



VALUE PROTECTION (VP) POLICIES FOR DEALERS EFFECTIVE AS OF SEPTEMBER 1, 2016

Backrack, Inc. ("BRI") has unilaterally adopted these Value Protection (VP) Policies for Dealers (these "Policies") effective as of September 1, 2016 (the "Policy Effective Date"), which (1) are applicable to each Dealer and 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 these Policies, "Dealer" ("Dealers" in the plural) means an individual or entity located in either or both of the Canada and United States of America ("U.S.") that promotes and sells any or all products offered by BRI (in the plural, "BRI Products") to one or more end user purchasers (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

BRI 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 Dealers 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 BRI or references to BRI or its products. In an effort to help safeguard the reputation of BRI, insure the long-term viability of its brands and protect the investment of those Dealers that provide valuable services to end users, BRI has adopted these Policies.

2. The Minimum Retail Price Policy

(a) The Covered Products

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 BRI Products as specified on the price list(s) or product list(s) provided or otherwise made available to each Dealer by BRI or otherwise communicated by BRI Notice (individually, a "Covered Product" and collectively, the "Covered Products"). For purposes of these Policies, "BRI Notice" means notice from BRI to a Dealer provided or made available electronically or otherwise, such as, but not limited to, posting on one or more websites designated by BRI.

(b) Violations of the MRP Policy

Although each Dealer remains free to establish its own resale prices, such Dealer violates the MRP Policy: (a) by (i) making available in any way (whether through advertising, promotion, proposal, quotation or otherwise and regardless of place or medium used) (individually and collectively, "offering" and its variants), (ii) selling (whether face-to-face, in-store, online, through a catalog or otherwise) or (iii) 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 BRI from time to time and communicated by BRI Notice or (b) by being deemed to have violated the MRP Policy as provided herein.

(c) Certain Definitions

For purposes of these Policies, (i) the "Policy Period" with respect to a Dealer means the time period beginning on the Policy Effective Date and ending on the termination date described in a future BRI Notice; (ii) "Net Adjusted Price" means the lower of the price at which a Covered Product is offered by or for the benefit of a Dealer to a customer (potential or actual) or that actually paid to or for the benefit of a Dealer 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 each Bundle involving one or more free or reduced-price goods or services; and (iii) "Bundle" means a combination of one or more BRI Products with one or more other products or services offered or sold together (as determined by BRI).

(d) Calculation of Net Adjusted Price

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 a an actual or potential customer (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI to be part of such offer or sale), except that an offer or sale using or applying a rebate, coupon or the equivalent (as determined by BRI) will not be considered part of Net Adjusted Price if such rebate, coupon or the equivalent is provided by BRI or its designee(s) (A) directly to such customer or (B) to such Dealer for provision to and use by such customer:
- (ii) excluding, if to be paid or paid by such customer, all applicable taxes and all shipping, delivery and insurance charges (However, if such Dealer 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 Dealer 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 Dealer, the fair market value (as determined by BRI) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI 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 Dealer, the difference between: (A) the fair market value (as determined by BRI) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI to be part of such offer or sale) and (B) the amount to be paid or actually paid for such goods, services and benefits.

The fair market value for each Covered Product offered or provided for free or at a reduced price with the purchase of another Covered Product will be its MRP. From time to time, BRI may communicate to a Dealer in writing or electronically what it considers to be the fair market value for particular goods or services.

(e) Other Ways to Violate the MRP Policy

Except as expressly approved by BRI in advance or to the extent limited to the Covered Products as provided herein, a Dealer (directly or through another party on behalf or for the benefit of such Dealer) 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 BRI) in connection (directly or indirectly) with the offering or sale of any or all BRI Products will be deemed to be a violation of these Policies:

- (i) offering to match or matching a lower price offered by another seller;
- (ii) in connection with the offering 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;
- (iii) offering or providing a discount, coupon or rebate applicable to any or all of the Covered Products in return for a Facebook "Like" or anything similar in intent or effect (as determined by BRI) involving one or more social media;
- (iv) offering or selling a Bundle, unless such bundle either (A) originates from BRI or (B) has been expressly approved by BRI Notice to such Dealer in advance:
- (v) 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 these Policies and the price for such product varies (exclusive of applicable taxes and all shipping, delivery and insurance charges) across any or all of (A) the initial webpage mentioning, depicting or describing such product (if a price for such product appears on such page), (B) the in-the-cart (or other container) price, (C) the checkout price and (D) the substantive equivalent of any or all of them as determined by BRI;
- (vi) 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;
- (vii) the promotion or sale to group purchasers, except at price(s) no less than each applicable MRP;
- (viii) making or applying a trade-in offer for one or more BRI 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 communicated;
- on any or all proposals, quotations, contracts, invoices and receipts provided to or prepared for the benefit of any or all of such Dealer's potential and actual customers in connection with the offer or sale of any or all BRI Products (individually and collectively, "Customer Communications"), the failure of such Dealer 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
- (x) one or more tactics which BRI determines is or are intended to circumvent application or operation of the MRP Policy.

(f) Changes Relevant to the MRP Policy

BRI, at any time, may vary the Minimum Retail Price 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 BRI program(s) or any other BRI policy or in any other situation announced by BRI from time to time. BRI 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 BRI will communicate each MRP and such change through the price list(s) or product list(s) provided or made available to each Dealer by BRI or otherwise by BRI Notice, each Dealer is responsible for making sure that it is aware of the appropriate MRP(s) and the Covered Products in each circumstance.

(g) Free or Reduced-Price Shipping Not Considered Discount

Notwithstanding anything to the contrary in the MRP Policy, free or reduced-price shipping may be offered or furnished by a Dealer without it being considered to be a discount when offered or furnished in connection with a purchase that includes at least one of the Covered Products, provided that, as determined by BRI: (a) such offer or furnishing applies to all other products in the category in which each such Covered Product resides and (b) the value thereof is reasonable.

(h) The MRP Policy Exemptions

A Dealer does not violate the MRP Policy by offering or selling to a potential or actual customer any or all of the Covered Products during the Policy Period at a Net Adjusted Price that is less than the applicable MRP(s) if such offer or sale is made in accordance with one or more of the following exemptions (collectively, the "MRP Policy Exemptions") and otherwise complies with these Policies:

- 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), the Covered Products or the MRP Policy until such time that it is reasonable to revise such materials (as determined by BRI) to be consistent with the MRP Policy;
- (ii) each bona fide written contract between such Dealer and a customer that became effective (A) prior to July 15, 2016 (the "Policy Announcement Date") or, after the Policy Announcement Date, if performance by such Dealer under such contract is completed prior to the Policy Effective Date or (B), in the case of a change in the MRP(s), the Covered Products or the MRP Policy, the day before such change is announced by BRI;

- (iii) a bona fide offer of one or more of the Covered Products made by such Dealer prior to (A) the Policy Announcement Date or (B) the effective date of a change in the MRP(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 (1), if the MRP Policy was in place at the time such offer was made, it complied with the then-current terms thereof; (2) such offer is effective for no longer than ten (10) days or other reasonable time period (as determined by BRI) after the Policy Announcement Date or the effective date of such change; and (3) each of the Covered Products included in such sale will be delivered to such customer no later than thirty (30) days after such acceptance;
- (iv) the offer or sale under one or more special programs (if any) designated by BRI;
- (v) (A) a card benefit consisting of a discount, credit or rebate associated with the use of a designated credit or debit card or (B) a coupon or other discount that in either case would, after its application, result in offer or sales price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as (1) such card benefit, coupon or other discount may be applied to all or almost all of the products offered by such Dealer or, in the case of a category-wide sale (such as truck accessories), all or almost all of the other products in the category and (2) none of the statements or materials promoting such card benefit or coupon or other discount mentions, uses, depicts or otherwise refers to or appears adjacent to or near any or all of the name or mark BRI and the Covered Products;
- 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 Dealer (as long as each relevant Covered Product 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: (A) Loyalty Points may be accrued and applied to all or almost all of the products and services offered by such Dealer, (B) the everyday accumulation rate for Loyalty Points applicable to the purchase of any or all BRI Products is no more than that applicable to all or almost all other brands of products offered by such Dealer (as determined by BRI regardless of category) and (C) none of the statements or materials promoting Loyalty Points mentions, uses, depicts or otherwise refers to any or all BRI Products; except that such Dealer may offer and provide a greater accumulation rate applicable to the purchase of any or all BRI Products and promote it, as long as such Dealer has received BRI Notice in advance expressly approving such rate and such promotion;
- (vii) the offer of one or more items of any or all of the Covered Products that is or are discontinued by BRI effective (A) when such item(s) does or do not appear on the then-current the price list(s) or product list(s) issued by BRI or (B) on the date(s) referred to in notice of discontinuance provided by BRI to Dealers; and
- (viii) provided that such offer or sale is reasonable (as determined by BRI), the offer or sale of one or more units of any or all of the Covered Products: (A) that are demonstration or display units or (B) to an employee of such Dealer for his or her personal use (and not for resale).

3. The Advertising and Marketing Policy

(a) Use of BRI Intellectual Property or BRI Product References

A Dealer 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 Dealer (i) includes any or all BRI Intellectual Property or mentions, uses, depicts or otherwise refers to any or all of the BRI Products and (ii) either (A) does not conform to the Usage Policies or (B) otherwise is not expressly approved in advance in writing by BRI.

(b) Some Relevant Definitions

For purposes of the A&M Policy: (i) "Conventional Advertising" means, but is not limited to newspapers, magazines, direct mail, flyers, catalogs, radio, television and signs; (ii) "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 BRI 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 feeds and Facebook), (3) Internet shopping sites, marketplaces and comparison search engines (CSEs) to which a Dealer 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, e-mail and online or other electronic chats) and (5) electronic media advertisements (e.g., e-mail newsletters, pop-ups and banners); (iii) "BRI Intellectual Property" means any or all of the designs, trademarks, trade names, service marks, logotypes, trade dress, images, artwork, copy, commercial symbols, copyrights, data, data bases, marketing information, trade secrets, confidential information and anything else in which BRI or its designee(s) claim(s) rights, regardless whether steps have been taken to register such rights with any government authority; and (iv) the "Usage Policies" means policies regarding (A) the use of BRI Intellectual Property and (B) uses, depictions or other references of or to any or all of the BRI Products (including without limitation those policies relating to format(s) and content) made available by BRI through BRI Notice.

(c) Other Restrictions under the A&M Policy

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

- (i) advertising, promoting or selling 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 BRI) of any or all of these terms or concepts;
- (ii) advertising, promoting or selling in any or all of the following ways: (A) outside Canada and the U.S. (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 anyone located outside Canada and the U.S.), (B) using any business name(s) or storefront(s) other than the such Dealer's full business name or acceptable variants thereof (as determined by BRI) and (C) online in any fashion, unless and only to the extent each website and marketplace used for such purpose BRI Value Protection (VP) Policies for Dealers (Canada/U.S.) 3

by such Dealer is (along with each business name and storefront) approved in advance by BRI for such use and which approval has not been rescinded by notice from BRI;

- (iii) selling in either or both of the following ways: (A) to anyone for resale other than, in the case of permitted returns, to any or all of the Distributors or BRI and (B) to anyone other than end user customers permitted by BRI, including without limitation to the Special Accounts (for purposes of these Policies: (1) the "Special Accounts" means, collectively, each individual or entity so designated by BRI Notice and (2) "Distributor" (in the plural, the "Distributors") means an individual or entity authorized by BRI to sell any or all BRI Products to one or more Dealers);
- (iv) using any or all of BRI, its trademarks or other BRI Intellectual Property (or any variant(s) thereof) as or as part of any or all Uniform Resource Locators (URLs), AdWords, corporate names and trade names (or the substantive equivalent as determined by BRI) employed by or for the benefit of such Dealer, regardless whether such use is in connection with the offering or sale of any or all BRI Products;
- (v) questioning or challenging the rights claimed by BRI or its designee(s) in or to BRI Intellectual Property or assisting in any way any other(s) in doing so:
- (vi) creating or assisting in or otherwise cooperating in the creation of new Amazon Standard Identification Numbers (ASINs);
- (vii) purchasing any or all BRI Products from any individual or entity other than BRI, a Distributor or, in the case of bona fide returns only, an end user;
- (viii) offering or selling one or more products that are (A) modified or counterfeit versions of any or all BRI Products or (B) private label versions made by or for such Dealer or one or more affiliates of such Dealer (as determined by BRI); and
- (ix) one or more tactics which BRI determines is or are intended to circumvent application or operation of the A&M Policy.

(d) The A&M Policy Exemption

Provided that a Dealer otherwise complies with these Policies, such Dealer does not violate the A&M Policy by conduct that, as determined by BRI, 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 BRI) to be consistent with the A&M Policy (the "A&M Policy Exemption").

4. Consequences of Violating these Policies

BRI, without assuming any liability, will take one or more of the following actions immediately following verification by BRI to its satisfaction that a Dealer has violated any or all of these Policies:

For the first violation during the Policy Period:

- (a) Effective as of the date specified in notice from BRI to such Dealer and continuing for the next thirty (30) days, the authorization of such Dealer to purchase each stock-keeping unit ("SKU") in the product family involved in the first violation (as determined by BRI) will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for each such SKU and
- (b) if such violation is due to: (i) **continuing use of offending reference(s)**, **text or conduct**, such Dealer, after receiving notice of such violation from BRI, will remove or stop or cause to be removed or stopped the offending reference(s), text or conduct (if BRI determines that it or they can be) within the Allotted Period or (ii) **offending reference(s)**, **text or conduct that BRI determines have been removed or stopped** (for example, a violation that has not been continued or repeated, such as an offending ad run one time or a sale made last week), no further action is necessary on the part of such Dealer. (For purposes of these Policies, **the "Allotted Period"** means the time period specified in the notice of violation provided by BRI to such Dealer, which typically will be one of the following: (A) no later than one (1) business day (usually for a violation involving Electronic Content, including with limitation that using the Internet); (B) no later than three (3) business days (generally for all other cases); or (C) by the conclusion of the period otherwise specified by BRI.)

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 BRI determines that it or they can be) within the Allotted Period after receiving notice of the first violation from BRI or (b) such Dealer otherwise violates these Policies a second time, effective as of the date specified in notice from BRI to such Dealer and continuing for the next sixty (60) days, the authorization of such Dealer to purchase each SKU in the product family involved in the second violation (as determined by BRI) will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for each such SKU. (If the thirty (30) day period for the first violation of these Policies has not run and the second violation of these Policies involves the same product family as that of the first (as determined by BRI), the sixty (60) day period will begin after the thirty (30) day period concludes.)

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 BRI determines that it or they can be) within the Allotted Period after receiving notice of the second violation from BRI or (b) such Dealer otherwise violates these Policies a third time, effective as of the date specified in notice from BRI to such Dealer and continuing until BRI provides notice to such Dealer otherwise, if ever, the authorization of such Dealer to purchase any or all of the BRI Products designated by BRI (the "Designated Products") will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for any or all of the Designated Products.

Each violation of these Policies is cumulative through the Policy Period. Except as noted, beginning with the second violation, the consequences of each violation can 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 Dealer purchasing any or all BRI Products from a Distributor, these Policies will be enforced through a Do-Not-Sell List. For purposes of these Policies, "Do-Not-Sell List" means BRI Notice which indicates that (a) one or more individuals or entities is or are not

authorized by BRI to promote or resell BRI Products or (b) such authorization has been revoked in whole or part with respect to all BRI Products or revoked only with respect to certain of such products.

5. Additional Provisions

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

If the approval of BRI under these Policies is sought by a Dealer, the failure to obtain it no later than seven (7) days after such request will be deemed to be a disapproval of each thing for which such approval is sought. As designated by notice from BRI, any or all of the approvals under these Policies provided to a Dealer by BRI may be rescinded in whole or part or otherwise modified, including without limitation if such Dealer does not fully comply with the then-current terms and conditions of one or more of such approvals.

The availability of any or all items of BRI Products may be changed by BRI anytime, in which case, BRI and each of the Distributors may without liability or penalty (a) cancel all pending orders (even if accepted) from a Dealer for such changed item(s) and (b) refuse to accept any new orders from a Dealer for such item(s).

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

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

If a Dealer violates these Policies or BRI determines that such Dealer does not qualify for or abused any or all of the MRP Policy Exemptions and the A&M Policy Exemption, such exemption(s) will be deemed withdrawn by BRI retroactive to the Policy Effective Date or such other date specified by BRI. Except in extraordinary circumstances, BRI will not consider any requests for other exemptions.

BRI will not discuss any conditions of acceptance related to these Policies. In addition, BRI neither solicits, nor will it accept, any assurance of compliance with these Policies. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between (a) a Dealer and BRI, (b) such Dealer and each Distributor (if any) from which such Dealer obtains any or all BRI Products or (c) such Dealer and anyone else, nothing therein shall constitute an agreement by such Dealer to comply with these Policies, as, among other things, these Policies are not and should not be construed to be one of the Dealer Policies, the BRI Policies or the DP (as such term(s) is, are or may be used in any or all of such agreements) where such compliance is mandatory.

6. Questions, Additional Information or Information Regarding Potential Violations

All questions or requests for additional information regarding these Policies or information concerning potential violations of these Policies must be in writing and are to be addressed to the following person at BRI responsible for these Policies ("Policy Administrator"):

Policy Administrator Backrack, Inc. 475 Wyecroft Road Oakville, ON, L6K 2H2 Canada

email: policyadmin@backrack.ca

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

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