



500 Dotzert, Court  
Waterloo Ontario N2L 6A7  
Phone: (519) 342-0948  
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## **DEALER MINIMUM ADVERTISED PRICE POLICY (“DMAPP”)**

**Revised and effective December 19, 2022**

### **1. Purpose:**

To streamline the competitive sales advertising landscape among NAVITAS Distributors and Dealer Partners, (herein, “NAV Partners”) with equitable standards and protections to all NAV Partners, regardless of size and scope of operations; with the objective of driving stronger, balanced and collective sales growth among all of NAVITAS’ channels.

### **2. Policy Coverage:**

This DMAPP applies to all advertising of NAVITAS products sold by NAV Partners, spanning across any medium, including: internet-based advertising, social media campaigns, direct response campaigns, radio, television, print, billboard, as well as all other advertising outlets, in-store marketing, direct communications or any published content in any format in any space.

While NAVITAS merely sets the minimum advertised prices of its products, NAV Partners are in direct control over the advertised prices and sales of NAVITAS products, and as such, they must ensure continuity of that direct control at all times, even when using third party advertising agencies, platforms, and/or brokers. Any failure by a NAV Partners to maintain direct control, or any action by a NAV Partners resulting in the loss, assignment or abandonment of direct control throughout the advertising or sales process is considered to be in non-compliance with this policy.

### **3. Authorized Value-Added Services (“VAS”):**

NAV Partners have varying discretionary VAS offerings to advertise or feature with NAVITAS products to generate sales. Accordingly, the following VAS options are conditionally authorized for advertisement inclusion with NAVITAS products:

- a. “FREE SHIPPING” or other discounted shipping may be offered on any advertised price, provided it does not in any way translate into an advertised price that is less than the minimum advertised price, or a resulting net sales price amount that is less than the



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minimum advertised price of NAVITAS products.

- b. Complimentary/discounted setup and install services, or extended warranty packages are permitted; so long as those value-added services do not in any way reduce/discount the minimum advertised price of NAVITAS products.
- c. Product bundling of NAVITAS products is permitted solely among other NAVITAS-supplied products, provided the advertised bundle price is greater than or equal to the combined minimum advertised prices of each component of the bundle.
- d. Post-purchase rebates are permitted, so long as the net advertised purchase price (after rebate) is greater than or equal to the minimum advertised price.

#### **4. Prohibited Actions:**

- a. Any NAV Partner's advertisement that claims or suggests that their price (regardless if the price itself is included or not included in the advertisement) is the lowest price on the market, a "guaranteed lowest price", "cannot be beat", or any similar language that a reasonable person would interpret to mean a specific NAV Partner's price is the cheapest source of purchasing NAVITAS products.
- b. Any suggestive or marked-down price reduction or blanket discount off of the minimum advertised price. Example: Product A has a minimum advertised price of \$1000 as stipulated by NAVITAS. Dealer X advertises Product A as \$1200 regular price, with a label that reads 40% OFF SALE in the same advertisement. This would be a violation of the policy because the resulting net price of \$720 is less than the minimum advertised price of Product A.
- c. Product bundles may not be advertised in any way that states, suggests or implies a reduction of the minimum advertised price on either an individual SKU basis or bundled basis. For clarity, the net advertised price for any bundle of NAVITAS products must be greater than or equal to the minimum advertised price of the individual NAVITAS products within the bundle.
- d. NAVITAS products may not be advertised as a bundle among other manufacturers' products whatsoever. Additionally, any "store wide sale" or other similarly phrased advertisements offering blanket, ranged or arbitrary discounts across any NAV Partner's select or entire product catalogue is strictly prohibited to include (or inferred/implied inclusion) of NAVITAS products as part of such advertised sale.



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- e. NAVITAS' name, products (including white-labelled exclusively supplied parts and other components) or any other exclusive proprietary interests to NAVITAS shall not in any way be used, mentioned, inferred or implied in any other advertisement whatsoever that does not exclusively feature NAVITAS products. This prohibitive action also applies to all aspects of the NAV Partner's website and other digital assets. Some examples: mentioning DC to AC motor kits, using inappropriately chosen promo-codes which make subtle references to NAVITAS and/or its products, to name a few.
- f. NAV Partners shall not at any time engage in false, misleading, or deceptive advertisements whatsoever, or advertise any content that prompts an illegitimate action of any kind, by any party.
- g. NAV Partners shall not advertise any used, refurbished, discontinued, or legacy NAVITAS products that are no longer offered or supported by NAVITAS, unless pre-approved in writing.
- h. No advertisement featuring NAVITAS products shall be placed in markets NAVITAS does not sell to, or is considered outside of the NAV Partner's sales territory (where applicable).

##### 5. Other Prohibitive Actions - Sharp Practice

For clarity, "*sharp practice*" is formally defined by Merriam-Webster as *the act of dealing in which advantage is taken or sought unscrupulously*. More plainly, *sharp practice* refers to a party that aims to push the boundaries of prescribed rules, without necessarily breaking those rules, to garner an advantage over others who ordinarily comply with the same prescribed rules in good faith. **For the purposes of this Policy, NAVITAS considers acts of *sharp practice* to be any activity by any party with intent to circumvent, threaten or undermine the established rules and/or objectives of this DMAPP in any way; directly or indirectly.**

To combat and mitigate *sharp practice*, NAVITAS will leverage the power of its surveillance monitoring operations to ensure good faith compliance of its DMAPP at all times by all NAV Partners. If NAVITAS determines, in its sole and absolute discretion, that any NAV Partner has engaged in acts of *sharp practice*, or complicity enabled acts of *sharp practice*, or was deemed negligent in thwarting such acts, then **NAVITAS shall undertake strong and swift action to immediately invoke compliance with further punitive action to be reviewed and imposed by NAVITAS' senior management on a case by case basis;** which shall include at minimum, but not limited to -- steep financial penalty to the offending party, immediate restrictions on the offending party's account, and/or abrupt termination of the offending NAV Partner's relationship to further sell NAVITAS products.



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## **6. Non-Compliance:**

With sole exception to the special provisions outlined in Section 5, NAV Partners found to be in non-compliance under this policy will be subject to strict enforcement as follows:

- a. First occurrence: Written warning issued to the NAV Partners involved, with notice/email issued by NAVITAS advising non-compliance and requiring 10 days to cure non-compliance.
- b. Second occurrence: Delayed shipments will be imposed on the offending NAV Dealer and corresponding distributor as it relates to that dealer.
- c. Third occurrence: Suspended shipments for a fixed term will be imposed on the offending NAV Partners and corresponding distributor, with a resulting management review and mandatory corrective action plan signed by all parties before any resumption of shipments. Corresponding disclosure notice shall be further sent to all NAV Partners.
- d. Fourth and final occurrence: Offending Partners authorized status to sell NAVITAS products will be permanently revoked, with corresponding final notice issued to the distributor and disclosure notice distributed to all NAV Partners.

## **7. Distributor Duty:**

As the direct relationship oversight over NAVITAS Dealer Partners, NAVITAS Distributors have a duty to report and enforce compliance under this policy on behalf of NAVITAS. Any distributor found to have enabled or concealed any unauthorized behaviour under this policy, or did not discharge their duty to enforce or report under this policy will result in a mandatory management review of that specific distributor relationship; which may include termination of distributor agreement.

## **8. Reporting:**

Every NAV Partner is expected to immediately and directly report to NAVITAS of any party suspected or confirmed to be in violation of any aspect of this policy. Whistleblowing is encouraged and protections are afforded to those who proactively report. All complaints received will be investigated, managed and resolved by NAVITAS. While whistleblowing protections will be the default under this policy, frivolous or vexatious complaints are highly discouraged and will be treated harshly by NAVITAS if it determines any such findings.

Voluntary compliance reporting may be sent to: ([imapsurveillance@navitasvs.com](mailto:imapsurveillance@navitasvs.com)).



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**9. Questions:**

Questions and comments about this policy, or complaints being made under this policy should be directed to Todd Dussault, Director of Sales ([todd@navitasvs.com](mailto:todd@navitasvs.com)).