

RE: Coastal Pet Products EMAP Outline
Date: June 1st 2017

Coastal Pet Products would like to announce the implementation of an EMAP (Electronic Minimum Advertised Price) policy; effective June 1, 2017. Below is a summary of the policy. For further information, please refer to our website at www.coastalpet.com/emap and feel free to contact your Coastal Pet Products Account Manager or email us directly at Compliance@coastalpet.com.

1. Formal EMAP Policy:

Coastal Pet Products will attach our formal EMAP policy to the Coastal website at www.coastalpet.com/emap outlining the products affected, the electronic minimum advertised pricing by item that we expect all authorized resellers of Coastal Pet Products to comply with, and our enforcement methodology that Coastal will employ and hold all authorized resellers accountable for adhering to.

2. Timing:

Beginning June 13th, 2017, Coastal Pet Products will begin sending notifications to all resellers of Coastal products defining items that are in violation of the policy and providing the reseller with reasonable time to correct the advertised prices.

Beginning September 1st, 2017 active enforcement will begin and all resellers of Coastal Pet Products who are found to be in violation of the policy will progress into our three-strike enforcement plan.

3. Enforcement:

Coastal Pet is dedicated to uniform enforcement of EMAP to all existing and potential new Coastal customers. If a reseller violates the EMAP policy and does not correct it within the defined timeframe, they will be subject to the three-strike enforcement system as outlined in Coastal's EMAP policy.

Coastal Pet will notify any reseller of violations to the EMAP policy directly. Distributors supplying these accounts will also be notified so they can enforce the stop sale for any violators. Coastal will provide the distributors the autonomy to cut

off supply on only the items covered under the EMAP policy or all Coastal products. This will be at the discretion of the distributor once the reseller in question has progressed through the three-strike system.

All distributors of Coastal Pet Products will receive a list of unauthorized resellers on a monthly basis unless:

- 1.) A different cadence is requested by the distributor.
- 2.) A third party reseller that the distributor currently sells has progressed through the strike system and transitioned from a status of authorized to unauthorized.

Coastal Pet Products will be enforcing items that fall under two of our brands: Coastal and Bergan. If a reseller progresses into the strike system and is cut off on any product within that corresponding brand, they will also be cut off on all other products covered under the EMAP policy that also fall under that brand.

Example:

Violation: 06162 BLKLRG Coastal Walk Right Front Connect Harness Large

EMAP Price: \$28.79

Advertised Price: \$24.99

Enforcement: Violator A would be cut off on all "Coastal" branded items covered under the EMAP enforcement list (31 total items) if the reseller in question currently purchases these items

4. Three-Strike Enforcement Plan:

All resellers of Coastal Pet Products must adhere to the following enforcement structure. Failure to comply with the structure outlined below may result in further legal action by Coastal Pet Products:

- i. Warning: Initial notification of pricing below EMAP is sent to violator in question from Coastal Account Manager
 1. Corrections to advertised price must be made within 3 business days of receiving this message.
- ii. Strike One: Email sent from Compliance@coastalpet.com and discontinued sale of the products in question to violating party for a period of 30 days

1. Correction to advertised price must be made within 2 business days.
- iii. Strike Two: Email sent and discontinued sale of the product in question to violating party for a period of 90 days.
 1. Correction to advertised price must be made within 2 business days.
- iv. Strike Three: Email sent and sale of products in question are discontinued indefinitely.

Customer accounts that have progressed through the three strike system and have been discontinued for a period up to 1 calendar year can potentially be reinstated by Coastal. Reinstatement of discontinued customer accounts will be made at the full discretion of Coastal Pet Products.

5. Item selections:

Coastal Pet Products will distribute a list of all items covered under the formal EMAP policy for calendar year 2017 along with the corresponding EMAP price. All resellers of these items must advertise these items at or above the outlined EMAP price or they will be subject to the enforcement policy outlined above.

Revisions to the list of the items affected by the policy will typically take place twice per calendar year. Revisions to the list may happen outside of the traditional cadence; however, a 30-day written notice will be provided to all Coastal accounts prior to any adjustments to the written policy with a list of items affected.