

TOYO TIRE CANADA INC.
MINIMUM ADVERTISED PRICE POLICY

Toyo Tire Canada Inc. (“**Toyo**”) is dedicated to manufacturing and selling tires of the highest quality for vehicle enthusiasts. Toyo’s tire sizing, tread patterns and tire compounds combine modern aesthetics with advanced technology.

Toyo dedicates substantial resources into developing and marketing its products, and is proud to associate with Authorized Dealers and Downstream Resellers (as defined below) who dedicate the time and effort to ensure their customers’ satisfaction with Toyo brand tires, protect the Toyo brand reputation, and provide excellent customer service. Toyo wants to protect their ability to do so by discouraging price-based advertising that would be detrimental to customer service and support efforts.

In an effort to preserve the integrity of the Toyo brand and its reputation for providing customers with high value products and strong after-sales support, and to further enhance our image and competitiveness in the marketplace, Toyo is unilaterally establishing this Minimum Advertised Price Policy (“**MAP Policy**”) to support our Authorized Dealers and any Downstream Resellers.

MAP POLICY INTRODUCTION

This MAP Policy establishes advertised price standards for Toyo tires (refer to Exhibit A for a complete list of “**Covered Products**” at this time) and applies to all Authorized Dealers and Downstream Resellers who advertise Toyo tires for sale.

Authorized Dealers and Downstream Resellers shall not advertise Toyo tires at prices less than the minimum advertised price (“**MAP**”) as set forth in Exhibit A. Any Advertising that contains prices lower than the MAP will be in violation of this MAP Policy. This MAP Policy does not address, restrict or limit the actual prices at which Authorized Dealers and Downstream Resellers choose to sell Toyo tires to their customers.

Although Authorized Dealers and Downstream Resellers remain free to establish their own selling prices, Toyo will unilaterally impose sanctions as described herein against those who advertise Covered Products below the applicable MAP.

1) **DEFINITIONS.**

- a) “**Advertising**” refers to any digital, electronic, visual, audio or printed communication intended to solicit sales of Toyo tires that appears in any form of public media including, without limitation, flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, television, radio, and public signage, as well as Internet sites, social media sites, “apps,” or any other digital or electronic media.
- b) “**Authorized Dealer**” means a person or business entity that purchases Covered Products directly from Toyo.
- c) “**Covered Products**” mean the specific model of Toyo brand tires that we designate now in Exhibit A or in the future.
- d) “**Downstream Reseller**” means a person or business entity that is not an Authorized Dealer that sells Covered Products.

- e) “**Seller(s)**” collectively refers to an Authorized Dealer and Downstream Reseller.
- 2) **EFFECTIVE DATE.** This MAP Policy applies to all Advertising that a Seller conducts on and after **October 1, 2019** (the “**Effective Date**”). Toyo reserves the right to modify or terminate this MAP Policy, including, without limitation, changing minimum advertised prices, adding or deleting Covered Products, or revising MAP Policy guidelines, at any time, without notice and at our sole discretion. A current MAP Policy can be found at www.toyotires.ca/map-policy (“**MAP URL**”). Any change to this MAP Policy will be posted at the MAP URL and will be effective immediately upon posting.
- 3) **MAP POLICY GUIDELINES.**
- a) A Seller shall not advertise Covered Products in any Advertising at prices less than the MAP on and after the Effective Date. This MAP Policy applies to all Covered Products that Sellers display on any website regardless of whether the Seller owns or controls the website. For purposes of clarity, this MAP Policy applies to all advertised online prices, including when Covered Products are displayed online in any medium. It is a violation of this MAP Policy to (i) display Covered Products online without any price advertised, but instead with wording such as “add to cart” or “see price in cart”; or (ii) include with Advertising language, symbols, or imagery indicating or implying that lower pricing is available in the cart or otherwise (e.g., “see cart for lower price” or “lowest price guaranteed”).
- b) A Seller shall not use strike-through advertised pricing (or similar advertising mechanisms or alterations) where the Advertising would lead a customer to reasonably believe that the product price being shown is less than MAP price. For example, an advertised MAP price shown as \$~~100~~ is prohibited under this MAP Policy.
- c) Website features such as automated “bounce-back” pricing e-mails, pre-formatted e-mail responses, forms, and automatic price display for any Toyo tires before items are placed in a customer’s shopping cart, and other similar features are considered to be communications initiated by the Seller (rather than by the customer) and constitute Advertising under this MAP Policy.
- d) Pricing that appears on any website is considered an advertised price and must adhere to this MAP Policy until the consumer places the Toyo tires in the virtual shopping cart. Once the Toyo tires enter the virtual shopping cart and the consumer enters unique information such as a login email, password, membership number and/or any other form of identifying information, it is considered part of the check-out procedure and its display in the check-out pages falls outside the scope of this MAP Policy.
- e) It shall not be a violation of this MAP Policy to advertise that a customer may “call for information,” “email for information,” or “chat for information,” or to use similar language. Actual prices charged or offered to a potential purchaser may be provided in direct response to such requests by telephone, email, chat, or other message. Such communications, which are responses to communications initiated by a potential purchaser (rather than the Seller), shall not be considered “Advertising” under this MAP Policy.

- f) It shall not be a violation of this MAP Policy to advertise in general that the Seller has “the lowest prices” or will match or beat its competitors’ prices, or to use similar phrases; so long as the Seller does not include any advertised price below MAP and otherwise complies with this MAP Policy.
- g) It shall not be a violation of this MAP Policy to advertise a separate available rebate (either “mail-in” or “instant” or other such wording) on a set of four (4) Covered Products in Advertising provided that “rebate” wording is used and that the rebate does not affect or reasonably imply prices of individual Covered Products as below MAP. Notwithstanding the foregoing, a Seller which advertises Toyo-sponsored promotions that may reduce the advertised price of Covered Products below the applicable MAP will not have committed a violation under this MAP Policy by virtue of such advertisement.
- h) In determining a Seller’s compliance with this MAP Policy, Toyo takes into account all “bundles” or “sets” of multiple Covered Products, price discounts, coupons, gifts, other free merchandise, and other types of incentives or promotional offerings (including, without limitation, any “gift with purchase”) that Seller chooses to offer in promoting Toyo tires in Advertising. The value of all such incentives and promotional offering shall be determined by Toyo, at its sole discretion, and shall be deducted from the price shown in the Advertisement to determine the effective advertised price.
- i) This MAP Policy does not apply to Advertising that is displayed inside or immediately outside a Seller’s physical place of business.
- j) An Authorized Dealer shall provide a copy of this MAP Policy to all its Downstream Resellers to provide notice that the MAP Policy will apply to those Downstream Resellers. We have sole discretion to enforce this MAP Policy against Downstream Resellers and may, among other things, place a Downstream Reseller on a “Known Violators” list without giving the Downstream Reseller prior notice of our decision.

4) **MAP POLICY ENFORCEMENT.**

- a) Toyo will enforce this MAP Policy through its own staff and outside consultants and agents. Toyo will uniformly apply this MAP Policy and unilaterally make all determinations relating to a violation of the MAP Policy in its sole discretion. There will be no negotiations or appeals and there are no exceptions to the MAP Policy.
- b) No Seller has the right to enforce the MAP Policy, either on its own behalf or on behalf of Toyo.
- c) It shall be a violation of this Map Policy for an Authorized Dealer to sell to a Downstream Reseller who is in violation of this Map Policy.
 - i) Toyo will periodically release the names and addresses of known violators of this MAP Policy (the “**Known Violators List**”).

d) For the purpose of this Map Policy, “the range of the Toyo tires subject to the infraction” refers the tire pattern. If a Seller commits a violation on one tire or one product code, the entire pattern line would be subject to the infraction.

e) **First Violation:**

i) Authorized Dealer or Downstream Reseller: A written notice of the first violation will be sent to the Seller. The Seller will have three (3) business days upon receipt of written notice to comply before it is considered a second violation.

f) **Second Violation:**

i) Authorized Dealer: A written notice of the second violation will be sent to the Authorized Dealer. The Authorized Dealer will forfeit any deferred funds from their Toyo program which includes: any incentives and volume bonus funds earned and owed for the range of Toyo products subject to the infraction for the month in which the violation was identified. The Authorized Dealer will have three (3) business days upon receipt of written notice to comply before it is considered a third violation.

ii) Downstream Reseller: A written notice of the second violation will be sent to the Downstream Reseller. The Downstream Reseller will be added to the Known Violators List until the end of the 3rd calendar month from the date of the Second Violation. The Downstream Reseller will have three (3) business days upon receipt of written notice to comply before it is considered a third violation.

g) **Third Violation:**

i) Authorized Dealer: A written notice of the third violation will be sent to the Authorized Dealer. The Authorized Dealer will forfeit any deferred funds from their Toyo program which includes: any incentives and volume bonus funds earned and owed for the range of Toyo products subject to the infraction for the month in which the violation was identified and will be ineligible for such funds for a period of three (3) consecutive months starting from the month proceeding the date of the third violation.

ii) Downstream Reseller: A written notice of the third violation will be sent to the Downstream Reseller. The Downstream Reseller will be added to the Known Violators List permanently.

5) **MAP POLICY ADMINISTRATION.**

a) This MAP Policy is an internal policy and therefore not negotiable. Toyo will unilaterally enforce this MAP Policy without prior warning to the Seller.

b) Toyo will not discuss our decisions relating to the enforcement of this MAP Policy or negotiate the terms of our decisions with any Seller and will not seek or accept assurances of any kind from any Seller as to the Seller’s future conduct.

- c) This MAP Policy does not constitute an agreement between Toyo and any Seller. Compliance with this MAP Policy does not evidence any kind of agreement between Toyo and the Seller.
- d) This MAP Policy is in addition to, and does not supersede or limit in any respect, any other terms or conditions of any existing agreement between Toyo and the Seller.
- e) If a dealer has any questions about this MAP Policy, the questions should be put in writing and directed to the attention of map.admin@toyocanada.com.