

# Montigo Sales Policy

To: All Montigo<sup>®</sup> Resellers and Authorized Online Resellers (including Authorized Parts Only Online Resellers)

Re: **Montigo Sales Policy**

Date: March 20, 2020

Montigo has adopted the following Sales Policy for its product offerings. This Policy applies to all Montigo<sup>®</sup> Resellers, Authorized Parts Only Online Resellers and Authorized Online Resellers (as defined below) and is effective April 1, 2020 and replaces and supersedes any prior Montigo sales policies.

Montigo is committed to protecting and maintaining its highly regarded brand and reputation for excellence. Its products are unparalleled, featuring superior engineering, technology and progressive design. Montigo believes that certain sales, advertising and customer service practices are inconsistent with its competitive strategy for these products and for the brand image as an innovation and technology leader in the Hearth industry. These practices also may undermine the commitment of Montigo and its Resellers and Authorized Online Resellers to provide an appropriate level of service, merchandising, advertising and promotion in support of Montigo strategy for all Montigo products and, in turn, the Montigo brand image.

**In keeping with the strategy outlined above, Montigo has adopted the following Policy:**

1. Resellers that satisfy the criteria set forth in the Montigo Internet Sales Application and Agreement (“Sales Agreement”) may be designated as Authorized Online Resellers of **specifically listed** Montigo MAP Covered Products, with such status to be reviewed from time to time by Montigo.
2. Resellers that are interested in becoming an Authorized Online Reseller must submit a Montigo Internet Sales Application and Agreement (“Sales Agreement”), which shall be subject to approval by Montigo in its sole discretion. Montigo will consider new applications on a quarterly basis.
3. Resellers that are designated as Authorized Online Resellers will receive the following benefits:
  - Authorization to sell **specifically listed** Montigo MAP Covered Products online through authorized websites.
  - Training and/or materials for its online customer service team on **specifically listed** Montigo MAP Covered Products and technology.
  - Permission to use the Montigo brand logo, in accordance with established brand standards, and other digital assets (including product data, images, marketing material, etc.).
  - Permission to use the Authorized Online Reseller icon/badge furnished by Montigo
4. A current list of the Authorized Online Resellers will be available in the secured dealer area (login) of Montigo’s website (www.montigo.com), available by registering at montigo.channelsync.com or otherwise communicated to, or be accessible by, all Resellers.
5. Unless it is an Authorized Online Reseller, no Reseller shall sell any Montigo products or accessories on the Internet, including on its own website, auction sites, third party websites, and/or internet resale sites. Authorized Parts Only Online Resellers may sell Montigo MAP covered spare/repair parts on the Internet, but at no time shall advertise, sell or Resell Montigo MAP covered products and accessories not categorized by Montigo as “spare/repair” parts online.

6. Authorized Montigo Two-Step Distributors may support a secured log-in portal through their website to serve their Reseller base, providing no pricing is displayed, and no special offers or Internet sales of Montigo products or accessories are made outside of the afore referenced portal.
7. No Reseller shall sell any Montigo products to any person or entity (whether or not a Reseller) that it knows or reasonably expects will resell such products on the Internet (unless that person or entity is an Authorized Online Reseller). No Reseller shall sell any Montigo products to any person or entity published on the DO NOT SELL (DNS) list; available in the secured dealer area (login) of Montigo's website ([www.montigo.com](http://www.montigo.com)), available by registering at [montigo.channelsync.com](http://montigo.channelsync.com) or otherwise communicated to, or be accessible by, all Resellers.
8. If any Reseller that is not an Authorized Online Reseller fails to comply with this Policy, the following consequences shall apply:
  - a) First Violation: Written Warning (may be via email).
  - b) Second Violation: Second Written Warning (may be via email).
  - c) Third Violation: Montigo will refuse purchase orders for Montigo products from such Reseller for a period of 7 days.
  - d) Fourth Violation: Montigo will refuse purchase orders for Montigo products from such Reseller for a period of 30 days.
  - e) Fifth Violation: Montigo reserves the right, in its sole discretion, to suspend the Reseller's purchasing status indefinitely or terminate the Reseller's relationship with Montigo

Notwithstanding the foregoing, (i) after a first violation, a failure to comply with this Policy will not be treated as a violation unless it occurs (or continues) more than 72 hours after a previous violation, and (ii) any violation of this Policy that occurs more than 12 months before the most recent violation will no longer be considered a violation for purposes of calculating the appropriate level of consequence.

9. If any Authorized Online Reseller (including Authorized Parts Only Online Resellers) fails to comply with the provisions set forth in this Policy and/or those set forth in the Montigo Internet Sales Application and Agreement, the following consequences shall apply:
  - a) First Violation: Written warning (may be via email).
  - b) Second Violation: Second Written Warning (may be via email).
  - c) Third Violation: Loss of Authorized Reseller benefits for 30 days.
  - d) Fourth Violation: For 30 days, (i) loss of all Authorized Online Reseller benefits and (ii) Montigo will stop selling all Montigo products to the Reseller.
  - e) Fifth Violation: For 90 days, (i) loss of all Authorized Online Reseller benefits and (ii) Montigo will stop selling all Montigo products to the Reseller.

Notwithstanding the foregoing, (i) after a first violation, a failure to comply with this Policy will not be treated as a violation unless it occurs (or continues) more than 72 hours after a previous violation, and (ii) any violation of this Policy that occurs more than 12 months before the most recent violation will no longer be considered a violation for purposes of calculating the appropriate level of consequence.

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10. Montigo reserves the right, in its sole discretion, to stop selling Montigo products to, and/or withdraw Authorized Online Reseller status from any Reseller that Montigo deems to be a chronic violator or that otherwise demonstrates its unwillingness to comply with this Policy.

Montigo has adopted this Policy unilaterally in furtherance of its independent business strategy for its Montigo brand. Each Montigo Reseller is free to decide independently whether to follow this Policy.

No Montigo employee or representative is authorized to modify or change this Policy for any particular Reseller. Montigo alone will implement, interpret and enforce this Policy in its sole discretion and independent judgment. Montigo does not expect, and will not accept, any assistance from or agreement with any Reseller about this Policy or its implementation, interpretation or enforcement.

Please make sure that all appropriate people in your organization receive a copy of this Policy. Montigo may amend or discontinue this Policy at any time and will notify all Resellers of any such amendment or discontinuation. This Policy is in addition to and separate from all other Montigo policies.

Thank you for your continued support of Montigo.