

2014 Koala Kare Products Advertising Protocol

Effective January 22, 2014

Koala Kare Products, a Division of Bobrick seeks to have a consistent, current and logical advertising message throughout our distribution channels and across all mediums. Therefore, this Advertising Protocol, until amended or modified, sets forth the rules and requirements governing distributors when advertising Koala products. If there is any conflict between the terms of this Protocol and terms relating to advertising contained in a Distributor's Agreement or on the Company website the terms of this Protocol shall control.

This protocol applies to all distributors and failure to comply will result in possible termination of the rights to act as our distributor. A Distributor who does not agree to this Advertising Protocol does not have the right to use the benefits of the Protocol. A Distributor, by agreeing to the terms of this Protocol is permitted to use the appropriate copyrighted logo, colors, brand and images in conjunction with advertising. Advertising includes, but is not limited to, providing a published price and product description on any Koala product in a flyer, catalog, website or video. Any Distributor who is not a signatory to this Protocol who exercises rights granted by this Protocol, and any Distributor who is a signatory to this Protocol and fails to comply with its terms is subject to having its right to act as a distributor for Koala terminated.

Authorized Koala Distributors, referred to in this Protocol as Advertising Distributors, can secure the benefits of this Protocol.

When advertising Koala products by any medium, the distributor agrees to the following conditions:

- 1. Pricing: *Minimum retail pricing is set at Tier 1 Pricing +3%. Free freight may be part of this minimum advertised price.*** The name Koala, the utilization of Koala images, or any variation of the brand name is not permitted in conjunction with other brands' advertised price sold below this minimum retail pricing.

Distributors understand and agree that Koala sets minimum retail prices for unit sales. This is part of Koala's marketing strategy and is designed to ensure fair competition. Therefore the following guidelines are provided:

- a. Advertising Distributors may not offer items below Minimum Advertising Prices (MAP) on either single unit or multiple unit prices. Online advertised pricing must be at or above MAP throughout the customer's shopping experience. This includes proceeding to the Checkout function in common shopping websites. MAP must be maintained prior to the Customer's Purchase Intent, i.e. has gone beyond the shopping functions and provided personal information needed for purchase. Any indication of better pricing than MAP before checkout including price strike-throughs or asking customers to provide personal data (phone number, email, etc.) is not permissible.

- b. Advertising Distributor can advertise other services, job pricing, rebates or incentives with appropriate wording as long as advertising language is not a monetary or a percentage amount that implies a specific item price concession below MAP. Koala will have final decision on whether particular language or offers violate the Advertising Protocol program.
- c. The Advertising Distributor may offer pricing on specific items that go below MAP after the Customer's Purchase Intent (as defined in subparagraph a. above).
- d. Koala will adjust its prices from time to time. Advertising Distributors will be given a 30 day grace period from the date of any announced price change to adjust prices to new MAP levels.
- e. Koala reserves the right to adjust MAP levels for new products. These adjustments to MAP will be announced in writing and require immediate compliance until superseded by either a separate announcement or end date for the introductory period.

2. General Advertising: The name Koala, the use of any Koala image, or any variation of the Koala brand name is not to be used in connection with the advertising of any other brand. The Advertising Distributor therefore agrees to the following:

- a. Must maintain registration on www.koalabear.com/advertising.
- b. Utilizes images and videos as obtained on www.koalabear.com/advertising, without alteration. Seeks written permission for all Koala images and videos utilized that are altered or not obtained from www.koalabear.com/advertising. Permission will not be unreasonably withheld.
- c. Show images in which Koala products are featured or implied, in a tasteful and professional manner.
- d. Update images with proper photos, names and company names as directed by Koala.
- e. Must sell Koala products complete. Wording on Baby Changing Stations stating "Koala Baby Changing Stations ship complete with all safety straps, mounting instructions and hardware" should accompany item description.
- f. Use only authorized distributor logos in advertising.

3. Website Advertising. The following applies to website advertising:

- a. Avoid implying any special relationship with Koala with use of colors, logos, domain name, business name or images. If Koala has any objections to the way in which its mark is being represented, it will notify Distributor in writing and request that corrective action be taken. In the event of serious violations, Koala reserves the right to ask for an immediate change or to suspend any rights of Distributor under this Advertising Protocol.
- b. Limit linkages on their Koala pages to only those sites approved in writing by Koala (Approval will not be unreasonably withheld).
- c. Abide by internet retailing standards outlined by the Better Business Bureau's BBBonline®.

- d. “Koala”, “Koala Kare”, “Koala Kare Products”, “Koala Bear Kare”, “Bear” and “Kare” cannot be used in the URL address.
- 4. Sales Outside of the United States and Canada:** Unless an internet distributor is given express written permission from Bobrick, such distributor is allowed to ship to United States and Canada only. Bobrick has an active export program and is committed to complying with all applicable laws and regulations. Website distributors found in violation by making sales to non-domestic markets without expressed written consent are subject to immediate termination.
- 5. Catalog and Flyer Advertising:** The following applies to printed advertising:
 - a. Allow Koala marketing personnel to review Koala advertisements in the catalog layout at least thirty days prior to publication. Koala Marketing will be reviewing all print layouts for correct and current item numbers, quality reproduction of photography, appropriate product features and benefits, and accuracy of any claims. Approval will not be unreasonably withheld. In the event this provision is not followed, Koala reserves the right to withhold advertising allowances and fees.
 - b. Koala Marketing Personnel are available to review if a Distributor has a question concerning the use of any wording, including wording from existing Koala literature, in connection with flyers or other advertising featuring Koala products.
 - c. Flyers featuring Koala products are assumed to be correct if wording is taken from existing Koala literature and is not required to be reviewed, nor credited. Koala Marketing personnel are available to review promotional flyers as needed.
- 6. Penalties for Non-Compliance:** Koala will periodically audit Advertising Distributors for compliance with MAP. Any distributor who advertises below the established minimum price, violates our advertised minimum price, and/or violates Koala’s copyrights and trademarks will be notified in writing by Koala of any violations of this policy of which Koala becomes aware. The Distributor will have 15 days from receipt of the written notification from Koala to comply with the policy. If the violation is not rectified within 15 days of the notification from Koala, the Distributor’s account with Koala will be placed on credit hold until corrected. If the violation is not rectified in a timely manner or repeated violations occur, at Koala’s discretion, the Distributor is subject to termination of its right to act as an Authorized Koala Distributor.
- 7. Tax Exemption:** Advertising Distributors must obtain applicable sales tax exemption forms and provide same to Bobrick for drop shipments into the following states: New York, Colorado, Oklahoma, California, and Tennessee. Distributors assume all tax liability unless they obtain the proper tax exempt certificates. Bobrick reserves the right to suspend distributor rights if either appropriate documentation is not on file with Bobrick or tax liability is not collected. This applies to all drop ship distribution regardless of medium (internet distributors are not exempt from providing documentation to Bobrick).

Koala Kare Products reserves the right to modify our advertising policy at any time. We appreciate your cooperation in this matter.