



BRAND PROTECTION (BP) POLICIES FOR RESELLERS EXPLANATION INCLUDING FREQUENTLY ASKED QUESTIONS (FAQs)

This Explanation is intended to help answer questions in connection with the Brand Protection (BP) Policies for Resellers, but is not part of such policies.

General

1. Why has Demco implemented the Brand Protection (BP) Policies?

Demco products are of high quality with a premium image for excellence and innovation earned through extensive product and market development activities and superior service. Some Resellers have taken or may take advantage of these facts by advertising or selling such products as loss leaders, promoting or applying unfair discounts or misusing intellectual property of Demco or references to Demco or its products. In an effort to help safeguard the reputation of Demco, insure the long-term viability of its brands and protect the investment of those Resellers that provide valuable services to end users, Demco has adopted the Policies.

2. When are the Policies effective?

The Policies are effective September, 1st, 2018 (the “**Policy Effective Date**”).

3. What do the Policies cover and to whom do they apply?

The Policies: (1) are applicable to each Reseller and (2) consist of (a) a policy regarding minimum retail price (the “**Minimum Retail Price Policy**” or the “**MRP Policy**”) and (b) a policy dealing with advertising and marketing (the “**Advertising and Marketing Policy**” or the “**A&M Policy**”). For purposes of the Policies, “**Reseller**” (“**Resellers**” in the plural) means an individual or entity located in either or both of the United States of America (“**USA**”) and Canada that promotes and sells one or more products offered by Demco (each a “**Demco Product**” and, in the plural, “**Demco Products**”) to one or more end users (whether doing so directly or through another party that does such things as advertise or fulfill orders on behalf of such individual or entity).

The Minimum Retail Price Policy

4. What does the MRP Policy do and what products are subject to it?

The MRP Policy establishes a minimum retail price (“**Minimum Retail Price**” or “**MRP**” and referring to either the singular or the plural or both, “**MRP(s)**”) for each of the Demco Products as specified on the price list(s) or product list(s) provided or otherwise made available to each Reseller by Demco or otherwise communicated by Demco Notice intended for such Reseller (individually, a “**Covered Product**” and collectively, “**Covered Products**”). The Minimum Retail Price is a price below which a Reseller may not offer or sell a Covered Product without subjecting itself to certain consequences. (See Question 23 of this Explanation.)

For purposes of the Policies, “**Demco Notice**” means notice from Demco to a Reseller provided or made available electronically or otherwise, such as, but not limited to, posting on one or more websites designated by Demco.

Note that parts of the Policies apply to all Demco Products, while others only apply to the Covered Products, *i.e.*, each Demco Product with a Minimum Retail Price specified by Demco.

5. Is the MRP Policy a MAP Policy?

No. A Minimum Advertised Price or MAP Policy addresses the advertised price, but not the selling price. The MRP Policy applies to both the advertised price and the actual selling price. In other words, except as otherwise stated in the MRP Policy, all offers and all sales of the Covered Products are subject to it, and the MRP Policy establishes a Minimum Retail Price for each of them.

6. How does the Minimum Retail Price relate to the Manufacturer’s Suggested Retail Price?

Demco may designate a Manufacturer’s Suggested Retail Price (“**MSRP**”) for any or all Demco Products. The MRP for each of the Covered Products could be the same as or less than its MSRP.

7. Can Demco change the various aspects of the MRP Policy?

Yes. Demco, at any time, may vary the MRP for a Covered Product or add to or delete any or all of the Covered Products, which may, among other things, be based on whether such product(s) is or are offered or sold under or subject to one or more select Demco programs or any other Demco policy or in any other situation announced by Demco from time to time. Demco will endeavor to provide prior notice of each new MRP or such change in the Covered Products, generally not less than five (5) days in advance. While Demco will communicate each MRP and such change through the price list(s) or product list(s) provided or made available to each Reseller by Demco or otherwise communicated by Demco Notice, each Reseller is responsible for making sure that it is aware of each appropriate MRP and Covered Product in each circumstance.

8. Is Demco setting the price charged by Resellers?

No. Each Reseller may offer or charge any price it wishes. However, a Reseller violates the MRP Policy by (a) making available in any way (whether through advertising, promotion, proposal or otherwise and regardless of place or medium used) (individually and collectively, “**offering**” and its variants), (b) selling (whether face-to-face, in-store, online, through a catalog or otherwise) or (c) otherwise providing (except in exchange for bona fide returns) one or more of the Covered Products during the Policy Period at a Net Adjusted Price less than the corresponding MRP(s) established by Demco from time to time and communicated to such Reseller by Demco Notice. For purposes of the Policies, the “**Policy Period**” with respect to a Reseller means the time period beginning on the Policy Effective Date and ending on the termination date described in future Demco Notice.

9. What is “Net Adjusted Price”?

“**Net Adjusted Price**” means the lower of the price at which a Covered Product is offered by or for the benefit of a Reseller to a customer (potential or actual) or that actually paid to or for the benefit of a Reseller for a Covered Product by such customer after (a) applying all discounts and similar price reductions, (b) excluding certain taxes and shipment charges and (c) giving effect to the value of free or reduced-price bundles. Specifically, except as otherwise provided in the MRP Policy, Net Adjusted Price will be calculated by:

- (i) taking into account all discounts, deductions, rebates and allowances offered or given to such customer (regardless of source, whether given or taken at the time of sale or otherwise and considered by Demco to be part of such offer or sale);
- (ii) excluding, if to be paid or paid by such customer, all applicable taxes and all shipping, delivery and insurance charges (However, if such Reseller offers to pay or pays any or all of such taxes and such charges that otherwise would be paid by such customer, the amount so offered or paid by such Reseller will be considered a discount, except as otherwise provided in the MRP Policy.);
- (iii) subtracting, in the case of free goods, services and similar benefits for such customer offered or provided by such Reseller, the fair market value (as determined by Demco) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by Demco to be part of such offer or sale); and
- (iv) subtracting, in the case of reduced-price goods and services and similar benefits for such customer offered or provided by such Reseller, the difference between: (A) the fair market value (as determined by Demco) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by Demco to be part of such offer or sale) and (B) the amount to be paid or actually paid for such goods, services and benefits.

What this means is that the Reseller’s “bottom-line” price to its customers for each of the Demco Products covered by the MRP Policy must be at or above the applicable price described in the MRP Policy. The bottom-line price is after all discounts, deductions, rebates and allowances and excludes taxes, shipping, delivery and insurance (if paid by the customer). In addition, the fair market value of free goods is treated as a discount against the price of the Covered Product, as is the excess of the fair market value of reduced-price goods over the amount to be paid or actually paid.

In other words, the value of free goods and the extent by which the value exceeds the amount to be paid or paid for reduced-price goods (regardless of whether they come from Demco, another supplier, a Reseller or anyone else) will be considered as discounts against the price to be paid or actually paid by the customer if Demco considers such goods to be included in the offer or sale of a product covered by the Policy.

10. Is there some guidance from Demco on “fair market value”?

Yes. Under the MRP Policy, fair market value relates or can relate to the following:

- (a) Minimum Installation Charge: If Demco has determined a fair market value for one or more product installation charges, labor rates or related prices associated with any or all Demco Products (collectively, a “**Minimum Installation Charge**” or “**MIC**” and referring to either the singular or the plural or both, “**MIC(s)**”), Demco will communicate the MIC(s) in the same fashion as the MRP(s), the MIC(s) may be modified like the MRP(s) and each Reseller is responsible for making sure that it is aware of each appropriate MIC. (See Question 7 above.) (Note that nothing in the Policies discourages or prevents a Reseller from offering or providing installation or related services for more than the Minimum Installation Charge, as only if the amount charged for such services is less than its MIC does a discount occur for purposes of calculating Net Adjusted Price. Even in that case, the MRP Policy is violated only if such discount applied to the offer or sales price for a Covered Product results in a Net Adjusted Price below its MRP.)
- (b) The Covered Products: The fair market value for each Covered Product provided for free or at a reduced price with the purchase of another Covered Product will be its MRP.
- (c) Other goods and services: From time to time, Demco may communicate to a Reseller in writing or electronically what it considers to be the fair market value for particular goods or services.

11. Is free or reduced-price shipping treated as a discount?

No. Free or reduced-price shipping may be offered or furnished by a Reseller without it being considered to be a discount when offered or furnished in connection with a potential or actual purchase that includes at least one of the Covered Products, provided that, as determined by Demco: (a) such offer or furnishing applies to all other products in the category in which such Covered Product or such Covered Products reside(s), (b) the value thereof is reasonable and (c) each relevant Covered Product is offered and sold at no less than its Minimum Retail Price.

12. Apart from free or reduced-price shipping, are there other exemptions from the MRP Policy?

Yes. As long as a Reseller does not otherwise violate the Policies, such Reseller offering or selling to a potential or actual customer any or all of the Covered Products after the Policy Effective Date (*i.e.*, September, 1st, 2018) below its or their respective MRP(s) is exempt from the Policy and will not violate it, if such offering or selling is consistent with at least one exemption described below:

- (a) each offer or sale using or applying a rebate, coupon or the equivalent (as determined by Demco) will not be considered part of Net Adjusted Price if such rebate, coupon or the equivalent is provided by Demco or its designee(s) (i) directly to such customer or (ii) to such Reseller for provision to and use by such customer;
- (b) each offer or sale of any or all of the Covered Products to any or all of the Authorized Resellers and, in the case of returns of any or all items of Demco Products permitted by Demco or a Distributor, to Demco or such Distributor, respectively, as long as the price for each item of the Covered Products included in such offer or sale is no less than the Net Acquisition Cost of such Reseller for such item (for purposes of the Policies: (i) the **“Authorized Resellers”** means, collectively, each Reseller designated as such by Demco Notice or, in the absence of such notice, each Reseller, but, in either case, only to the extent that such Reseller is not on the then-current Do-Not-Sell List (individually, an **“Authorized Reseller”**); (ii) **“Distributor”** means an individual or entity authorized by Demco to sell any or all Demco Products to one or more Resellers (the plural, the **“Distributors”**); (iii) **“Net Acquisition Cost”** means the price actually paid or to be paid by a Reseller after taking into account all discounts, deductions, rebates and allowances given or to be given to such Reseller (regardless of source, whether given or taken at the time of sale or otherwise and considered by Demco to be part of such sale); and (iv) **“Do-Not-Sell List”** means Demco Notice which indicates that (A) one or more individuals or entities is or are not authorized by Demco to promote or resell Demco Products or (B) the designation of a Reseller as an Authorized Reseller has been revoked in whole or part with respect to all Demco Products or revoked only with respect to certain of such products);
- (c) bona fide advertising and promotional materials (including without limitation printed catalogs) that cannot reasonably be modified prior to the Policy Effective Date or the effective date of a change in the MRP(s), MIC(s), the Covered Products or the MRP Policy until such time that it is reasonable to revise such materials (as determined by Demco) to be consistent with the MRP Policy;
- (d) each bona fide written contract between such Reseller and a customer that became effective (i) prior to September, 1st, 2018 (the **“Policy Announcement Date”**) or (ii) after the Policy Announcement Date, if performance by such Reseller under such contract is completed prior to the Policy Effective Date;
- (e) a bona fide offer of one or more of the Covered Products made by such Reseller prior to (i) the Policy Announcement Date or (ii) the effective date of a change in the MRP(s), the MIC(s), the Covered Products or the MRP Policy, which makes such offer or the subsequent sale based on acceptance of such offer non-compliant with the MRP Policy, as long as (A), if the MRP Policy was in place at the time such offer was made, it complied with the then-current terms of the MRP Policy; (B) such offer is effective for no longer than ten (10) days or other reasonable time period (as determined by Demco) after the Policy Announcement Date or the effective date of such change; and (C) each of the Covered Products included in such sale will be delivered to such customer no later than thirty (30) days after such acceptance;
- (f) (i) a card benefit consisting of a discount, credit or rebate associated with the use of a specified credit or debit card or (ii) a coupon or other discount that, in either case, would, after its application, result in offer or sale price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as: (A) such discount, credit, rebate, coupon or other discount may be applied to all or most of the products offered by such Reseller or, in the case of a category-wide sale (such as recreational vehicle (RV) equipment), all or most of the other products in the category and (B) none of the statements or materials promoting such discount, credit, rebate, coupon or other discount mentions, uses, depicts or otherwise refers to any or all of the Covered Products;
- (g) the accrual of “points” or other things of value (**“Loyalty Points”**) in connection with the purchase or receipt of any or all products and services from such Reseller (as long as each relevant Covered Product is offered and sold in connection with such purchase at no less than its Minimum Retail Price) and the application of Loyalty Points, even if such application results in price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as: (i) Loyalty Points may be accrued and applied to all or almost all of the products and services offered by such Reseller, (ii) the everyday accumulation rate for Loyalty Points applicable to the purchase of any or all Demco Products is no more than that applicable to all or almost all other brands of products offered by such Reseller (as determined by Demco regardless of category) and (C) none of the statements or materials promoting Loyalty Points mentions, uses, depicts or otherwise refers to any or all Demco Products; except that such Reseller may offer and provide a greater accumulation rate applicable to the purchase of any or all Demco Products and promote it, as long as such Reseller has received Demco Notice expressly approving in advance such rate and such promotion;
- (h) the offer or sale under one or more special programs (if any) designated by Demco; and
- (i) provided that such offer or sale is reasonable (as determined by Demco), the offer or sale of one or more units of any or all of the Covered Products: (i) that are used, rather than new (such as demonstration or display units) or (ii), as long as it is not advertised to the general public, to an employee of such Reseller for his or her personal use (and not for resale).

The Advertising and Marketing Policy

13. What does the A&M Policy do and what products are subject to it?

The Advertising and Marketing Policy applies to all Demco Products and protects the intellectual property of Demco and references to Demco or its products. Specifically, a Reseller violates the A&M Policy if any advertisement, promotion or other marketing vehicle (regardless of the medium used, whether Conventional Advertising, Electronic Content or otherwise) used or done by or on behalf of such Reseller (a) includes any or all Demco Intellectual Property or mentions, uses, depicts or otherwise refers to any or all of the Demco Products and (b) either (i) does not conform to the Usage Policies or (ii) otherwise is not expressly approved in advance in writing by Demco.

14. What do Conventional Advertising, Electronic Content, Demco Intellectual Property and the Usage Policies mean?

For purposes of the A&M Policy: (a) **“Conventional Advertising”** means, but is not limited to newspapers, magazines, direct mail, catalogs, radio, television and signs; (b) **“Electronic Content”** means information which (i) can be accessed directly through any hypertext link, by any other method which uses hypertext transfer protocol (http) or anything which Demco considers to be the substantive equivalent or (ii), to the extent not covered by the preceding description, is provided by or on (A) one or more mobile apps or mobile sites for devices (such as smartphones and tablets), (B) social media (e.g., Twitter and Facebook), (C) Internet shopping sites, marketplaces and comparison search engines (CSEs) to which a Reseller supplies pricing information (e.g., Google Shopping, Buy.com, eBay, Amazon and PriceGrabber), (D) electronic solicitations or other electronic communications (e.g., robocalls, caller-on-hold and other audio recordings, messaging (e.g., SMS (text), MMS (multimedia) and IM (instant)), webcasts, e-mail and online or other electronic chats) and (E) all electronic media advertisements (e.g., e-mail newsletters, pop-ups and banners); (c) **“Demco Intellectual Property”** means trademarks, trade names, service marks, logotypes, images, artwork, copy or anything else in which Demco claims rights; and (d) the **“Usage Policies”** means policies regarding (i) the use of Demco Intellectual Property and (ii) uses, depictions or other references of or to any or all of the Demco Products (including without limitation those policies relating to format(s) and content) made available by Demco through Demco Notice.

15. Apart from using Demco Intellectual Property or references to or depictions of Demco Products without following the Usage Policies or obtaining Demco’s approval, can the A&M Policy be violated in other ways?

Yes. Except as expressly authorized by Demco Notice or otherwise allowed by the Policies, with respect to any or all items of Demco Products, a Reseller violates the A&M Policy by knowingly or negligently, directly or indirectly:

- (a) advertising, promoting or selling in any or all of the following ways: (i) outside the USA and Canada (except to the extent any or all advertising and promotion efforts cannot be reasonably restricted geographically, but this exception does not apply to sales made to those located outside the USA and Canada); (ii) doing business under or using any or all business names and storefronts which have not been expressly approved by Demco for such use or for which such approval has been rescinded by Demco Notice; and (iii) online in any fashion (unless and only to the extent each business name, storefront, website and marketplace used for such purpose by such Reseller is expressly approved by Demco for such use and which approval has not been rescinded by Demco);
- (b) selling in any or all of the following ways: (i) to anyone for resale other than to any or all of the Authorized Resellers and, in the case of returns of any or all items of Demco Products permitted by Demco or a Distributor, to Demco or such Distributor, respectively (such Reseller may drop ship to one or more end users on behalf of any or all the Authorized Resellers, so long as such Reseller has not received notice from Demco to the contrary which rescinds the approval of Demco therefor), (ii) to each individual and entity appearing on the then-current Do-Not-Sell List (including without limitation drop shipping on behalf thereof), except to the extent as may be permitted therein and (iii), except as otherwise allowed by the Policies, to anyone other than actual and prospective end user purchasers (but not resellers), including without limitation to the Special Accounts (for purposes of the Policies, the **“Special Accounts”** means, collectively, each individual or entity so designated by Demco Notice);
- (c) with respect to (i) each of the Special Accounts and (ii) each individual and entity restricted on the Do-Not-Sell List to the extent of such restriction, doing any or all of the following in its or their entirety or in a manner inconsistent with such restriction regarding any or all of the Demco Products affected: (A) failing to cancel all pending orders (even if accepted), (B) accepting any new order(s) and (C) otherwise supplying or, on behalf thereof, drop shipping;
- (d) using any or all of Demco, its trademarks or other Demco Intellectual Property (or any variant(s) thereof) as part of one or more Uniform Resource Locators (URLs) employed by or for the benefit of such Reseller;
- (e) questioning or challenging the rights claimed by Demco or its designee(s) in or to the Demco Intellectual Property or assisting in any way any other(s) in doing so;
- (f) creating or assisting in or otherwise cooperating in the creation of new Amazon Standard Identification Numbers (ASINs) for any or all Demco Products;
- (g) purchasing any or all Demco Products other than from Demco, a Distributor, an Authorized Reseller or, in the case of bona fide returns only, an end user; and
- (h) offering or selling one or more products that are modified or counterfeit version(s) of one or more Demco Products.

16. Are there any exemptions from the A&M Policy?

Yes. Provided that a Reseller otherwise complies with the Policies, such Reseller does not violate the A&M Policy by conduct that, as determined by Demco, cannot reasonably be modified prior to the Policy Effective Date (*i.e.*, September, 1st, 2018) or the effective date of a change in the A&M Policy until such time that it is reasonable to modify such conduct (as determined by Demco) to be consistent with the A&M Policy.

Questions Applicable to both the MRP Policy and the A&M Policy

17. Will Demco consider requests for additional exemptions?

No, except in extraordinary situations.

18. What happens if a Reseller relies on one or more exemptions, but does not qualify for or abused it or them?

If a Reseller violates the Policies or Demco determines that such Reseller does not qualify for or abused any or all of the exemptions under the Policies, such exemption(s) will be deemed withdrawn by Demco retroactive to the Policy Effective Date or such other date specified by Demco.

19. How is the situation treated when a Reseller requests approval from Demco under the Policies, but doesn't hear back?

If the approval of Demco under the Policies is sought by a Reseller, the failure to obtain it no later than seven (7) days after the date of such request will be deemed to be a disapproval of each thing for which such approval is sought.

20. Other than what already has been described, can the Policies be violated in other ways?

Yes. Except as expressly approved by Demco in advance or to the extent limited to the Covered Products as provided below, a Reseller (directly or through another party on behalf or for the benefit of such Reseller) using or engaging in any or all of the following terms, descriptions, conditions, offers or activities (or the substantive equivalent of any or all of them as determined by Demco) in connection (directly or indirectly) with the offering or sale of any or all Demco Products will be deemed to be a violation of the Policies:

- (a) using the terms "lowest price," the "lowest prices" or "prices too low to show," any form of low-price guarantee or the substantive equivalent (as determined by Demco) of any or all of these terms or concepts;
- (b) offering to match a lower price offered by another seller;
- (c) in connection with the advertising, promotion or sale of any or all of the Covered Products, a strike-through of any MRP(s) regardless whether one or more other prices is or are shown;
- (d) if a price for a Covered Product is shown in Internet advertising or promotion or as part of a sale made over the Internet permitted by the Policies and the price for such product varies (exclusive of applicable taxes and all shipping, delivery and insurance charges) across any or all of (i) the initial webpage mentioning, depicting or describing such product (if a price for such product appears on such page), (ii) the in-the-cart (or other container) price, (iii) the checkout price and (iv) the substantive equivalent of any or all of them as determined by Demco;
- (e) an invitation to click, rollover, call, e-mail, visit a location (such as a website, store or showroom) or otherwise communicate to obtain a price;
- (f) the promotion or sale to group purchasers, except at price(s) no less than each applicable MRP and MIC;
- (g) advertising or promoting a trade-in offer for one or more Demco Products or any other product(s) in connection with or applicable to any or all of the Covered Products, regardless whether a specific trade-in price or value is advertised or promoted;
- (h) except as otherwise directed by the Policies, on any or all proposals, quotations, contracts, invoices and receipts provided to or prepared for the benefit of any or all of such Reseller's potential and actual customers in connection with the offer or sale of any or all of the Covered Products (individually and collectively, "**Customer Communications**"), the failure of such Reseller to itemize the price charged for each of the products and services shown, referred to or otherwise included on or in such Customer Communications, regardless whether such Customer Communications contain(s) any reference to any or all of the Covered Products; and
- (i) failing to (i) promptly and effectively respond to questions and requests regarding any or all items of Demco Products (A) from actual and prospective end user purchasers and (B) from Demco, including without limitation questions and requests from Demco regarding any or all of the customers of such Reseller; (ii) promptly transmit to each individual and entity communications from Demco as Demco designates; (iii) comply with all laws and, except to the extent expressly excluded by Demco from mandatory compliance therewith, all of the policies issued by Demco intended for such Reseller (collectively, the "**Reseller Policies**"); (iv) promptly and in timely fashion comply with whatever request may be made by Demco relating to any law or expectation thereof or the modification or recall of any or all items of Demco Products; and
- (j) one or more tactics which Demco determines is or are intended to circumvent application or operation of the Policies.

21. Do the Policies address other topics?

Yes. The following additional topics are covered:

- (a) Acceptance

At all times, Demco has the right to: (i) accept, reject or, if already accepted by Demco, cancel any or all Direct Orders from a Reseller for any reason or no reason; (ii) allocate any or all items of Demco Products in such manner as Demco deems advisable; and (iii), in the event that Demco should determine that one or more special credit restrictions (as defined by Demco) apply, impose such payment terms as Demco deems appropriate prior

to doing either or both of the following: (A) accepting from a Reseller any or all new Direct Orders or (B) filling or completing any or all pending Direct Orders (even if accepted) from a Reseller. For purposes of the Policies, **“Direct Orders”** means orders for any or all items of Demco Products submitted by a Reseller directly to Demco as permitted by Demco.

(b) Orders

In the event that Demco receives one or more Direct Orders (or similar or related documents) from a Reseller which contain one or more provisions which are inconsistent with or in addition to any or all provisions of the Reseller Policies: (a) each such order (or document) will be conclusively deemed to be governed by the Reseller Policies; (b) each such inconsistent or additional provision will be deemed stricken; and (c) no order submitted to Demco by such Reseller will be deemed to be governed by any provision(s) other than that or those contained in the Reseller Policies, unless and until a written supplement is duly executed by both Demco and such Reseller (collectively, the **“Parties”**) which expressly adopts such provision(s).

(c) The Reseller Policies

At any time and without prior notice: (a) Demco may modify any or all of the Reseller Policies and rescind any or all of the consents and approvals provided by Demco, with each such modification or rescission becoming effective immediately, unless Demco notifies a Reseller in writing of another effective date and (b) the availability of any or all items of Demco Products may be changed by Demco anytime, in which case, Demco and each of the Distributors and the Authorized Resellers may without liability or penalty (i) cancel all pending orders (even if accepted) from a Reseller for such changed item(s) and (ii) refuse to accept any new orders from a Reseller for such item(s). By a Reseller submitting an order to Demco, to an Authorized Reseller or to a Distributor, such Reseller agrees that it is subject to the Reseller Policies. As modified from time to time, the Reseller Policies: (A) constitute the entire understanding of the Parties binding upon them with respect to the subject matter thereof; (B) are intended to govern the relationship between the Parties therefor; (C) supersede all agreements, representations or statements between the Parties, either oral or written; and (D) except as otherwise provided therein, may be amended or modified only by a written supplement issued by Demco.

(d) Waiver

Except as otherwise expressly provided in the Reseller Policies or as the Parties otherwise may expressly agree in writing signed by both of the Parties, no failure, refusal, neglect, delay, waiver, forbearance or omission by Demco to exercise any right(s) under the Reseller Policies or to insist upon full compliance by a Reseller with such Reseller’s duties, obligations or restrictions thereunder shall constitute a novation or waiver of any provision(s) of thereof or otherwise thereafter limit the right of Demco to fully enforce any or all of the provisions and parts thereof.

(e) Relationship

The following will survive the termination of the relationship between the Parties: (i) each of the Reseller Policies that, by its own terms, expressly states that it survives such termination or (ii) which Demco otherwise designates as so surviving. After such termination, the affected Reseller will immediately cease at the end of the Coverage Period: (A) advertising, promoting and selling any and all Demco Products and (B) all use of anything which would give the impression that such Reseller is an authorized reseller, dealer, or representative of or for any or all of such products or has any affiliation whatsoever with Demco or such products. For purposes of the Policies, the **“Coverage Period”** means the reasonable period after such termination until (as relevant) such Reseller has or, as determined by Demco, should have sold or otherwise disposed of all of the inventories of Demco Products in the possession or under the control of such Reseller (each such sale or other disposition will be in a manner consistent with the Reseller Policies).

22. If a Reseller violates the MRP Policy and later violates the AM Policy, has it committed (a) one violation of each policy or (b) two violations of the Policies?

Both (a) and (b). But what is most important is that any violation of the MRP Policy is combined with any violation of the AM Policy to determine the number of times a Reseller has violated the Policies. So, all the violations of the Policies could be based on MRP Policy violations, AM Policy violations or both types taken together.

23. What happens if a Reseller violates the Policies?

During the period beginning on the Policy Effective Date (*i.e.*, September, 1st, 2018) and continuing until the Policies no longer are in effect as described in a future written or electronic notice from Demco (the **“Policy Period”**), immediately after Demco verifies to its satisfaction that a Reseller has violated any or all of the Policies, Demco, without assuming any liability, will take one or more of the following actions:

For the first violation during the Policy Period: If such violation is due to:

(a) **continuing use of offending reference(s), text or conduct**, such Reseller, after receiving notice of such violation from Demco, will remove or stop or cause to be removed or stopped the offending reference(s), text or conduct (if Demco determines that it or they can be) within the Allotted Period (for purposes of the Policies, the **“Allotted Period”** means the time period specified in the notice of violation provided by Demco to such Reseller, which typically will be one of the following: (i) no later than one (1) business day (usually for a violation involving Electronic Content); (ii) no later than three (3) business days (generally for all other cases); or (iii) by the conclusion of the period otherwise specified by Demco) or

(b) **offending reference(s), text or conduct that Demco determines cannot be removed or stopped** (for example, a violation has not been continued or repeated, such as an offending ad run one time or a sale made the previous week), Demco will provide notice of such violation to such Reseller.

For the second violation during the Policy Period: In the event that (a) the offending reference(s), text or conduct that caused the first violation is or are not removed or stopped (if Demco determines that it or they can be) within the Allotted Period after receiving notice of the

first violation from Demco or (b) such Reseller otherwise violates the Policies a second time, effective as of the date specified in notice from Demco to such Reseller and continuing for the next thirty (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 Demco) will be immediately revoked by Demco, 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.

For the third violation during the Policy Period: In the event that (a) the offending reference(s), text or conduct that caused the second violation is or are not removed or stopped (if Demco determines that it or they can be) within the Allotted Period after receiving notice of the second violation from Demco or (b) such Reseller otherwise violates the Policies a third time, effective as of the date specified in notice from Demco to such Reseller and continuing for the next sixty (60) days, the authorization of such Reseller to purchase each SKU in the product family involved in the third violation (as determined by Demco) will be immediately revoked by Demco, 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. (If the thirty (30) day period for the second violation of the Policies has not run and the third violation of the Policies involves the same product family as that of the second (as determined by SMI), the sixty (60) day period will begin after the thirty (30) day period concludes.)

For the fourth violation during the Policy Period: In the event that (a) the offending reference(s), text or conduct that caused the third violation is or are not removed or stopped (if Demco determines that it or they can be) within the Allotted Period after receiving notice of the third violation from Demco or (b) such Reseller otherwise violates the Policies a fourth time, effective as of the date specified in notice from Demco to such Reseller and continuing until Demco provides notice to such Reseller otherwise, if ever, the authorization of such Reseller to purchase any or all of the Demco Products designated by Demco (the “**Designated Products**”) will be immediately revoked by Demco, 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.

For each additional violation during the Policy Period: In the event that, after the fourth violation of the Policies by such Reseller, either or both of the following is or are relevant: (a) the Designated Products do not include all Demco Products or (b) Demco provides notice to such Reseller that Demco has re-authorized such Reseller to purchase any or all of the Designated Products, then each act or failure to act of such Reseller that constitutes a violation of the Policies (or is deemed by Demco to be such a violation) will receive the same treatment as if a new fourth violation had then occurred.

Each violation of the Policies is cumulative through the Policy Period. Beginning with the fourth violation, the consequences of each violation 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 Reseller purchasing any or all Demco Products from one or more of the Distributors, the Policies will be enforced through a Do-Not-Sell List.

Unless Demco designates otherwise, for purposes of compliance with the Policies, each business (regardless of the name(s) used and location(s)) directly or indirectly owned, operated or associated with a Reseller (as determined by Demco) will be considered to part of such Reseller, so that each violation by any such business will be aggregated with that or those of each other such business and attributed to such Reseller.

24. Will a Reseller violating the Policies be warned first?

No. Demco cannot provide any advance warning.

25. Are the Policies legal?

Yes. At least four U.S. Supreme Court cases taken together—*U.S. v. Colgate* (1919), *Monsanto v. Spray-Rite* (1984), *Business Electronics v. Sharp* (1988) and *Leegin v. PSKS* (2007)—have recognized that a supplier may establish the terms and conditions under which it will sell its products, including the terms and conditions affecting resale price. Particularly in the resale pricing area, such terms and conditions must be determined by the supplier unilaterally, *i.e.*, without agreeing with any of its customers. For this reason, Demco cannot and will not discuss the conditions of acceptance of the Policies nor solicit or accept any assurances of compliance.

Under a 2009 amendment to the Competition Act, the Policy is treated as lawful in Canada until it can be proven on balance to be unreasonably anticompetitive.

26. Do the concerns in the U.S. about discussing the Policies mean that Demco cannot explain the Policies?

No. Demco will answer questions about the Policy, but it will not do anything that may change the nature of the Policies into something other than unilateral. As a result, Demco cannot give any warning to any Reseller violating the Policies, nor can it ask for or accept pledges of compliance from Resellers.

All questions or requests for additional information regarding the Policies and all information regarding potential violations of the Policies must be in writing and are to be addressed to the following person at Demco responsible for the Policies (“**Policy Administrator**”):

Doug Northcutt
Policy Administrator
Dethmers Manufacturing, Inc.
4010 320th Street
Boyden, IA 51234 USA
e-mail: policyadmin@demco-products.com

Only the Policy Administrator or the Policy Administrator’s designated representative(s) is or are authorized by Demco to answer questions regarding the Policies, to comment on the Policies or to accept information regarding potential violations.

27. Will Resellers that follow the Policies violate the antitrust laws?

No. But, particularly in the U.S., they should avoid communicating to Demco their acceptance of the Policies or their compliance with them. Honoring the Policies by offering or selling any or all of the Covered Products at or above the relevant MRP or avoiding certain conduct or the use of certain terms is not communicating acceptance or compliance.

28. If a Reseller notifies Demco that another Reseller has violated the Policies, may Demco act on this information?

Yes. Such notification must be in writing addressed to the Policy Administrator and document the apparent violation. Demco may investigate and, if warranted, take action against the Reseller violating the Policies, as long as the Reseller that contacted Demco does not agree with the company on a specific retail price. (Following the Policies is not an agreement.) In addition, Demco will not disclose to the Reseller that contacts it the outcome of its investigation, as, although Demco enforces its policies uniformly, all of the dealings between the company and its Resellers are confidential. Demco also may use the services of one or more outside firms to monitor compliance with the Policies.

29. Why are the rules so strict?

In order to comply with the standards established by the law, Demco must carefully stay within their boundaries.

30. How long will the Policies be in effect?

The Policies will remain in effect with respect to a Reseller until Demco notifies it otherwise, but Demco may modify or suspend the Policy at any time, including, among other things, by changing its terms and conditions in any way. It also may grant variances as it deems appropriate for limited-time promotional offers and the like.

31. Can Demco add other products or services to the Policies and establish minimum prices for them, remove certain products or services from coverage under the Policies or change the MRP for a Covered Product?

Yes. Demco may do so at any time.

32. Are other companies doing this?

Yes. A number of RV equipment manufacturers and those in other industries have adopted similar policies to address the same or similar concerns as those faced by Demco.

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