



RINNAI AMERICA CORPORATION
AUTHORIZED E-TAILER SELECTION POLICY
Effective May 1st, 2017

Rinnai has unilaterally adopted this Policy to allow its distributors temporarily to sell product to Rinnai Authorized E-Tailers that, in Rinnai's sole opinion, comply with this Policy.

Rinnai has built a strong reputation among customers and maintains a significant investment in portraying a consistent brand image that emphasizes both high quality and performance. In keeping with that carefully cultivated image, Rinnai believes its products should only be sold by E-Tailers, and advertised on the Internet at prices, that reflect those values.

Rinnai's Authorized E-Tailer Selection Policy applies to all Rinnai Authorized E-Tailers. Rinnai will not support a Rinnai Authorized E-Tailer's advertising or promotional activities through online media that could diminish the value of the Rinnai brand.

This Policy is in addition to, and separate from, all other programs and policies intended to establish a strong online brand presence, providing the customer with an experience that is commensurate with Rinnai's emphasis on high quality and performance.

To comply with this Policy, Rinnai expects all Rinnai Authorized E-Tailers to meet the following criteria:

1. Acknowledge receipt of Rinnai's Authorized E-Tailer Selection Policy.
2. Have been operating and in business for a period of at least 24 months.
3. Maintain a minimum rating of an A- from the Better Business Bureau.
4. Maintain annual sales volume of \$500K or more based on point of sales (POS) to consumers or have the willingness and ability to achieve such sales volume, as determined by Rinnai in its sole discretion.
5. If E-Tailer collects and/or displays customer feedback for Rinnai Products, user ratings and reviews must be provided back to Rinnai with permission to publish on Rinnai's websites.
6. Provide Rinnai analysis of traffic for Rinnai Products including visits, page views by product, sales conversion rate upon request.
7. Provide Rinnai analysis of sales transaction history by Rinnai sku with POS data, including price sold and customer location (zip code) information on a monthly basis.



8. Maintain a secure website, which includes, at a minimum, the SSL authentication throughout the shopping cart to protect transactional and customer data.
9. Comply with all applicable federal, state, and local laws and regulations, including without limitation, laws dealing with advertising and e-commerce.
10. Publish and maintain a publicly accessible privacy policy on the E-Tailer's website.
11. Provide warranty documentation on the E-Tailer's website or a link to documents on rinnai.us/rinnai.ca.
12. Display a broad representation of Rinnai Products, meaning no less than 50% of Rinnai tankless water heaters, boilers, direct vent furnaces, vent-free fan convectors, venting, and accessories. However, if the E-Tailer's website is a specialty site or focuses on specific categories, the E-Tailer must display 50% of Rinnai Products in that category.
13. Feature Rinnai as a primary tankless water heater brand.
14. Present pictures, model numbers, and product descriptions only as provided by Rinnai's marketing department, or as otherwise approved in advance by Rinnai.
15. Pack and ship Rinnai Products to customers packed so as to reasonably ensure that the product will arrive in A-1 condition. This may require "overpacking" or other measures.
16. Provide customers with access to a Rinnai-trained installer either via a link to the Rinnai Dealer Locator, a designated toll-free number provided by Rinnai, or by leveraging E-Tailer's existing arrangement network, provided that the requirements for qualified installers under E-Tailer's managed network are no less comprehensive than those required for Rinnai installations.
17. Provide toll-free customer sales and service assistance.
18. Provide a website that displays and explains the return policy for damaged goods which must be accessible before the transaction is finalized.
19. Provide e-mail order and shipping confirmation to the customer.
20. Provide online order tracking.
21. Provide regular and timely backorder communications to customers.



22. Provide customers with online product availability and delivery lead-time information.
23. Disclose shipping charges to customers before a sale is finalized.
24. Not sell “seconds” or refurbished Rinnai products.
25. Not sell used Rinnai products because Rinnai provides no warranty in connection with such sales. For purposes of this Policy, “used products” includes, but may not be limited to, product obtained by the E-Tailer through customer return, customer trade-in, demo units, or other means.
26. Not disparage Rinnai or its products, and not misuse Rinnai trademarks by failing to show the TM symbol when identifying products or by mislabeling other manufacturers’ products with trademarks.
27. Not engage in any illegal, deceptive, improper, or unethical sales or business practices.
28. Not engage, sell, or market Rinnai products in any way that disparages or injures Rinnai or its products or the products or services of any other company.
29. Not engage in misleading advertising.
30. Not use the Internet (including, but not limited to, business-to-consumer and other web sites, auction sites, electronic bulletin boards, browsers, portals, and on-line services and service providers) to advertise Rinnai products to the general public at a price that is less than Rinnai’s Internet Minimum Advertised Pricing (IMAP) Policy, which can be found at Rinnai’s website: <http://partners.rinnai.us/etailer>, regardless of whether such advertising is done through any “dollar off,” “percentage off,” “rebate,” or similar sales language. If a discount or giveaway is advertised via the Internet to the general public in conjunction with Rinnai products, the discount or giveaway value of the other product will be considered as a discount of the Rinnai product for the purposes of this Policy. Rinnai may change the list price for Rinnai-branded products in its sole discretion from time to time upon notice to E-Tailers.
 - a. Rinnai Authorized E-Tailers may advertise Rinnai products at or above the current Rinnai IMAP price.
 - b. Promotional gift cards, instant rebates and other promotional activities that serve to effectively lower the advertised price below the list price are not permitted when shown on the same page as Rinnai products. The following actions by a Rinnai Authorized E-tailer will not decrease the effective advertised price of a product covered by this Policy:



- i. Payment of applicable sales taxes;
 - ii. Offering free shipping; and
 - iii. Providing free financing.
- c. With respect to auction sites, offers made to “buy it now” or comparable offers advertising instant purchase at a price below the Rinnai list price constitute violations of the Policy. Auction sites advertising sale of Rinnai products to the highest bidder are acceptable under the Policy.

FREEDOM TO RESELL AT ANY PRICE:

THE ADVERTISING PROVISIONS PROVIDED IN THIS POLICY ADDRESS ONLY ISSUES SURROUNDING THE ADVERTISEMENT OF PRICES. ALTHOUGH RINNAI SUGGESTS RETAIL PRICES, THIS POLICY DOES NOT CONCERN ACTUAL SELLING PRICES. Rinnai Authorized E-Tailers remain free to sell products subject to this Policy at any prices they choose. This Policy does not apply to print or in-store point of sale advertising. Actual prices charged customers may be provided by telephone, e-mail response, and product purchase confirmation webpages or communications. However, at no time during the existence of this Policy may a Rinnai Authorized E-Tailer make any statements or other indications on its website or on the Internet in connection with any product(s) that indicates or implies that a lower price may be found at the online checkout stage, including without limitation, the following:

- Click here for lower price
- See price in cart
- Log-in for price
- Add to cart for lower price
- Check cart for lower price
- Mouse over for price
- Email for a better price
- Call for lower price or call for price

ENFORCEMENT:

Rinnai, in its sole discretion, plans to enforce this Policy as follows:

First Violation

Rinnai Authorized E-Tailer shall receive notification by letter of the violation and explaining the consequences of continued violations.

Second Violation

Rinnai will remove the E-Tailer from Rinnai’s list of Authorized E-Tailers for a period of at least thirty (30) days to be determined at the sole discretion of Rinnai.



Third Violation

Rinnai will permanently remove the E-Tailer from Rinnai's list of Authorized E-Tailers until further notice.

UNILATERAL POLICY:

As explained, each Rinnai Authorized E-Tailer remains free to determine for itself the resale prices at which it will sell Rinnai products, and each Rinnai Authorized E-Tailer is free to decide independently whether or not to follow this Policy. Rinnai does not ask for, nor will it accept, any assurance of compliance or agreement from a Rinnai Authorized E-Tailer regarding the terms of this Policy including, without limitation, the prices at which it resells its products. Rinnai also will not discuss any terms or conditions of this Policy.

This Policy is not an agreement with any E-Tailer, and no legal rights accrue to any E-Tailer under this Policy. This Policy is intended to be merely a statement identifying the types of characteristics and conduct that Rinnai expects of resellers of Rinnai products.

Honest mistakes or inadvertent errors may be considered a violation of this Policy. The actual circumstances, as determined solely by Rinnai, will dictate the manner in which Rinnai addresses a situation where a reseller is claiming honest mistake. Rinnai will make any and all decisions related to the imposition or nature of any sanction or penalty unilaterally.

Rinnai will determine whether products are being advertised in violation of this Policy and will attempt to implement this Policy uniformly and consistently with applicable laws. All decisions by Rinnai to take action for a violation of this Policy are final. There will be no negotiation. This Policy does not apply to discontinued merchandise or closeouts as clearly identified by Rinnai.

Rinnai does not and will not discuss the business dealings of any E-Tailer with any other E-Tailer. Rinnai does not seek and will not accept any complaints or comments about operations, business conduct, advertising, or pricing practices of any other E-Tailer.

SCOPE OF POLICY:

This Policy is applicable to all Rinnai Authorized E-Tailers with respect to advertising of Rinnai products over the Internet.

A complete list of applicable products can be found on Rinnai's website at:
<http://partners.rinnai.us/etailer>.

Product may be added or removed from this Policy at Rinnai's sole discretion. Rinnai Authorized E-Tailers and distributors shall be provided at least fifteen (15) days' advance notice before a product item is added or dropped from the Policy. Product identified by Rinnai as "discontinued" shall not be subject to this Policy.



This Policy may be modified, extended, suspended, discontinued, or rescinded in whole or in part by notice from Rinnai at any time. Any such notice will describe the nature of any such modification, extension, suspension, discontinuation, or rescission of the Policy. No E-Tailer has the right to rely on the continued existence of the Policy, Rinnai's enforcement of the Policy, or their continued ability to market and sell Rinnai's products. If there is any disagreement over the interpretation or enforcement of this Policy, Rinnai's view will control.

Rinnai reserves the right to choose any E-Tailer it will authorize to resell its products.