



## **UNILATERAL POLICY REGARDING MINIMUM ADVERTISED PRICING**

### **Confidential-Do Not Post Publicly**

**EFFECTIVE DATE: March 1, 2021**

Katzkin Leather, Inc. (“Katzkin”) has unilaterally established a minimum advertised price (“MAP”) on certain products that are manufactured by or for Katzkin. This MAP Policy (the “Policy”) governs the advertising and promotion of such products. The Policy applies only to Resellers in the United States and Canada and supersedes all other outstanding MAP policies of Katzkin.

#### **Purpose of this Policy**

Katzkin prides itself on the quality and craftsmanship of its products and is committed to maintaining a premium brand through ongoing innovation and design. Katzkin is seen as a quality leader in the marketplace and we work hard to keep it that way. In furtherance of this commitment, Katzkin believes that selected advertising practices are inconsistent with Katzkin’s competitive strategy and brand image. Our policies and practices are intended to support the commitment by our Resellers to provide high-quality service and merchandising, and to engage in appropriate advertising and marketing practices in support of Katzkin’s products.

This Policy has been established by Katzkin unilaterally to help ensure the legacy of Katzkin as the premium producer of automotive interiors and related equipment. This policy also is adopted to induce authorized resellers of Katzkin® products (“Resellers”) to invest in higher levels of service and to encourage new Resellers to enter the market to sell Katzkin® products.

#### **Policy Administration and Enforcement**

The administration and enforcement of this Policy is handled exclusively by Katzkin. Katzkin reserves any and all rights deemed necessary, in Katzkin’s sole discretion, to enforce the Policy and preserve its unilateral nature. **This Policy is not negotiable.** No Katzkin employee or representative is authorized to, nor will Katzkin, modify, interpret, grant exceptions to, or change this MAP Policy for any particular Reseller, except where explicitly stated herein. Katzkin alone will implement, interpret and enforce this Policy in its sole discretion and independent judgment. Katzkin does not solicit or expect, nor will Katzkin accept, any assistance from or agreement with its customers about compliance with this Policy or its implementation, interpretation or enforcement.

#### **Penalties For Failure to Abide By This Policy**

Each Reseller is free to decide independently whether to follow this Policy. However, Resellers who choose to advertise Katzkin® products subject to this Policy, but who fail to comply with such Policy, shall be subject to disciplinary action determined at Katzkin’s sole discretion including the termination of Katzkin’s commercial relationship with the Reseller.

#### **Policy is Subject to Change**

This Policy is subject to change. Katzkin may unilaterally alter this Policy, including MAP pricing, in its sole discretion at any time. Katzkin will not waive this Policy or any MAP pricing terms at the request of any Reseller. Katzkin may designate promotional periods where Katzkin® products may be sold at a designated percentage below MAP.

## Minimum Advertised Price (MAP)

In furtherance of our efforts, the following apply to all products that Katzkin, in its sole discretion, determines are subject to a MAP, as described in **Schedule A**:

1. Unilateral Policy. Katzkin is solely responsible for establishing the minimum advertised price for each Katzkin® Product subject to MAP. Resellers who sell Katzkin Products subject to this MAP Policy to persons or entities who resell the Products must notify their customers of this MAP Policy and ensure that their customers who resell Katzkin Products also adhere to this MAP Policy, including in particular the requirement that all questions concerning the Policy be directed to Katzkin (see below). Resellers who continue to provide MAP Products to persons or entities known to disregard or violate this MAP Policy shall be deemed to themselves be in violation..
2. Application. MAP applies to all advertisements that pertain to or directly or indirectly include products subject to a MAP in any and all media, including, without limitation, flyers, posters, coupons, rebates, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, email, Internet or similar electronic media, television, radio, and signage outside of Reseller's store. MAP also applies to prices quoted to customers by phone or short message service (SMS) text.
3. Installed and Uninstalled Prices. Katzkin's MAP policy applies to advertised pricing of Katzkin® products sold with installation included ("Installed" price) and without installation included ("Uninstalled" price). Products advertised at the Uninstalled Price shall be clearly marked as such at the location of the price (i.e. no footnotes, or fine print) and shall also include the following: "Excludes professional installation, which typically costs \$300-\$450 per row of seating. Katzkin strongly recommends that you use an authorized Katzkin installer." The Installation cost is calculated using the estimated fair market value for installation of Katzkin® products.
4. No Effect on Actual Price. This MAP applies only to advertised prices and does not apply to the price at which the products are actually sold by the Reseller. Resellers remain free to sell Katzkin® products at any prices they elect. MAP also does not apply to the price *offered* for sale to a consumer within the Reseller's retail location. The Policy also does not apply to the price shown when a product is placed into a customer's online shopping cart as a final statement of an online purchase transaction. However, pricing information in the "shopping cart" or "checkout" stages must be obscured technically so that it is not retrievable by shopping and pricing engines, and not displayed on search page results within the Reseller's own website.
5. Coupons and Promotions. Coupons or other advertised price reductions that offer general discounts on products must specifically exclude Katzkin® products that are subject to MAP if the effect of such general discount reduces the advertised price of the affected product below its applicable MAP. Such exclusions must be shown next to the general discount. Advertisements of Katzkin® products that are subject to MAP may not include gift certificates, gift cards or similar items if the effect reduces the MAP of any Katzkin® product below Katzkin's MAP. The inclusion of free or discounted products in advertisements with any Katzkin® product that is subject to a MAP is prohibited unless Katzkin provides advance written permission.

6. Accessories and Add-ons. If a Reseller elects to advertise Katzkin® products without accessories or other items, the MAP shall remain as listed without any reduction for excluded accessories or other items.
7. Price Matching. Any advertised program or promotion stating that a Reseller will beat any competitor's advertised price on Katzkin® products is a violation of MAP.
8. Maximum Advertised Price. MAP does not establish a maximum advertised price. All Resellers may offer products subject to MAP at any price in excess of MAP.
9. Solicitation of Offers Prohibited. Requesting consumers to "call for a price", "email for price", "make offer" or phrases of similar import in connection with advertisements of any Katzkin products that are subject to MAP is prohibited. Products that are subject to MAP must be advertised with the MAP in a manner consistent with this Policy.
10. Changes to MAP. From time to time, Katzkin may discontinue models or engage in promotions with respect to certain products that are subject to MAP. In such cases, Katzkin may modify or suspend the MAP for such products by notifying all Resellers of such change in writing. Katzkin may adjust the MAP with respect to all or certain products that are subject to MAP in its sole discretion, and may permit limited-time promotions by specified resellers on a case-by-case basis (e.g. Black Friday, Cyber Monday, anniversary sale, etc.), so long as such promotions are approved in writing, in advance, by Katzkin.
11. Second Quality Products. Katzkin® products that are subject to a MAP will be provided in new condition. As a result, Resellers may not advertise such products using terms such as "B Stock", "seconds", or similar phrasing. Katzkin® products sold as anything other than new must be identified as used and specify that such products are not covered by the manufacturer's warranty, unless otherwise approved in writing by Katzkin.
12. Open-Box Items. Resellers may have Katzkin® products in their inventory that are "open-box", "demos", or similar type products. Such products may still qualify as new, yet exhibit minor wear or other qualities that diminish the perceived, but not actual, quality of the product, and as a result, Resellers may be unable to present these items as new or factory new. In such cases, *and with the prior written approval of Katzkin*, Resellers may advertise these products below MAP provided such advertisements clearly state the condition of the product in the product's main product description, describe such product as either "open-box" or "demos", and include a product description. Additional information describing typical wear and tear of such products must also be included in the product's listing. Products presented in such condition must be aggregated and listed in a separate section from new items.
13. Online Auction or E-commerce Sites. *With Katzkin's prior written approval*, Katzkin® products may be sold or auctioned on eBay, Amazon or other services, but must have a reserve price that adheres to the MAP. The reserve price must be visible in the advertisement. Katzkin reserves the right to remove auctions and any listings on third party e-commerce sites advertising Katzkin® products below the MAP. In addition, Katzkin reserves the right to enforce all unauthorized uses of Katzkin's trademarks and copyrighted materials posted in connection with products being advertised in violation of MAP.

All questions or comments should be submitted in writing to Katzkin Leather, Inc., 6868 Acco Street, Montebello, CA 90640, Attention: Legal Department. Katzkin will accept no other form of communication from Resellers regarding this Policy.

**Schedule A**

**Minimum Advertised Price List**

**Effective Date: January 1, 2021**

	<b>1 Row</b>	<b>2 Row</b>	<b>3 Row</b>
<b>Uninstalled MAP</b>	<b>\$945</b>	<b>\$995</b>	<b>\$1,145</b>
<b>Installed MAP</b>	<b>\$1,395</b>	<b>\$1,595</b>	<b>\$1,895</b>