



MINIMUM ADVERTISED PRICE (MAP) POLICY

JANUARY 2018

Gates Corporation has unilaterally established a policy regarding the Minimum Advertised Price (MAP) of the Gates Corporation CARBON DRIVE® line of products (Carbon Drive products) which are sold or distributed in the United States. Gates Corporation has invested significant resources in product innovation, development, and marketing to build and maintain its reputation for high-quality and to generate goodwill in all Gates Corporation brands. Gates Corporation believes implementation of a MAP policy is necessary for Carbon Drive to maintain its reputation for high-quality products, preserve its brand image and ensure distributors and retailers provide effective marketing and technical support. This MAP policy is effective as of January 1, 2018 and supersedes all prior Gates Corporation MAP policies regarding Carbon Drive products.

POLICY TERMS

This MAP policy applies to all advertisements of Carbon Drive products, including all drivetrain componentry, as well as tools and small parts. "Advertising" under this policy means a public announcement promoting a Carbon Drive product in any form including, without limitation, flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, internet or similar electronic media, text message, television, fax, radio and public signage. This MAP policy also applies to all Carbon Drive products sold via any retailers' website including, but not limited to, an original company website and/or any and all affiliate websites where retailers advertise CARBON DRIVE® products electronically.

The MAP, which is based on the **net** advertised price (i.e. net of all discounts, rebates, etc.), for all Carbon Drive Products is the Manufacturer's Suggested Retail Price (MSRP) for that product. A list of MSRP prices will be posted on the Gates Carbon Drive website (www.gatescarbondrive.com) and may be updated or modified from time to time by Gates Corporation in its sole discretion. This policy does not apply to the actual price at which Carbon Drive products are sold by any retailer, distributor, or any other reseller of Carbon Drive products (collectively referred to as, "retailers"). A retailer is free to determine its actual retail price for Carbon Drive Products.

POLICY COMPLIANCE

Any attempt to reduce the **net** advertised price below the applicable MSRP for that product will be considered a violation of the MAP policy. Such attempts to advertise a net price below MSRP may include but are not limited to:

- Advertising Carbon Drive products subject to store-wide discounts that would result in a net advertised price that falls below MSRP.
- Advertising Carbon Drive products in combination with non-Gates products at a single price that would result in a net advertised price that falls below MSRP.
- Advertising multiple Carbon Drive products for a single price that is less than the combined MSRP.
- Advertising that offers gift certificates or store credit in combination with Carbon Drive products at a single price where the gift certificate or in store credit results in a net advertised price below MSRP.
- Advertising Carbon Drive products through online auctions where the minimum bid is below MSRP.

POLICY VIOLATIONS

Gates Corporation shall determine any noncompliance of this MAP policy, in its sole discretion. Gates Corporation will not accept any communication from any retailer regarding the willingness of the retailer to bring its advertised prices into compliance with the MAP policy. In the event a retailer chooses not to comply with this MAP policy,

Gates Corporation has the unilateral right to: a) revoke any advertising or marketing allowances; b) refuse to accept orders from any non-complying retailer for any given period of time; and/or c) terminate the business relationship altogether.

EXCEPTIONS

The Gates Carbon Drive MAP policy does not apply to the following (exceptions):

- Electronic mail sent directly in response to a customer inquiry.
- Internet "shopping cart" pages where a customer makes his or her final purchase selection.
- Advertisements that offer free services with purchase; free installation, adjustment or training unless the advertisement specifies a value of those services which nets a price below MSRP on Carbon Drive products.

UNILATERAL NATURE OF POLICY

This MAP policy has been unilaterally developed and adopted by Gates Corporation, in its sole discretion, and will be unilaterally enforced by Gates Corporation. The business relationship between Gates Corporation and each of its retailers remains an "at will" business relationship. Gates Corporation reserves the right to terminate such business relationships without cause and at any time. Nothing in this MAP policy is intended to be a contract or agreement between Gates Corporation and any of its retailers as to the terms of this MAP policy. Gates Corporation will not enter into any discussions with any retailers on any conditions of acceptance related to this MAP policy, as it is non-negotiable, and will not be altered for any retailers. Gates Corporation does not seek, nor will it accept, any agreement or assent from its retailers respecting this MAP Policy. Gates Corporation reserves the right, at any time, to modify this policy, to establish new or different policies or to discontinue any or all such policies.

CONTACT INFORMATION

Gates Corporation sales personnel have no authority to modify or grant exceptions to the MAP policy or have any communications with any retailers regarding the terms or non-compliance with this MAP policy. All questions or comments regarding this MAP policy are to be directed to **carbondrive@gates.com**.