

VTech Communications
Minimum Advertised Price Policy
(Final version 11-9-2018)

Effective November 9, 2018, VTech Communications, Inc.'s ("VTech's") Minimum Advertised Price ("MAP") Policy is revised to read as follows:

1. Introduction

VTech has increased its investment in the development of business and consumer electronic products, under the VTech® AT&T® and Snom® brands ("brands"). VTech's commitment to innovation and consumer satisfaction is reflected in the increased recognition of the quality and reliability of the brands. The MAP Policy is designed to (1) support the VTech family of brands as premium offerings, (2) avoid destructive intra-brand channel conflict and (3) protect the margins and provisions that enable our distribution and sales partners to provide desirable pre-sales and post-sales support consistent with our brand values. To better achieve our mutual business objectives and enhance the value of our brands, VTech modifies and restates its MAP Policy as outlined below.

2. Application of Policy

2.1. This unilateral MAP Policy applies uniformly to VTech Customers, as defined below;

(a) The following definitions apply to all VTech Customers that sell VTech's MAP products:

"Retailers" means businesses that purchase VTech's products for resale to end users, including without limitation "brick and mortar" retail stores and their branded online retail sites.

"Distributors" means businesses that purchase VTech's products for resale.

"Internet Resellers" means businesses that purchase VTech's products (1) for resale to end users (2) for marketing and resale on third party websites, including auction and marketplace sites.

(b) The following additional definitions apply to VTech customers that purchase VTech's MAP products;

"Direct Customers" means businesses that purchase VTech's MAP Products directly from VTech, and resell those products to either (i) end users; or (ii) businesses which resell the products.

"Indirect Customers" means businesses that purchase VTech's MAP Products from a business other than VTech, and resell those products to either (i) end users; or (ii) businesses, which resell the products.

(c) "Customers" means Retailers, Distributors, Internet Resellers, Direct Customers, and Indirect Customers.

As a VTech Customer and reseller of VTech branded products, this Policy applies to you regardless of whether you have signed an agreement directly with VTech Communications.

2.2. This MAP Policy applies to the various VTech product lines which are listed in the following Appendices attached hereto:

- A. Consumer Products: Corded and Cordless Residential Telephones and Accessories, Baby Care Products, Wireless Monitoring Systems and WiFi HD Cameras
- B. Business Products: VTech and Snom SIP Corded Desksets, Cordless Phones and Conference Speakerphones and Headsets

2.3 This MAP Policy applies to the following types of Advertisements and MAP Media:

The following forms of advertising media (“MAP Media”) are covered by this MAP Policy, and references in this MAP Policy to “advertising,” “advertisement,” etc., relate to advertisements of MAP products in any form, in following MAP Media: magazines, newspapers, catalogues, circulars or flyers distributed to the general public, radio, television, coupons, mailers, newsletters, public signs/ outdoor billboards, coupons, websites/ banner and search ads, internet and electronic forums including: email, on-line portals, e-shopping networks, social media sites, mobile platform ads, RSS feeds, blogs, texts.

VTech reserves the right to modify the list of MAP Media and will provide notice to Customers. VTech will specify the MAP Products covered by this Policy, in communications “MAP Roadmap” given to Customers.

3. Enforcement by VTech; Rights of Customers

In order to comply with the MAP Policy, a Customer’s advertised prices for a MAP Product advertised in MAP Media must be no less than the MAP specified by VTech, as set forth in the MAP Roadmap.

Customers who purchase VTech’s MAP Products are free to set resale prices at any level they desire, and advertise and sell those products at whatever price they deem appropriate. If a Customer, however, fails to comply with the MAP Policy as to any MAP Product, VTech may enforce the remedies set forth in each of the respective Appendices.

4. Other Terms:

4.1 To establish compliance with this MAP policy, VTech may review Customers’ advertisements from time to time, and may retain other companies to conduct such reviews, without notice to Customers. VTech will administer the MAP policy as the sole arbiter of any interpretations of the policy, and VTech’s decisions will be final. Customers may seek clarification from VTech, but may not appeal any decision by VTech, with respect to either the MAP policy or advertising cost reimbursements related thereto.

4.2 In addition to this limitation on advertised pricing, this Policy also applies to any activity which VTech determines, in its sole discretion, is designed or intended to circumvent the intent of this Policy, such as solicitations for ‘group purchases’ and the like.

4.3 Internet-based sales only:

4.3.1 It is a violation of this MAP policy if a Customer uses website features, such as “click for price,” automated “bounce-back” pricing e-mails, pre-formatted e-mail responses, forms, automatic price displays for any items prior to being placed in a customer’s shopping cart, and other similar features, to advertise a MAP Product at less than the MAP.

4.3.2 Pricing information displayed for potential customers who have affirmatively proceeded toward making a purchase such as placing MAP product in an electronic shopping cart or buy following links such as “click to order,” or “click to buy” or during the purchase payment process are not considered advertisements for purposes of this policy.

4.3.3 It is a violation of this MAP policy if a Customer does not opt out of automatic “discount programs” provided by third party websites, including marketplace sites by opting out: (i) as a whole, or (ii) by the removal of specific MAP Products.

4.4 An advertisement by a reseller of MAP Products that it has “the lowest prices” or will match or beat its competitors’ prices, or the use by such reseller of similar phrases is not a violation of this Policy so long as the reseller does not include any advertised price below MAP and otherwise complies with this Policy. In addition, it is not a violation of this Policy to advertise that a customer may “call for price” or “email for price,” or to use similar language, so long as no price lower than the MAP is advertised.

5. Treatment of Rebates, Gift Cards and Free Gifts

In the event VTech runs a price promotion applicable to a Customer on any of the VTech products covered by the MAP Policy, such customer may during the promotional period, reflect the promotional price displayed in MAP media for the timeframe the promotion is sponsored by VTech, provided all other guidelines of the sponsored promotion are followed.

5.1 Treatment of Rebates:

5.1.1 Customer rebates: If a Customer advertises, on MAP Media, its own rebate on a MAP Product, the advertised price after such rebate must be no less than MAP, in order to comply with the MAP Policy. It does not matter whether the net price is disclosed in the advertising or not. For example, in the case of a MAP Product with a \$49.95 MAP, if the Customer advertises the Product at \$54.95 together with a \$5.00 rebate (i.e., a \$49.95 advertised net price), the advertisement may indicate either (i) the \$49.95 advertised net price or (ii) the \$54.95 advertised price together with the \$5.00 rebate, and will comply with the MAP Policy. If the Customer advertises the MAP Product at \$49.95 with a \$5.00 rebate (i.e., a \$44.95 advertised net price), that would be a MAP violation.

5.1.2 VTech rebates: If VTech on a MAP Product sponsors a rebate, and if the price advertised by the Customer on MAP Media, before giving effect to the VTech-sponsored rebate, is no less than the MAP, then there is no MAP Policy violation.

5.2 Treatment of Customer Bonuses, Free Gifts and Gift Cards:

5.2.1 Free Gift/ Bonus: If a Customer advertises, on MAP Media, a MAP Product as a bonus or free gift (e.g., handset, phone, answering machine) in conjunction with the advertising of other MAP Products or non-VTech products, the advertising is considered a MAP violation, subject to the following specific exceptions:

The Customer may offer an unadvertised in-store promotion, offering a MAP Product, at the Customer's sole cost and expense;

Customer advertises a non-MAP VTech accessory as a bonus or free gift in conjunction with advertising of MAP Products or non-VTech products, but only if the MAP Product is advertised at no less than the applicable MAP.

5.2.2 Treatment of Customer Gift Cards:

If a Customer advertises, on MAP Media, a MAP Product and offers, as a bonus or free gift, a gift card for use on future purchases at the Customer's store, then all the following conditions must be observed, or else the offer of the gift card with a MAP Product will be a violation of the MAP Policy: (1) the gift card cannot be used on the purchase of that MAP Product, but can only be used on the future purchase of other products; (2) the advertisement must clearly state that the gift card is "good for next purchase" (or words to that effect); and (3) the advertised price of the MAP Product must otherwise comply with the MAP Policy.

5.3 A Customer's advertised prices for a product will not violate the MAP Policy if (1) the Customer uses a pricing convention consistently across its entire line of similar products, and that pricing convention is the cause of the MAP violation; and (2) the Customer's advertised price is no more than \$2.00 less than the recommended MAP for that product.

Example: If the Customer's pricing convention is that all its advertised prices, for products similar to the MAP product, will end in "\$.37" (such as \$38.37, \$49.37, etc.), and if the recommended MAP for a product is \$49.95, then that Customer may advertise the product at \$48.37 without a MAP violation, but it would be a MAP violation if the Customer advertised the product at \$47.37 (this is more than \$2.00 below MAP) or at \$49.30 (this is not priced according to the pricing convention).

5.4 Bundling or selling one or more MAP Products with or as part of a package that includes non-VTech products is a violation of this Policy, regardless of the advertised price. Bundling a MAP Product with another VTech product is a violation only if the bundled advertised price is less than the total of the MAP's of all the products in the bundle. Bundling VTech Products with gift cards is not a violation if the advertised price or net market basket price is not lower than MAP.

5.4.1 For Business Products only: If a SIP business product is bundled by a SIP service provider and sold as a together a bundled package, this will not be considered a MAP Policy under this policy.

5.5 If a single advertisement violates this MAP policy with respect to more than one MAP Product, VTech will enforce the foregoing remedies separately for each such Product.

5.6 If a Customer with multiple store locations violates this Policy at any particular store location, it shall be a violation with respect to all of the Customer's locations.

5.7 In addition to the remedies outlined in the attached appendices, VTech, in its discretion, reserves the right to discontinue sales in whole or in part to any Customer which violates the MAP Policy.

6 Right to Modify, Amend or Cancel the MAP Policy

VTech reserves the right to modify, amend or cancel this Policy or any aspect of it (including temporarily suspending, in its discretion, MAPs for certain products), upon providing written notice to Customers.

7. Contact Information: All questions or comments regarding this Policy should be directed to: mapadministrator@vtechphones.com .

VTech may change its Policy administrator at any time. The policy administrator shall be responsible for determining whether a violation of the policy has occurred, communicating decisions to Customers regarding the policy, and receiving any communication regarding sanctions imposed under this policy.

To report a violation of this MAP policy, send all relevant information, including the MAP Product model number, the date of the violation, and a sample of the violation (a printout of the MAP media used) to: mapviolations@vtechphones.com .

THE POLICIES OUTLINED ABOVE ARE NOT INTENDED AS, NOR ARE THEY TO BE CONSTRUED AS, EITHER AN ATTEMPT BY VTECH TO SET RESALE PRICES, OR AN AGREEMENT BETWEEN VTECH AND ANY CUSTOMER WITH RESPECT TO RESALE PRICES. EACH CUSTOMER HAS THE RIGHT TO INDEPENDENTLY DETERMINE ITS OWN SPECIFIC SELLING PRICES FOR THE VTECH PRODUCTS WHICH IT SELLS. NO VTECH EMPLOYEE IS AUTHORIZED TO SUGGEST OTHERWISE.

VTech thanks its Customers for their participation and cooperation.

VTech Proprietary and Confidential – Please do not distribute outside your company

VTech MAP Policy
Appendix A:
Consumer: Corded and Cordless Residential Telephone Products and Accessories, Baby Care Products, Wireless Monitoring Systems and Wireless HD Cameras

1. If a Customer fails to comply with the MAP Policy as to any MAP Product, VTech will enforce the following remedies:

1.1 If Customer receives VTech-funded promotional support (“Marketing Program Support”), VTech will withhold Marketing Program Support as described below. Marketing Program Support subject to the MAP Policy includes VTech’s (1) cooperative advertising program, (2) market development funds, (3) Volume Incentive Rebates (“VIR”), and (4) trailing credits offered in connection with VTech-funded promotions.

1.1.1 MAP violation by Retailers: For each instance in which VTech determines, in its sole discretion and judgment, that a Retailer advertised a MAP Product in a MAP Media in violation of this MAP Policy, VTech will notify the Retailer of the MAP violation, and will debit the Retailer’s Marketing Program Support, in an amount equal to all of the Retailer’s anticipated Marketing Program Support for any promotional activities relating to the MAP violation. Therefore, the amount debited (i.e., the amount which the Retailer fails to become entitled to) will vary directly with the duration of the MAP violation.

1.1.2 In the event such a deduction brings such Marketing Program Support to a negative balance, it will carry over to be applied against any future Marketing Program Support. In addition, if the Retailer deducts any such debited Marketing Program Support from amounts due to VTech, VTech will eliminate any incremental VTech marketing funding that would otherwise have been available to the Retailer in future marketing offers, until VTech has recovered the amount improperly deducted by the Retailer. VTech’s Co-Marketing Program documentation addresses these issues in more detail.

2.1 If customer does not receive Marketing Program Support, VTech will enforce the following remedies: VTech will allow the Customer two (2) business days to correct the violation. Upon any Customer’s failure to correct a first violation of this Policy, VTech will not supply that Customer (or any distributor who sells to a dealer whose advertising of the MAP Product violates this Policy) with any MAP Product involved in the violation, for a period of fourteen (14) – ninety (90) days. For a second violation, VTech will not supply the MAP Product(s) for a period of ninety-one (91) – one hundred eighty (180) days. For a third violation, VTech will not supply the MAP Product(s) for a period of one hundred eighty one (181) days up to termination of sales and distribution agreement.

VTech also reserves the right to cancel all orders for which payment has not yet been received, and to refuse to accept any new orders, as a result of any violation of this MAP Policy, as determined by VTech in its sole discretion. VTech reserves the right, in its unilateral discretion, to take any other action with respect to any violation of this MAP Policy.

Appendix B: Business Telephone Products

1. If a Customer fails to comply with the MAP Policy as to any MAP Product, VTech will enforce the following remedies:

1.1 If a Direct Customer fails to comply with the MAP Policy, VTech will allow the Customer two (2) business days to correct the violation. Upon any Customer's failure to correct a first violation of this Policy, VTech will not supply that Customer (or any distributor who sells to a dealer whose advertising of the MAP Product violates this Policy) with any MAP Product involved in the violation, for a period of fourteen (14) – ninety (90) days. For a second violation, VTech will not supply the MAP Product(s) for a period of ninety-one (91) – one hundred eighty (180) days. For a third violation, VTech will not supply the MAP Product(s) for a period of one hundred eighty one (181) days up to termination of sales and distribution agreement.

1.2 If an Indirect Customer fails to comply with the MAP Policy, VTech will instruct that Partner's Distributor (the Distributor which sold the affected VTech product to the Indirect Customer) to immediately notify the Indirect Customer that if it fails to cure such non-compliance within two (2) business days, that the Distributor cannot resell such product to that Indirect Customer, for the tiered periods as set forth in Section 1a above in this Appendix. If the Distributor fails to comply with these requirements (including without limitation its failure to refuse to sell to a breaching Indirect Customer), it will be a breach of this Policy by the Distributor, and VTech may exercise the remedies set forth in Section 1 above against such Distributor.

VTech also reserves the right to cancel all orders for which payment has not yet been received, and to refuse to accept any new orders, as a result of any violation of this MAP Policy, as determined by VTech in its sole discretion. VTech reserves the right, in its unilateral discretion, to take any other action with respect to any violation of this MAP Policy.