

## SUMMARY OF BRAND PROTECTION POLICIES FOR RETAIL PARTNERS

EFFECTIVE AS OF SEPTEMBER 5<sup>th</sup>, 2017

Coastal Pet Products, Inc. (“**Coastal**”) unilaterally adopted Brand Protection (BP) Policies for Retail Partners (the “**Policies**”) effective as of September 1<sup>st</sup>, 2017 (the “**Policy Effective Date**”), which: (a) are applicable to each Retail Partner and (b) consist of (i) a policy regarding electronic minimum advertised price (the “**Electronic Minimum Advertised Price Policy**” or the “**EMAP Policy**”) and (ii) a policy dealing with advertising and marketing (the “**Advertising and Marketing Policy**” or the “**A&M Policy**”).

**The Summary of the Policies provided here is intended to assist in awareness and understanding of the Policies, but only the longer form of the Policies appearing without the word “Summary” in the title on the website(s) designated by Coastal, [www.coastalpet.com](http://www.coastalpet.com) or in hardcopy form controls.**

For purposes of the Policies, “**Retail Partner**” (“**Retail Partners**” in the plural) means an individual or entity located in either or both the United States of America (“**USA**”) and Canada that promotes and sells any or all products offered by Coastal (in the plural, “**Coastal Pet Products**”) to any or all 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).

**1. Purpose.** Coastal Pet Products are manufactured to the highest quality standards, and Coastal prides itself on extensive product and market development activities and superior service. Some Retail Partners have taken or may take advantage of these facts by advertising such products as loss leaders, promoting unfair discounts or misusing intellectual property of Coastal or references to Coastal or its products. In an effort to help safeguard the reputation of Coastal, insure the long-term viability of its brands and protect the investment of those Retail Partners that provide valuable services to end users, Coastal has adopted the Policies.

**2. Scope.** The Electronic Minimum Advertised Price Policy generally applies to certain Coastal Pet Products offered in particular ways, while the Advertising and Marketing Policy, unless otherwise noted, applies to all Coastal Pet Products, regardless how they are offered or sold.

### **3. The Electronic Minimum Advertised Price Policy**

**(a) EMAP Products.** The EMAP Policy establishes an electronic minimum resale price (“**Electronic Minimum Advertised Price**” or “**EMAP**” and referring to either the singular or the plural or both, “**EMAP(s)**”) for each of the Coastal Pet Products as specified on the price list(s) or product list(s) provided or otherwise made available to each Retail Partner by Coastal or otherwise communicated by Coastal Notice intended for such Retail Partner (individually, an “**EMAP Product**” and collectively, “**EMAP Products**”). For purposes of the Policies, “**Coastal Notice**” means notice from Coastal to a Retail Partner provided or made available electronically or otherwise, such as, but not limited to, posting on one or more websites designated by Coastal.

**(b) Application and Violations of the EMAP Policy.** The EMAP Policy applies only to Electronic Content containing Price Information for any or all of the EMAP Products (“**Electronic Marketing**”). Although **each Retail Partner remains free to sell at any prices(s) it chooses**, such Retail Partner violates the EMAP Policy by using any or all forms of Electronic Marketing to make available in any way (whether through advertising, promotion, proposal or otherwise (individually and collectively, “**offering**” and its variants)) any or all of the EMAP Products during the Policy Period at a Net Adjusted Price less than the corresponding EMAP(s) established by Coastal from time to time and communicated to such Retail Partner by Coastal Notice.

**When applied to websites, the EMAP Policy considers Price Information appearing or otherwise conveyed both outside the cart (or other container) and in the cart (or other container) to be subject to the EMAP Policy.**

**(c) Things Not Considered Electronic Marketing.** The following are not considered to be Electronic Marketing and, therefore, are not subject to the EMAP Policy:

- (i) Conventional Advertising: Each offer made in or through Conventional Advertising (for purposes of the Policies, “**Conventional Advertising**” means newspapers, magazines, direct mail, catalogs, radio, television, signs and each other medium so designated by Coastal);
- (ii) Certain Telephone/email: Each offer made: (A) in direct response to a specific customer inquiry through individualized live telephone communication or individualized email (but not recordings, automated bounce-back email or the substantive equivalent) in direct response to a specific customer inquiry or (B) live face-to-face interaction; and
- (iii) Other: Other things deemed not to be Electronic Marketing by Coastal Notice.

**(d) Certain Definitions.** For purposes of the Policies: (i) “**Electronic Content**” means information which (A) can be accessed directly through any hypertext link, by any other method which uses hypertext transfer protocol (http) or anything which Coastal considers to be the substantive equivalent or (B), to the extent not covered by the preceding description, is provided by or on (1) one or more mobile apps or mobile sites for devices (such as tablets and smartphones), (2) social media (e.g., Twitter and Facebook), (3) Internet shopping sites, marketplaces and comparison search engines (CSEs) to which a Retail Partner supplies pricing information (e.g., Google Shopping, Buy.com, eBay, Amazon and PriceGrabber), (4) 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, email and online or other electronic chats) and (5) electronic media advertisements (e.g., email newsletters, pop-ups and banners); (ii) **"Price Information"** means information regarding price, whether, express or implied, such as a discrete price, price formula, reference to price or anything related to price (e.g., representations or inferences regarding savings, discount(s) or value) and anything which Coastal considers to be the substantive equivalent; (iii) the **"Policy Period"** means the time period beginning on the Policy Effective Date and ending on the termination date described in future Coastal Notice; and (iv) **"Net Adjusted Price"** means the price at which an EMAP Product is offered by or for the benefit of a Retail Partner to a customer (potential or actual) for an EMAP Product by such customer after (A) applying all discounts and similar price 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. (See the Policies for details.)

**(f) Other Ways to Violate the EMAP Policy.** Except as expressly approved by Coastal in advance, as otherwise permitted by the Policies or to the extent limited to the EMAP Products as provided herein, a Retail Partner (directly or through another party on behalf or for the benefit of such Retail Partner) 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 Coastal) in connection (directly or indirectly) with the offering of any or all Coastal Pet Products using Electronic Marketing will be deemed to be a violation of the Policies (see the Policies for details):

- (i) Use of certain terms (like "Lowest Price") or low-price guarantee;
- (ii) Using (in meta tags or anywhere else) terms like "Coastal on Sale";
- (iii) Sign-up Discounts;
- (iv) Strike-throughs;
- (v) Offers for "Likes";
- (vi) Prices that vary between the product page and the in-the-cart or other container;
- (vii) Invitations to take other action (like click, rollover or visit a location);
- (viii) Group discounts;
- (ix) Failure to itemize; and
- (x) Tactics intended to circumvent the EMAP Policy.

**(g) Changes Relevant to the EMAP Policy.** Coastal, at any time, may vary the EMAP for an EMAP Product or add to or delete any or all of the EMAP Products, which may, among other things, be based on whether such product(s) is or are offered under or subject to one or more select Coastal programs or any other Coastal policy or in any other situation announced by Coastal from time to time. Coastal will endeavor to provide prior notice of each new EMAP or such change in the EMAP Products, generally not less than thirty (30) days in advance. While Coastal will communicate each EMAP and such change through the price list(s) or product list(s) provided or made available to each Retail Partner by Coastal or otherwise by Coastal Notice, each Retail Partner is responsible for making sure that it is aware of each appropriate EMAP and EMAP Product in each circumstance.

**(h) The EMAP Policy Exemptions.** A Retail Partner does not violate the EMAP Policy by offering to a potential or actual customer any or all of the EMAP Products using Electronic Marketing during the Policy Period at a Net Adjusted Price that is less than the applicable EMAP(s) if such offer or sale is made in accordance with one or more of the following exemptions (collectively, the **"EMAP Policy Exemptions"**) and otherwise complies with the Policies:

- (i) Live (not automated) telephone or email in direct response to a specific customer inquiry;
- (ii) Bona fide advertising and promotional materials that cannot reasonably be modified prior to the Policy Effective Date or the effective date of a change in the EMAP(s), the EMAP Products or the EMAP Policy;
- (iii) Coastal-approved gift-with-purchase;
- (iv) Coastal-approved multi-item discounts;
- (v) Certain card benefits or discounts;
- (vi) Certain loyalty point programs;
- (vii) Some military exchange discounts;
- (viii) Discontinued products; and
- (ix) Some employee discounts.

#### **4. The Advertising and Marketing Policy**

**(a) Use of Coastal Intellectual Property or References to Coastal Pet Products.** A Retail Partner violates the A&M Policy if any advertisement, promotion or other marketing vehicle (regardless of medium, whether Conventional Advertising, Electronic Content or otherwise) used or done by or on behalf of such Retail Partner (i) includes any or all Coastal Intellectual Property or mentions,

uses, depicts or otherwise refers to any or all of the Coastal Pet Products and (ii) either (A) does not conform to the Usage Policies or (B) otherwise is not expressly approved in advance in writing by Coastal.

**(b) Some Relevant Definitions.** For purposes of the A&M Policy: (i) **“Coastal Intellectual Property”** means trademarks, trade names, service marks, copyrights, logotypes, images, artwork, copy or anything else in which Coastal or its designee(s) claim(s) rights and (ii) the **“Usage Policies”** means policies regarding (A) the use of Coastal Intellectual Property and (B) uses, depictions or other references of or to any or all of the Coastal Pet Products (including without limitation those policies relating to format and content) made available by Coastal through Coastal Notice.

**(c) Other Restrictions under the A&M Policy.** Except as expressly authorized by Coastal Notice or otherwise allowed by the Policies, with respect to any or all items of Coastal Pet Products, a Retail Partner violates the A&M Policy by knowingly or negligently, directly or indirectly:

- (i) Prohibited terms (like “lowest price,” the “lowest prices” or “prices too low to show,” any form of low-price guarantee or the substantive equivalent (as determined by Coastal) of any or all of these terms or concepts;
- (ii) Promotion and sale outside the USA and Canada or, except from approved sites, online;
- (iii) Selling for resale;
- (iv) Gun jumping (ignoring product or promotional release dates);
- (v) Creating new Amazon Standard Identification Numbers (ASINs);
- (vi) Using Coastal intellectual property in one or more Uniform Resource Locators (URLs);
- (vii) Questioning or challenging the rights claimed by Coastal or its designee(s);
- (viii) Establishing new locations (physical or electronic);
- (ix) Purchasing any or all Coastal Pet Products other than from Coastal, one or more Distributors or, in the case of bona fide returns, end users;
- (x) Offering or selling one or more products that are modified or counterfeit version(s) of any or all Coastal Pet Products;
- (xi) Tactics intended to circumvent the A&M Policy.

**(d) The A&M Policy Exemption.** Provided that a Retail Partner otherwise complies with the Policies, such Retail Partner does not violate the A&M Policy by conduct that, as determined by Coastal, cannot reasonably be modified prior to the Policy Effective Date 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 Coastal) to be consistent with the A&M Policy (the **“A&M Policy Exemption”**).

**5. When a Retail Partner Requests Approval under the Policies.** If the approval of Coastal under the Policies is sought by a Retail Partner, 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.

**6. Consequences of Violating the Policies.** One or more of the following will occur following verification by Coastal to its satisfaction that a Retail Partner has violated the Policies:

<b>Violation</b>	<b>Consequences</b>
<b>First Violation (Warning)</b>	Coastal will provide notice of such violation to such Reseller and may request that such Reseller remove or stop, or cause to be removed or stopped within the time period specified in such notice, which typically will be one of the following: (a) no later than seventy-two (72) hours or (b) by the conclusion of the period otherwise specified by Coastal (regardless whether any action need be taken, a violation has been accrued).
<b>Second Violation (1<sup>st</sup> Strike)</b>	Effective as of the date specified in notice from Coastal to such Retail Partner and continuing for the next thirty (30) days, the authorization of such Retail Partner to purchase each stock-keeping unit ( <b>“SKU”</b> ) in the product family involved in the second violation (as determined by Coastal) will be immediately revoked by Coastal, so that no new orders will be accepted from such Retail Partner for each such SKU.
<b>Third Violation (2<sup>nd</sup> Strike)</b>	Effective as of the date specified in notice from Coastal to such Retail Partner and continuing for the next sixty (60) days, the authorization of such Retail Partner to purchase each SKU in the product family involved in the third violation (as determined by Coastal) will be immediately revoked by Coastal, so that no new orders will be accepted from such Retail Partner 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 Coastal), the sixty (60) day period will begin after the thirty (30) day period concludes.)
<b>Fourth Violation (3<sup>rd</sup> Strike)</b>	Effective as of the date specified in notice from Coastal to such Retail Partner and continuing until Coastal provides notice to such Retail Partner otherwise, if ever, the authorization of such Retail Partner to purchase any or all of the Coastal Pet Products designated by Coastal (the <b>“Designated Products”</b> ) will be immediately revoked by Coastal,

	so that no new orders will be accepted from such Retail Partner for any or all of the Designated Products.
<b>Continued Violations</b>	If such Retail Partner fails to remove or stop, or cause to be removed or stopped, a violation within the time period specified by Coastal in the notice of such violation, such failure will be a subsequent violation of the Policies.
<b>Additional Violations after the Fourth</b>	In the event that, after the fourth violation of the Policies by such Retail Partner, either or both of the following is or are relevant: (a) the Designated Products do not include all Coastal Pet Products or (b) Coastal provides notice to such Retail Partner that Coastal has re-authorized such Retail Partner to purchase any or all of the Designated Products, then each act or failure to act of such Retail Partner that constitutes a violation of the Policies (or is deemed by Coastal to be such a violation) will receive the same treatment as if a new fourth violation had then occurred.

**7. Treatment of Violations.** Each violation of the Policies is cumulative through the Policy Period. Except as otherwise provided in the Policies, 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.

**8. Do-Not-Sell List.** If a Retail Partner purchases any or all Coastal Pet Products from one or more Distributors, the Policies will be enforced through a Do-Not-Sell List provided to all Distributors on a monthly basis and updates to the mater "Do-Not-Sell" list will be made on a weekly basis and posted to Coastal Pet Product's website. For purposes of the Policies, "**Do-Not-Sell List**" means Coastal Notice which indicates that (a) one or more individuals or entities is or are not authorized by Coastal to promote or resell any or all Coastal Pet Products or (b) the authorization of a Retail Partner to promote and sell Coastal Products has been revoked in whole or part with respect to all such products or revoked only with respect to certain of such products.

**9. Additional Provisions.** Effective as of the Policy Effective Date, the Policies supersede and cancel each other policy applicable to each Retail Partner from Coastal for any or all Coastal Pet Products, if any, regarding minimum advertised price, resale price or, to the extent covered by the Policies, the advertising and marketing matters referred to herein. For any reason(s) deemed appropriate by Coastal (including without limitation based on the request of a Retail Partner for Coastal to consider such things as, but not necessarily restricted to, limited-time promotional offers for an event in which such Retail Partner is participating or otherwise), but, in no case other than as the unilateral decision of Coastal, the Policies may be modified, extended, waived, suspended, discontinued or rescinded in whole or part by Coastal Notice at any time (including without limitation during any Coastal-designated promotional period(s)), with such action(s) effective immediately or as otherwise described by Coastal. If Coastal negotiates a price or prices with a customer that is or are less than the EMAP(s) and provides a Retail Partner the opportunity to offer to fulfill one or more orders at such price(s), acceptance by such Retail Partner of such opportunity will not constitute a violation of the EMAP Policy.

For purposes of compliance with the Policies, each retail business (regardless of the name(s) used and location(s)) directly or indirectly owned, operated or associated with a Retail Partner (as determined by Coastal) will be considered to part of such Retail Partner, so that each violation by any such business will be aggregated with that or those of each other such business and attributed to such Retail Partner. The availability of one or more items of Coastal Pet Products may be changed by Coastal any time, in which case, any or all of Coastal and each other individual or entity supplying a Retail Partner may without liability or penalty refuse to accept any new orders from such Retail Partner for the affected item(s).

Regardless whether expressly indicated in the Policies, each notice referred to herein (including without limitation Coastal Notice): (a) may, as determined by Coastal, be given in writing or electronically (including without limitation posting on a portal for Retail Partners) and (b) will be considered to be received as designated by Coastal. The Explanation (which also may be referred to as "Frequently Asked Questions," "FAQs" or the equivalent as determined by Coastal), if any, accompanying or associated with the Policies is intended to help answer questions in connection with them, but is not part of the Policies. In the event of any disagreement over the interpretation or enforcement of the Policies, the view of Coastal will control.

If a Retail Partner violates the Policies or Coastal determines that such Retail Partner does not qualify for or abused any or all of the EMAP Policy Exemptions and the A&M Policy Exemption, such exemption(s) will be deemed withdrawn by Coastal retroactive to the Policy Effective Date or such other date specified by Coastal. Except in extraordinary circumstances, Coastal will not consider any requests for other exemptions. The consequences of violating the Policies are non-exclusive and do not limit or waive in any way the legal, equitable and other remedies available to Coastal, particularly for conduct relating to Coastal Intellectual Property. Notwithstanding the use of the term "Retail Partner" or anything similar in the Policies or elsewhere, nothing therein shall constitute or be deemed to constitute in the legal sense a franchise, partnership or joint venture between Coastal and any Retail Partner.

Coastal will not discuss any conditions of acceptance related to the Policies. In addition, Coastal neither solicits, nor will it accept, any assurance of compliance with the Policies. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between a Retail Partner and Coastal or otherwise, nothing shall constitute an agreement by such Retail Partner to comply with the EMAP Policy, as, among other things, the EMAP Policy is not and should not be construed to be one of the Coastal policies (as such term or a similar term is or may be used in any or all of such agreements or otherwise) for which such compliance is mandatory.

**8. Questions, Additional Information or Information Regarding Potential Violations.** 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 Coastal responsible for the Policies ("**Policy Administrator**"):

**Policy Administrator, Coastal Pet Products, Inc., 911 Leadway Avenue, Alliance, OH 44601 USA**  
**email: [Compliance@coastalpet.com](mailto:Compliance@coastalpet.com)**

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