types in a Spring USA product or item number to automatically or inadvertently direct the customer to any other brand.

Dealers and distributors may not make any statements, displays, or communications on its website that indicate, state, imply, or suggest that a lower price may be found at the online check out, including but not limited to: "click here for lower price," "see lower price in cart," "add to cart for lower price," "check cart for lower price," "mouse over for price," "log-in for price," "e-mail for a better price," "call for lower price," or similar language. Such website features as "Click for price," automated "bounce – back" pricing emails, pre-formatted e-mail responses, forms, automatic price display for any items prior to being placed in a customer's shopping cart, and other similar features are considered to be communications initiated by the dealer or distributor (rather than the customer) and constitute "advertising" under this MAP Policy.

This MAP Policy also applies to any activity which Spring USA determines, in its sole and absolute discretion, is designed or intended to circumvent the intent of this MAP Policy, such as solicitations for "group purchases" and the like. Advertising free products or discounted Spring USA products with the purchase of a Spring USA product is contrary to this MAP Policy if the net effect of such an offering results in an advertised price for the Spring USA product that is below MAP. This MAP Policy does not apply to any reduced price that a dealer or distributor wishes to place within a purchaser's online shopping cart as a final stage of an online purchase(s), so long as the end user enters the final stage on his/her own without any reference on the website that a lower price will be found at the online checkout or final purchasing stage.

No dealer, distributor, or reseller may advertise a price in violation of this MAP Policy on any third-party platform in which it may operate as a vendor. No dealer, distributor, or reseller, under any policy or effort to match or beat a competitor's price, may advertise a price in violation of this MAP Policy even if it identifies another dealer, distributor, or reseller who is advertising a price in violation of this MAP Policy. This shall include any dealer, distributor, or reseller who sells as a vendor on a third-party platform, such as Ebay.com, Amazon.com, or the like. Third-party platform providers, dealers, distributors, and resellers must take measures to ensure any advertisements in violation of this MAP Policy by competitors or vendors using its platform do not automatically generate a matching lower price by the platform provider, dealer, distributor, or reseller in violation of the MAP Policy. It is a violation of this MAP Policy to advertise a price below MAP pricing, even if such advertised price was automatically generated due to a MAP Policy violation by a vendor or competitor on another medium or platform.



On occasion, Spring USA may offer special price promotions on certain products that, in the exercise of its discretion, are intended to lie outside of MAP pricing. In such instances, Spring USA will notify its Resellers of such promotion and adjust or suspend MAP pricing for a time period determined by Spring USA. Spring USA may also, at its discretion, suspend or eliminate MAP pricing on certain discontinued products, "demo" products, or factory "seconds," upon notice to its Resellers.

### **MAP Policy Enforcement**

This MAP Policy, which is being unilaterally adopted by Spring USA, will be strictly and uniformly enforced, and no Spring USA officer or employee will have the authority to modify or grant individual exceptions to this Policy.

Spring USA, or third parties with which Spring USA may contract, will monitor dealer and distributor advertising to ensure compliance with this MAP Policy. Spring USA has not sought and will not seek any written or oral assurance of compliance from any dealer or distributor, whether in advance of adoption of this Policy or in connection with any suspected, reported or observed violation. Any reports received by Spring USA of any violation of this MAP Policy, including the identity of the person reporting such alleged violation, will be held in strict confidence. Dealers and distributors are expected to provide reasonable cooperation in any Spring USA investigations regarding possible MAP Policy violations. Hindering, obstructing, delaying, or otherwise failing to cooperate with a Spring USA MAP Policy investigation is a violation of this MAP Policy.

Spring USA will not act at the best of, nor negotiate with, any Spring USA dealer or distributor in connection with a claim of an alleged violation of this MAP Policy by another Spring USA dealer or distributor. In the event of a violation, which will be finally determined unilaterally by Spring USA, after investigation, the dealer or distributor will be notified in writing, stating the facts regarding the violation. The consequences of a violation (over a 12-month period) will be as follows:

- First violation: Will result in a written warning. Violation must be corrected within 2 business days or consequence moves to second violation action.
- Second violation: Will result in a written warning and a hold on all shipments for 10 days. Violation must be corrected within 2 business days or consequence moves to third violation action.
- Third violation: Will result in a written warning and a hold on all shipments for 30 days. Violation must be corrected within 2 business days or consequence moves to fourth violation action.
- Fourth violation: Will result in a written warning and a hold on all orders for a period of 90 days. Violation must be corrected within 2 business days or consequence moves to fifth violation action.
- Fifth violation: Will result in a written warning and the suspension of dealer's or distributor's account. Dealer or distributor must contact Spring USA regarding lifting account suspension.



Spring USA will notify its dealers and distributors at least 30 days in advance of any changes to this MAP Policy or of any price increase or decrease and will provide new list prices, by product, no less than 30 days in advance of the effective date. Spring USA reserves the right to reduce any applicable rebates or incentives as a result of a fifth violation.

**MAP Policy Modifications**

Spring USA reserves the right at any time to modify or discontinue this MAP Policy, in whole or in part, or to institute and designate special promotional periods during which specific provisions of this Policy, or the Policy itself, may be changed or its enforcement temporarily suspended. All Policy changes or modifications will be timely communicated to Spring USA's dealers and distributors.

Please call me with any questions regarding the new Spring USA MAP Policy.

Respectfully,

A handwritten signature in black ink that reads "Nicholas Lekos". The signature is fluid and cursive, with "Nicholas" on the top line and "Lekos" on the bottom line.

Nicholas Lekos  
Global Director of Sales  
Spring USA Manufacturing