



UNILATERAL PRICING POLICY

Cooling Systems and Flexibles, Inc. ("CSF") has determined to implement this **Unilateral Pricing Policy (UPP)** effective as of **March 9th, 2020** (the "Policy Effective Date"), which is applicable to each CSF Dealer or Distributor (Reseller) located in either or both of the United States of America ("USA") and Canada. The UPP was adopted with the goal of supporting CSF's resellers by maintaining broad distribution channel health. By setting a UPP, CSF enables its resellers to maintain the high level of programs and service that customers deserve. The Policy will be strictly enforced.

This UPP establishes a **Minimum Resale Price (MRP)** for each of the CSF products (individually, a "Covered Product" and collectively, "Covered Products") as specified on the price list(s) or product list(s) provided or otherwise made available to Resellers by CSF or otherwise communicated by notice from CSF intended for such Resellers. **MRP for Covered Products are listed on CSF's current Effective Retail & Jobber Price Sheets.**

CSF will monitor sales channels throughout the market and identify Resellers that are in violation of this Policy and will endeavor to routinely notify customers of these resellers in violation of the Policy. Lack of receiving such communication does not relieve the customer's responsibility to abide by the policy. CSF's Unilateral Pricing Policy applies to all forms of pricing including verbal, electronic or in print.

Violations of this Policy:

Although each Reseller remains free to establish its own resale prices, CSF, without assuming any liability, will take one or more of the following actions immediately following verification by CSF to its satisfaction that such Reseller has violated this Policy:

For the first violation during the Policy Period: The offending Reseller, after receiving notification from CSF of such violation, will remove or stop the violation, or cause the violation to be removed or stopped (if CSF determines that it or they can be) within the Allotted Period (for purposes of this Policy, the "Allotted Period" means the time period specified in the notice of violation provided by CSF to such Reseller, which typically will be one of the following: [1] no later than one (1) business day (usually for a violation involving the Internet); [2] no later than three (3) business days (generally for all other cases); or [3] by the conclusion of the period otherwise specified by CSF).

For the second & final violation during the Policy Period: In the event that (A) the offending reference(s), conduct that caused the first violation is or are not removed or stopped (if CSF determines that it or they can be) within the Allotted Period after receiving notice of the first violation from CSF effective as of the date specified in notice from CSF to such Reseller and continuing until CSF provides notice to such Reseller otherwise, if ever, the authorization of such Reseller to purchase any or all of the CSF products designated by CSF (the "Designated Products") will be immediately revoked by CSF, so that all pending orders (even if accepted) from such Reseller.

Each violation of this Policy is cumulative through the Policy Period. Beginning with the first violation, 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. The "Policy Period" with respect to a Reseller means the time period beginning on the Policy Effective Date and ending on the termination date described in a future notice to such Reseller from CSF.



For each Reseller purchasing any or all CSF products from anyone else (such as a distributor), this Policy will be enforced through a **Do-Not-Sell (DNS) List**. Once notified, it is the responsibility of the reselling Dealer or Distributor (Reseller) to refrain from selling to any Violating Reseller placed on the DNS List.

Violations include:

1. Offering, advertising or reselling Covered Product at a net retail price below CSF's Retail MRP, as set forth on the CSF Retail & Jobber Price Sheet in effect at the time of the sale. This includes "in cart" prices, coupon codes and other forms of discounts that CSF determines reduce the actual selling price below Retail MRP.
2. Offering, advertising or reselling any Covered Product at a net wholesale price below CSF's Jobber MRP, as set forth on the CSF Retail & Jobber Price Sheet in effect at the time of the sale.
3. Offering, advertising or reselling Covered Product to non-qualifying Jobber customers at a price below CSF's Retail MRP, as set forth in the CSF Retail & Jobber Price Sheet in effect at the time of the sale.
4. **Reselling Covered Product (including drop shipments) to any company appearing on the then-current Do-Not-Sell (DNS) list or to any representing entity for these Resellers, such as another business owned or co-owned by the violating reseller.**
5. Offering, advertising or reselling Covered Products: (i) in conjunction with other CSF products at reduced prices, or (ii) in a "package" or combination along with any other brand, other than CSF products, or (iii) in a "package" or combination that includes discounted services, such that the effect of such packaging and/or combinations would make the actual selling price of the Covered Product to be lower than the MRP allowed for those products, or the price cannot be clearly determined.
6. Using the terms "lowest price" or "prices too low to show," or "DM/PM for best pricing," or any form of low-price guarantee or the substantive equivalent (as determined by CSF) of any or all of these terms or concepts including offers to match a price of another seller that is below the MRP.
7. Denying permission for CSF to audit sales invoices, product inventory and product inventory records for sales of Covered Product by an independent third party that CSF contracts to perform the audit, within two (3) business days of request to do so.
8. Actions that seek to, or appear to devalue Covered Product below the effective MRP such as a strike through MRP, discounts or rebates after the date of purchase, as determined by CSF.



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9. Websites or other advertising that intentionally fail to disclose a selling price of Covered Product (as determined by CSF), such as having an invitation to click, rollover, call, e-mail, visit a location (such as a website, store or showroom) or otherwise communicate a price.

 10. Failure of a Reseller to itemize the price charged for each of the products and services shown or referred to on its Customer Communications, regardless whether such Customer Communications contain(s) any reference to any or all of the Covered Products.

 11. Using one or more tactics which CSF determines is or are intended to circumvent application of this Policy.

 12. Offering, advertising or reselling Covered Product on Third-Party “marketplace” websites (Examples are, but not limited to: Amazon, eBay, Jet, Alibaba, Overstock, Walmart, Sears, Newegg, etc.) as an unauthorized CSF reseller. **To apply to be an authorized reseller, please send an email to info@csfrace.com**

 13. Offering, advertising or reselling Covered Product without providing clear contact information to the consumer, such as physical address, phone number, email address or contact form.

 14. Offering or advertising Covered Product under the description of Open Box.

Exemptions:

1. Discontinued or other items (if any) without a MRP listed on the current price sheet.

2. Free or reduced-price shipping provided by a Reseller when offered or provided in connection with a purchase that includes at least one of the Covered Products, provided that, as determined by CSF: (a) such offer or provision applies to all other products in the category in which such Covered Product or such Covered Products reside(s) and (b) the value thereof is reasonable.



3. **Sales promotions or discounts (if any) specifically designated or approved by CSF in writing for a limited period of time which may result in the Covered Products to sell below its MRP or might otherwise violate the terms of the Policy.**
4. Sales of one or more items of the Covered Products to an employee of CSF Reseller for his or her personal use (and not for resale), provided that such offer is reasonable (as determined by CSF).
5. Covered Product sold on dates when the Policy has been waived, suspended or rescinded as announced by CSF.
6. Offers or sale of Covered Product based on a bona fide proposal or quotation and acceptance by customer given within 30 days prior to the effective date of a change in the MRP(s) of the Covered Product as long as the offer or sale was compliant with the existing MRP at that time and provided that such proposal or quotation is effective for no longer than thirty (30) days after the new MRP effective date of the of the Covered Product.
7. A benefit consisting of a discount, credit or rebate associated with the use of a specified credit or debit card that would, after its application, result in an offer or sale price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as: such discount, credit, or rebate may be applied to all or most of the products offered by the Reseller, and none of the statements or materials promoting such discount, credit, or rebate mentions, uses, depicts or otherwise refers directly to any or all of the Covered Products (as determined by CSF).
8. The accrual of "points" or other things of value ("Loyalty Points") in connection with the purchase of any or all CSF products 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 offered by such Reseller and (b) the accumulation rate for Loyalty Points applicable to the purchase of any or all CSF products is no more than that applicable to all or almost all other brands of products offered by such Reseller (as determined by CSF); and (c) none of the statements or materials promoting Loyalty Points mentions, uses, depicts or otherwise refers to any or all CSF products, unless two (2) or more competitive products of other suppliers (as determined by CSF) are mentioned, used, depicted or otherwise referred to in such statements or materials with the same prominence as that for the each such CSF product.

Minimum Resale Price:

CSF, at any time, may vary the Minimum Resale Price (MRP) 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 CSF program(s) or any other CSF policy or in any other situation announced by CSF from time to time. CSF 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 CSF will



communicate each MRP and such change through the price list(s) or product list(s) provided or made available to each Reseller by CSF or otherwise communicated by notice from CSF intended for such Reseller, each Reseller is responsible for making sure that it is aware of the appropriate MRP(s) and the Covered Products in each circumstance.

Non-Agreement Statement:

This Unilateral Pricing Policy is non-negotiable and does not constitute an agreement or contract between CSF and any of its Resellers. CSF will not discuss any conditions of acceptance related to this Policy. In addition, CSF neither solicits, nor will it accept, any assurance of compliance with this Policy. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between a Reseller and CSF or such Reseller and another Reseller (if any) from which such Reseller obtains any or all CSF products, nothing therein shall constitute an agreement by such Reseller to comply with this Policy, as, among other things, this Policy is not and should not be construed to be one of the CSF Policies (as such term is or may be used in any or all of such agreements) where such compliance is mandatory.

Additional Policy Terms and Conditions:

Effective as of the Policy Effective Date, this Policy supersedes and cancels each other policy applicable to each Reseller from CSF. This Policy may be modified, extended, suspended, waived, discontinued or rescinded, in whole or in part, by notice from CSF at any time. Any such notice will describe the duration and nature of any such modification, extension, suspension, discontinuation or rescission of the policy by CSF. If CSF negotiates a price with a customer that is less than the MRP(s) and offers a Reseller the opportunity to fulfill one or more orders at such price, acceptance by such Reseller of such opportunity will not constitute a violation of this Policy. **If there is any disagreement over the interpretation or enforcement of this policy, CSF's view will control.**

If more than one UPP Audit is required for compliance verification in a 12 (twelve) month period, the audited reseller will be responsible for the cost to perform the subsequent audit(s). If the reseller is found compliant, CSF will pay the cost of the most recent audit.

Questions:

All questions or requests for additional information regarding this policy or information regarding potential violations of this policy must be submitted in writing to the Program Administrator.

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Director
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No person other than the Program Administrator, President, CEO, Vice President of Sales or Director of CSF is authorized to answer questions regarding, to comment on, or to accept information regarding potential violations of this policy. **In addition, any information regarding potential violations must be provided to the Program Administrator in writing.** CSF will not respond to any questions or comments for one customer about the activities of any other customer.