

SMITH

Smith Optics and Suncloud Unilateral Minimum Advertised Pricing Policy

PREAMBLE

Safilo Group has built a strong reputation among the end-user consumers of the products bearing its own brands “Smith Optics” and “Suncloud” (“Products”) and created in North America a quality distribution network of retail dealers (“Dealers”), engaged in the active advertising and promotion of such Products, with the contribution of Safilo Group itself. In order to preserve its reputation of providing customers also with high value products and strong after-sales support, and to further enhance its image and competitiveness in the market, Safilo Group is unilaterally instituting a policy of minimum advertised price for the Products advertised in North America (“Policy”).

POLICY

- 1) The Policy applies to the advertising and promotion of the Products in the U.S.A. and Canada.
- 2) The Policy applies only to advertised prices and does not apply to the price at which the Products are actually sold or offered for sale. Pricing decisions are and remain within the prerogative of each individual Dealer, which is absolutely free to sell the Products at the price it elects. Safilo Group will not discuss with Dealers the pricing or advertising practices of other Dealers.
- 3) Minimum Advertised Price (“MAP”) for the advertising of the Products is equal to the most recent suggested retail price made available by Safilo Group for the same Products. MAP is unilaterally established by Safilo Group and, as a consequence, it can be adjusted or changed at Safilo Group’s sole discretion.
- 4) Dealers are requested to advertise a price no lower than MAP in all advertisements of the Products in any and all media, including, but not necessarily limited to, flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, Internet or similar electronic media, television, radio and public signage. It remains in any case understood that:
 - a) The Policy is not applicable to any form of in-store advertising;
 - b) Prices listed on an Internet site are considered as “advertised prices” and must adhere to the Policy, but, once the pricing is associated with an actual purchase, the price becomes the selling price and is not bound by this Policy. Statements such “we will match any price” or “call for price” do not represent a violation of the Policy;
 - c) in any case, this Policy also applies to any activity designated or intended to circumvent the intent of the Policy itself. For instance, the inclusion of the Products in the advertising of free or discounted products, cash rebates, coupons, BOGO (buy one, get one) or bundled promotions (including second pair and bundling with other manufacturer’s product), would be a violation of this policy if such inclusion has the effect of advertising the price of the Products below the applicable MAP.
- 5) Notwithstanding what stated under Article 4 above, Dealers may participate in two authorized Smith/Suncloud brand on line sales events per year **and Canadian Dealers may participate in Boxing Day sales. All sales are as follows:** one during the last two weeks in the month of November and one during

the last two weeks in the month of May for no more than 10 (ten) days consecutive period per sale window, **Canadian dealers may advertise Boxing Day sales only on December 26th**. In each case with MAP of up to 20% (twenty per cent) off the suggested retail price made available by Safilo Group for the Products. The dates of the above mentioned sale events will be pre-communicated in writing to Dealers by Safilo Group. In addition, Smith and Suncloud brand closeouts may be advertised with MAP of up to 50% (fifty per cent) off the suggested retail price, **increasing to 75% (seventy five per cent) off the suggested retail price 1 year after discontinuation** made available by Safilo Group for the Products **in question**. Finally, winter Smith brand products including goggles and helmets, may be advertised with MAP of up to 50% (fifty percent) off the suggested retail price made available by Safilo Group for the Products from March 15th to July 1st.

- 6) MAP does not establish maximum advertised prices. All Dealers may offer the Products at any price in excess of the MAP established for such Product.
- 7) In the event a Dealer chooses not to follow the Policy, Safilo Group will be entitled to cease any form of promotional support to the Dealer and, in case of intentional and/or repeated failure to abide by this Policy, it will be entitled to discontinue the supply of the Products to the Dealer.
- 8) This Policy has been unilaterally adopted by Safilo Group and it will be enforced evenhandedly and uniformly. Safilo Group will make all determinations concerning violations of this Policy unilaterally in its sole discretion. There will be no discussions with, or appeals by any violator. Safilo Group neither solicits nor accepts any approval or assurance of compliance with this Policy by or from any Dealer. Nor shall anything in this Policy constitute or be construed to constitute an agreement between Safilo Group and any Dealer concerning the compliance of the Dealer with this Policy. Safilo Group may unilaterally modify this Policy at any time.
- 9) Safilo Group personnel have no authority to modify or grant an exception to the Policy or to determine whether a violation has occurred. Therefore, all questions or comments regarding this Policy have to be directed to the Policy administrators at Safilo Group:
 - a. MAP@smithoptics.com;
 - b. MAP@safilo.com.
- 10) Policy modifications are available on Safilo Group web pages dedicated to the Products at <http://imagery.smithoptics.com/images/documents/2016%20SMITH%20MAP%20Policy.pdf>