



## MAP POLICY

(Effective 11/01/16)

### INTRODUCTION

KWA Performance Industries, Inc. ("KWA") recognizes that its success is tied to the success of the KWA network of select authorized dealers. We understand that many of our dealers invest significant time and resources to deliver an extraordinary customer experience. We want to protect their ability to do so, while at the same time discouraging price-based advertising that would be detrimental to our dealer's service and support efforts. As a result, KWA has unilaterally established this Minimum Advertised Price ("MAP") Policy.

### POLICY STATEMENT

KWA, in its sole discretion, reserves the right to discontinue doing business with any reseller that advertises any product(s) covered by this MAP Policy at a price lower than the MAP.

### GENERAL GUIDELINES

1. KWA may in its sole discretion modify this agreement from time to time.
2. KWA recognizes that authorized dealers are free to make their own decisions to advertise and sell any KWA products they choose, without consulting or advising KWA. Similarly, KWA will exercise its right to make its own decisions regarding the KWA Authorized Dealer Reseller Program, supplemental marketing materials, point-of-purchase displays, product allocation, new product availability, or future promotional, joint marketing, or sponsorship programs.
3. KWA believes in maintaining a well-regulated and fair marketplace for all its authorized resellers.
4. The MAP Policy applies to advertised prices, not the price at which MAP products are actually sold.
5. KWA encourages authorized dealers to confirm MAP with their KWA account manager before launching any promotions involving KWA products to ensure compliance.

MAP pricing can be found at <https://store.kwausa.com> for all KWA products, parts & accessories.

### ADVERTISING GUIDELINES

1. The MAP Policy applies to all advertisements of MAP Products in any and all media, including but not limited to flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, television, radio, and public signage, as well as Internet sites, social media sites, apps, or any other electronic media.
2. The MAP Policy does not apply to solely on premise or in-store advertising that is not distributed to customers
3. Website features such as "click for price", automated "bounce-back" pricing e-mails, pre-formatted e-mail responses, forms, and 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 (rather than by the customer) and thereby constitute “advertising” under this MAP Policy.

4. It shall not be a violation of this MAP Policy to advertise that a customer may “call for price” or “email for price”, or to use similar language, specifically with respect to KWA Products, so long as no price is listed.
5. Free offers associated with KWA products such as free shipping and/or handling, 0% sales tax, or free financing promotions do not violate the MAP.
6. This MAP Policy also applies to any activity which KWA determines, in its sole discretion, is designed or intended to circumvent the intent of this MAP Policy, such as solicitations for ‘group purchases’ and the like.
7. It shall not be a violation of this MAP Policy to advertise in general that the dealer has “the lowest prices” or will match or beat its competitors’ prices, or to use similar phrases; so long as the reseller does not include any advertised price below MAP and otherwise complies with this MAP Policy.
8. From time to time, KWA may permit resellers to advertise MAP Products at prices lower than the MAP retail price. In such events, KWA reserves the right to modify or suspend the MAP retail price with respect to the affected products for a specified period of time by providing advance notice to all resellers of such changes.
9. From time to time KWA may offer a direct manufacturer’s rebate to customers. In such events, it shall not be a violation of this MAP Policy to advertise the availability of the manufacturer's rebate, provided that:
  - a. the advertisement includes a MAP-compliant price, the rebate amount, and the net price after manufacturer's rebate in the same type size and style;
  - b. An asterisk is placed next to the net price after manufacturer's rebate; and
  - c. “\*after manufacturer's rebate” appears in the same area of the advertisement as the advertised product.

#### **BUNDLING GUIDELINES**

1. “Bundling” or advertising KWA products for sale together with other products will violate this MAP Policy when:
  - a. the effective or stated price of the bundle represents a discount of greater than 15% of the MAP; or
  - b. the product(s) bundled with MAP Products violate KWA's Intellectual Property rights; or
  - c. the product(s) bundled with MAP Products violate the KWA Trademark and Brand Policy; or
  - d. the product(s) bundled with MAP Products include words, packaging, graphics, or other indicia which may create customer confusion as to the source of the product(s); or
  - e. the effective or stated discount is greater than 15% of the highest priced item in the bundle.
2. Product(s) bundled with the MAP Products must not, without conspicuous warning, be:
  - f. technically incompatible; or
  - g. create or encourage additional risk of damage, bodily injury, or death to the customer if used together.
3. Gift cards, coupons, points, or other incentives which are contingent on the purchase of a MAP Product will violate this MAP Policy when:
  - h. the effective or stated price of the bundle represents an immediate discount of greater than 15% of the MAP; or

- i. the effective or stated price of the bundle represents a discount of greater than 15% of the MAP after taking into consideration any contingent future purchase.
- 4. Rebate programs from KWA, whether on MAP Products or KWA's partners' products are exempt from this policy.

**POLICY ENFORCEMENT**

1. If a dealer with multiple store locations violates this MAP Policy at any one store location, or on any associated website, then KWA will consider this to be a violation by the dealer, not just the specific store location.
2. KWA reserves the right to cancel any pending orders, restrict future orders, or suspend dealers' account if KWA reasonably believes:
  - a. dealer has violated the provisions of this policy; or
  - b. a dealer intends to violate this policy.
3. KWA's MAP Policy Administrator is solely responsible for determining whether a violation of the MAP Policy as occurred, as well as determining appropriate sanctions.
4. Waivers to this MAP Policy may be granted in KWA's sole discretion by the MAP Policy Administrator in writing. KWA Sales, Marketing, or other personnel are not authorized to modify or grant exceptions to the MAP Policy. In the event that the MAP Policy Administrator authorizes a waiver to the MAP Policy, dealers must strictly adhere to the terms of the waiver letter. Deviation from the terms of a waiver letter is a violation of the MAP Policy.
5. KWA monitors the advertised prices of dealers, either directly or via the use of 3rd party agencies or tools. Dealers are expected to provide reasonable cooperation in any KWA investigations regarding possible MAP Policy violations. Hindering, obstructing, delaying, or otherwise failing to cooperate with a KWA MAP Policy investigation is a violation of this MAP Policy.
6. The MAP Policy will be enforced by KWA in its sole discretion and without notice. Dealers, distributors, resellers, have no right to enforce the MAP Policy. Violations of this policy may result in any of the aforementioned sanctions up to and including termination of our business relationship, as well as any available remedies at law.

Our MAP policy is intended to encourage competition for the sale of KWA products in a manner that is consistent with the long-term interests of our customers. We are sure that you share our commitment to customer satisfaction and as such, we ask that you indicate by signing this MAP confirmation agreement.

Thank you for your prompt attention to this mater, and your continued support for KWA products.

This KWA MAP Policy & Confirmation Agreement is made by & between KWA Performance Industries, Inc. and:

Authorized Dealer Representative (Print Name): \_\_\_\_\_

Authorized Dealer Representative Signature: \_\_\_\_\_

Title: \_\_\_\_\_

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

# MAP POLICY F.A.Qs

## Question: How can I tell if my proposed bundle is MAP compliant?

The bundle STATED and EFFECTIVE discount cannot exceed 15% of the most expensive item in the bundle.

Example scenarios:

- 1. KWA rifle bundled with a Brand A accessory:**
  - a. Ad STATES "A \$349.99 value for \$299"
  - b. KWA rifle= MAP price \$299
  - c. Brand X stock: 50.99
  - d. Total EFFECTIVE discount: 17% = Violation**
- 2. KWA rifle bundled with a Brand B accessory:**
  - a. Ad STATES "Bundle includes a Brand B accessory for \$299.99"
  - b. KWA rifle= MAP price \$299
  - c. Brand B accessory: ??? Current online price with a google search reveals Brand B accessory is listed for between \$34.99 to \$79.99 AND item is NOT separately listed for sale on the same site for a MAP violating price.
  - d. Total possible EFFECTIVE discount 7% to 16% = NOT a violation**
- 3. KWA rifle bundled with Brand C accessory:**
  - a. Ad STATES "Includes a Brand C accessory (a 29.99 value!) for 299.99"
  - b. KWA rifle = MAP Price 299.00
  - c. Brand C accessory Stated value: 29.99 (identical accessory is not available for separate purchase on the listing dealers webstore, or is listed at 49.99)
  - d. Total EFFECTIVE AND STATED discount 10%- NOT a Violation**
- 4. KWA rifle bundled with a Brand D accessory:**
  - a. Ad STATES "Includes a Brand D accessory for 299.99"
  - b. KWA rifle Price 299.99
  - c. Brand D accessory price is listed for sale separately on the website for 59.99
  - d. Total EFFECTIVE discount 59.99 or 19% = Violation**
- 5. KWA rifle bundled a Brand E accessory:**
  - a. Ad STATES "Includes a Brand E accessory for 199.99 (a 19.99 Value)"
  - b. Brand D accessory price is listed for sale separately on the website for 39.99
  - c. Total EFFECTIVE discount 29.99 or %19 = Violation**
- 6. KWA rifle bundled with Brand F accessory:**
  - a. Ad STATES "329.99 for a KWA rifle and Brand F accessory"
  - b. KWA rifle MAP price 299.00
  - c. No STATED discount, total EFFECTIVE discount is 329-29.99 (price of with Brand F accessory listed online and separately on the same website-but not in the bundle listing) 29.99
  - d. Total effective discount is 50.00 or 10%- NOT a Violation**

**Question: What happens if I receive a notice of MAP violation?**

Authorized Dealers with product and bundle MAP violations will:

- Have 24 hours to correct the price to be MAP compliant. If the infraction is not corrected within 24 hours or if this is your second MAP violation in a rolling six month period, you will be placed in "Non-Compliance" status;
- If MAP violation has not been corrected in 24 hours the dealer will be placed in "Non-Compliance" status in our system and a "Stop Ship" order will be placed on the account; the "Non-Compliance" and "Stop Ship" designations will be removed 14 days after the MAP violation is corrected. You must notify KWA of the correction at sales@kwausa.com. You will not be able to place new orders under "Non-Compliance" status. Orders where an "Acknowledgment of Receipt" was sent by KWA will continue to ship, however no new Acknowledgments will be sent on accounts with a "Stop Ship" status.

**Question: What happens if I have a new MAP violation while already under a "Stop Ship"?**

The 14 day "Stop Ship" period resets and will begin as soon as all violations are corrected and KWA is notified of the correction.

**Question: Will KWA take additional actions in regards to MAP violations?**

KWA reserves its right to take additional actions up to and including termination of our relationship with your company.

**Question: What About Price matching other retailers?**

KWA does not allow advertising any MAP covered product below MAP price under any circumstance.