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Value Protection Policies for Resellers and Retailers

BBB Industries, LLC [BBB] commitment to providing “the right part, in the right place, for the right price” over the last 30 years has made the company the supplier of choice for professional installers in North America. Some retailers and resellers have or may take advantage of this reputation by selling BBB products as loss leaders or misusing the intellectual property of BBB.

BBB has unilaterally adopted these Value Protection Policies for Retailers and Resellers effective as of February 1, 2019. These policies consist of an Electronic Minimum Retail Price “eMRP” Policy and an Intellectual Property “IP” Policy. Collectively, these policies are designed to:

- Support and preserve the reputation and value of BBB brands
- Protect channel partner margins
- Avoid channel conflicts regarding prices

BBB is confident these policies will strengthen its competitiveness and benefit all its channel partners.

Policy Coverage

The eMRP Policy applies to select SKUs sold online while the IP policy applies to all SKUs sold in all channels. Both policies apply to the following BBB brands:

- ATSCO
- Endurance
- Genco
- Gold Premier
- King Kalipers
- New Advantage
- OE-Turbopower
- Pace
- Platinum
- Superior
- Superior1
- Vision-OE
- Wilson
- Wilson Professional Series

Resellers of BBB products are responsible for understanding these policies as well as informing their Retailers of these policies. *Any noncompliance by a Retailer directly constitutes a violation of these policies by the Reseller that sells BBB products to the violating Retailer.*

The Electronic Minimum Retail Price Policy

The eMRP policy establishes an online minimum retail price for the select SKUs included in the price list provided by BBB in the Value Protection Policy Portal: <http://www.bbbind.com/value-protection-policy/>

Any electronic content containing price information regarding one or more of the select SKUs is subject to the eMRP Policy. The eMRP Policy covers online advertised and transaction prices found:

- Outside the Cart (or another container)
- In the Cart (or another container)
- At the checkout

Conventional advertising, such as offers made through newspapers, store circulars, catalogs, radio or television, is not considered electronic marketing and is not subject to the eMRP policy.

Although Resellers and Retailers remain free to establish their own resale prices, you can violate the eMRP policy by using any form of electronic marketing to sell, achieve sales or advertise BBB Covered Products at a lower net price than the corresponding minimum retail prices established and provided by BBB during the effective policy period.

Furthermore, extra fees and/or costs, such as shipping costs or transactional fees, will not be considered when determining a retailer's compliance with this policy. For example, if a product's eMRP is \$99.99, a retailer would be in violation of this Policy if it was to advertise or sell the product for \$89.99 with an additional \$10 for shipping cost or another type of fee. However, a retailer is still permitted to offer "free shipping" or include extra fees or costs in addition to the product's eMRP.

eMRP Policy Changes: At any time, BBB may change the eMRP or add or delete any or all the Covered Products. When a change is made BBB will notify you at least 15 days ahead of the effective date. BBB will communicate all changes through the Value Protection Policy Portal. You are responsible for making sure you are aware of all changes to the eMRP and/or Covered Products in all circumstances.

eMRP Policy Exemptions: You will not violate the eMRP policy using any form of electronic marketing to advertise or sell Covered Products at a lower net price than the corresponding minimum retail prices established and provided by BBB during the effective policy period, if the offer is made with one of the following exemptions:

- **Site-wide or Category-wide Promotions** - A coupon, discount or rebate may be applied to all the products offered by an authorized Reseller or Retailer in a category-wide promotion if there are at least two (2) other non-BBB brands are included in the category
- **Loyalty Points** – a purchase that includes the use of "points" or "Loyalty Points" can be used if the points can be applied to purchase or receive all products and services from a Retailer;
- **Military Exchanges** – are acceptable provided that the offer or sale is made by a Retailer that is part one of the Military Exchange Service Exchanges listed below, or another military exchange service; that the customer or potential customer is eligible to shop at a Military Exchange Service; and is at a net price no lower than 90% of the current eMRP. List of Military Exchange Services include:
 - a) Army & Air Force Exchange Service (AAFES)
 - b) Navy (NEX)
 - c) Marine Corps (MCX)
 - d) Coast Guard (CGX)
 - e) Veterans Canteen Service (VCS)
 - f) Canadian Forces Exchange System (CANEX)

INTELLECTUAL PROPERTY POLICY

BBB regards our Intellectual Property – (e.g., product images, packaging, logos, brand names, product content, product images, videos, etc.) as critical to our success. Unauthorized use of BBB Intellectual Property may adversely affect our business and reputation, including the perceived quality and reliability of our products. We rely on trademark law, company intellectual property protection policies, and agreements with our employees, customers, business partners and others to protect the value of our Intellectual Property.

Authorized Resellers are granted a non-exclusive license to use BBB Intellectual Property, solely for promoting BBB products for resale and for no other purpose.

GUIDELINES:

To maintain a strong brand identity and provide the highest level of quality and service, we have developed simple guidelines that govern BBB Intellectual Property.

- I. All domain names where BBB products will be sold must be submitted to BBB, and BBB is to be notified in advance of any change or addition of domain names. These domain names include third-party e-commerce websites.
- II. Only use provided BBB Intellectual Property for the promotion of BBB products. An authorized BBB Marketing or Catalog Representative is the ONLY approved source to obtain BBB Intellectual Property.
 - a. Sharing of BBB Intellectual Property between Authorized Resellers or Non-Authorized Resellers is **STRICTLY PROHIBITED**.
 - b. Scanning or lifting BBB Intellectual Property from any BBB catalog, BBB website, or from Authorized Resellers or Non-Authorized Reseller websites – is **STRICTLY PROHIBITED**.
- III. Authorized Resellers will comply strictly with any directions from BBB from time to time regarding the form and manner of the application or use of our Intellectual Property.
- IV. Authorized Resellers acknowledge and agree that all BBB Intellectual Property Rights of any nature and howsoever arising, and all other rights in and to the Intellectual Property, are and shall remain the property of BBB and the Authorized Reseller gains no such rights in or to the same.
- V. Authorized Resellers agree not to do or omit to do anything which may diminish our rights in our Intellectual Property and undertake to ensure that your use of our Intellectual Property shall in no way reduce or diminish the reputation, image, and prestige of BBB.
- VI. BBB reserves the right to inspect, review and control any use of its intellectual property on all websites.

Consequences of Violation this Policy:

BBB, without assuming any liability, will take one or more of the following actions following verification by BBB to its satisfaction that a Reseller has promoted or sold Covered Product(s) to a Retailer whose name appears on the then-current Do-Not-Sell List. Non-compliance of the guidelines set forth in this Policy will result in Penalties of increasing severity.

First Violation: at the time of the first BBB notice, the violation must be remedied by the offender within fourteen (14) calendar days of the notice. If at the time of the first notice the violation was stopped or removed, no further action is needed by the offender, but a violation is accrued.

Second Violation: if the violation is continuing from the first violation, meaning the violation has not stopped or removed within the allotted period of fourteen (14) calendar days or a violation has occurred a second time, the offender has an additional period of fourteen (14) calendar days to remedy the violation from the date of the second notice by BBB.

Third Violation: a third violation of this Policy will result, at BBB's sole discretion, a price increase of ten percent (10%) or revocation of the offenders Authorized status to purchase BBB Covered Products. The offender may possibly be placed on a Do-Not-Sell List for Covered Products.

Fourth Violation: a fourth violation of this Policy, at BBB's sole discretion, will result in an increase in price of fifteen percent (15%) for all Covered Products, possible revocation of the offenders Authorized status to purchase Covered Products as well as possible placement on the BBB Do-Not-Sell List for Covered Products.

Additional Violations: each additional violation accrued during the policy period will result in the offender's placement on the Do-Not-Sell List and revocation of their Authorized status to purchase Covered Products. A failure to act by a Reseller to remedy a violation constitutes a violation of this policy and will be treated as if a new fourth violation occurred.

Each violation of this Policy is cumulative through the Policy Period. Except as noted, the consequences of each violation can take effect regardless whether the consequences for the preceding violation(s) are still running. The same act(s) or failure(s) to act may result in multiple violations. For each Retailer purchasing any or all BBB Products from one or more Resellers, this Policy will be enforced through a Do-Not-Sell List

BBB will monitor and randomly sample advertisements in both authorized Reseller and Retailer market areas. BBB sales and support representatives are not authorized or permitted to discuss or answer questions about the enforcement and/or non-compliance of any Reseller or Retailer. All questions regarding interpretation of the policy should be directed to the BBB Policy Control Coordinator at:

Value Protection Policy Administrator
BBB Industries, LLC
29627 RENAISSANCE BOULEVARD
DAPHNE, ALABAMA 36526

Email: valueprotectionadmin@bbbbind.com

Frequently Asked Questions

Q: When will the Value Protection Policies take effect?

A: The Policy will be in effect beginning February 1, 2019 with a sixty (60) day grace period for implementation.

Q: Does the eMRP Policy dictate the price at which I can sell Covered Products?

A: The eMRP policy only controls the minimum sale price at which a product can be sold.

Q: Can I report violations of the Value Protection Policies from other Retailers or Resellers to my sales representative?

A: Any questions or comments regarding this Policy should be directed to the Policy Administrator at valueprotectionadmin@bbbbind.com

Q: Can hang-tags on products in my showroom show a price lower than the eMRP?

A: Yes. This eMRP Policy is not applicable to any in-store advertising that is displayed only in the store and not distributed to customers.

Q: Will the Value Protection Policies ever change?

A: BBB reserves the right at its sole discretion to modify, amend, suspend or cancel this Policy in whole or in part or designate promotional periods during which the terms of the Policy change or designate periods of time during which the Policy is not acceptable.

Q: How will I know if and/or when the Policy changes?

A: BBB will communicate with its channel partners via email, written correspondence, and/or internet posting through the Value Protection Portal concerning any changes to this Policy.

Q: Where should questions or comments regarding the Value Protection Policies be directed?

A: Any questions or comments regarding this Policy should be directed to the Policy Administrator at valueprotectionadmin@bbbbind.com