

IMAP and Anti-Diversion Policy

Introduction

Effective September 1, 2017, Carlson Laboratories, Inc. (“Carlson”) has adopted the following Internet Minimum Advertised Price Policy (“IMAP” or “Policy”) applicable to all Carlson Laboratories, Inc. distributors, dealers and resellers (collectively, the “Resellers”). International accounts must reflect pricing as translated into their local currency.

Carlson has been building a trusted, high-quality brand since 1965. The Policy has been implemented in order for Carlson to protect its image and to better compete in the market for premium vitamin and supplement products. In particular, Carlson has determined that adoption of the Policy is a necessary component of its strategy to avoid distribution channel conflicts and to ensure that the Carlson product line is appropriately promoted and supported in the marketplace. The Policy is intended to help ensure that consumers purchase from Resellers based on loyalty and customer care expectations. If Carlson allows your company to resell its products, you must comply with the requirements and restrictions, as may be amended from time to time, stated in this Policy. This Policy is subject to change at any time by Carlson Laboratories, Inc. in its sole discretion.

Covered Products

This Policy applies to the Carlson® brand name products listed in the Covered Products list. Any adjustments that may be made in the sole discretion of Carlson will be posted 30 days in advance at www.carlsonlabs.com/imap. In addition, Carlson will take reasonable steps to provide advance notice of adjustments to its online Resellers via email updates. The Policy does not apply to discontinued, close-out, or distressed merchandise, or to special over-stock promotions as announced by Carlson. Carlson may also, from time to time, announce promotional periods during which the Policy will not apply with respect to all or some Covered Products.

Policy

IMAP pricing shall be the discount off the current Carlson MSRP as stated on Exhibit A (currently 25% off MSRP on ALL Carlson SKUs). This policy is unilateral, non-negotiable and will not be altered for any Reseller. All Resellers of Covered Products remain free to sell the Covered Products at any price they choose in their sole and absolute discretion. As used in this Policy “Internet Advertising” means advertising or otherwise promoting the Covered Products using the Internet, including using any online or internet ad campaigns with respect to the sale of Covered Products as well as sponsored links, websites operated by, affiliated with, and/or linked to the Internet Reseller’s website(s).

Anti-Diversion

Effective January 1, 2019, Carlson will enforce anti-diversion requirements as part of this Policy. All Covered Products purchased by distributors, dealers or resellers in the USA are intended for sale to end consumers in the USA. Authorized international distributors are restricted to the terms of their applicable distribution agreement. Carlson prohibits the diversion of Covered Products to unauthorized foreign markets or other distributors. The diversion of products to foreign markets or to other distributors, dealers or resellers without the prior written consent of Carlson, will result in penalties or termination consistent with the violation penalties described in this Policy.

E-bay & Other Auction Websites:

“Buy It Now” options must be listed at a price equal to the IMAP Policy or greater. For auctions, the reserve and/or opening bids must start at the IMAP Policy price without a “Buy It Now” option. “Best Offer” auctions are not allowed. No Carlson Laboratories, Inc. employee or sales representative has any authority to modify or alter this Policy or to negotiate this Policy or any agreement with respect to it with any Reseller.

Violations

If, after making an investigation into any alleged or discovered violation Carlson determines to its satisfaction that a Reseller has engaged in Internet Advertising of any Covered Products at a net resale price less than the IMAP price, or if it has determined that Covered Products sold by a Reseller to any other person or entity which engages in Internet Advertising, advertises any Covered Products at a net resale price less than the IMAP price, Carlson may take one or more of the following steps:

First Violation: The following steps will be taken in response to a Reseller’s first violation of the Carlson IMAP Policy:

Step 1: Reseller will be notified of the violation in writing, via electronic mail. Reseller will have ten (10) calendar days to correct such violation and come into compliance with the IMAP Policy.

Step 2: If Reseller fails to correct the violation within ten (10) calendar days from the date the written notice was provided, Carlson will immediately reduce any earned or negotiated discounts down to the next lower tiered discount rate and will require prepayment on all sales to Reseller. Reseller will also be suspended from receiving any sales or promotional pricing discounts or, if Reseller is already ineligible for any discounted pricing, Carlson will suspend all sales to such Reseller. First violation suspensions will last for a period of 30 days after Reseller comes into compliance with the IMAP Policy. The suspension period will restart if Reseller engages in further violations during the suspension period.

Step 3: Following the end of the suspension referenced in Step 2 above, and provided that Reseller does not otherwise violate the IMAP Policy during the suspension period, Carlson will reinstate Reseller to full status. If the Reseller continues to be in violation of the IMAP Policy, it will be considered a second violation.

Second Violation: If a second violation of the IMAP Policy by Reseller occurs in a twelve (12) month period, Reseller will be notified that if the violation is not corrected within six (6) calendar days, Carlson will immediately reduce any discounts offered to the Reseller by two discount rate tiers off of any earned or negotiated discount rate and will require prepayment on all sales to Reseller. Reseller will be suspended from receiving any sales or promotional pricing discounts or, if Reseller is already ineligible for any discounted pricing, Carlson will suspend all sales to such Reseller. Second violation suspensions will last for a period of 60 days after the Reseller comes into compliance with the IMAP Policy. After a second violation, Reseller must accept all of Carlson terms and conditions to be a Reseller, in writing, and will only be approved upon the sole and absolute discretion of Carlson. The suspension period will restart if Reseller engages in further violations during the suspension period.

Third Violation: If a third violation of the IMAP Policy by Reseller occurs in an eighteen (18) month period from the first violation, Reseller will be notified that if the violation is not corrected within two (2) calendar days, Carlson will immediately suspend all sales to such Reseller. Third violation suspensions

will last for a period of 90 days after the Reseller comes into compliance with the IMAP Policy. The suspension period will restart if Reseller engages in further violations during the suspension period.

Fourth Violation: If a fourth violation of the IMAP Policy by Reseller occurs in an eighteen (18) month period from the first violation, Reseller will be notified that if the violation is not corrected within twenty-four (24) hours, Carlson will immediately suspend all sales to the Reseller indefinitely, but for no less than a period of one hundred and eighty (180) days after the Reseller comes into compliance with the IMAP Policy. After a fourth violation, Reseller must reapply to be a Carlson Reseller and must be approved by Carlson in its sole and absolute discretion. The suspension period will restart if Reseller engages in further violations during the suspension period.

Termination

Reseller understands that repeated violations of this Policy may be grounds for terminating the Reseller's relationship with Carlson. Resellers will be notified of any such violations and instructed to cease and desist all sales that are in violation of the IMAP Policy.

Advertisements

The IMAP Policy applies to all advertisements for Carlson in any and all virtual/online media, including, but not limited to virtual/online: websites, shopping carts, newspapers, magazines, catalogs, flyers, coupons, mailers (including e-blasts), email, and like electronic media. The IMAP Policy applies to all forms of advertising that may have a direct or indirect effect of discounting the advertised price of a Covered Product such as rebates, gift cards, free gifts, or bundling.

Advertising Statements

No Reseller may make any statements or other indication on its website or otherwise in connection with any Covered Product that indicates or implies that a lower price may be found, including: "click here for a lower price," "see price in cart," "log in for price," "add to cart for lower price," "mouse over for price," or "email or call for a lower or better price."

Trademarks & Copyrights

All Carlson trademarks and copyrights ("Intellectual Property") remain the sole property of Carlson. Reseller is granted a limited, non-transferable right to use Carlson Intellectual Property and any advertising materials provided by Carlson in connection with approved reselling activities of Carlson products and in a manner consistent with this Policy and any other policies determined by Carlson.

Business Name Disclosure

Reseller must provide full disclosure of all business and assumed names or word marks it currently uses in the marketplace in connection with the sale of Carlson products to Carlson and hereby confirms that it has disclosed a list of any such business and assumed names or word marks to Carlson. Failure to disclose online seller names may result in immediate termination.

Note: This IMAP Policy is not intended to restrict Carlson Laboratories, Inc.'s rights to manage its distribution channels and make or change its decisions regarding Resellers and others with whom it will do business. Among other things, depending on the severity of the violation and the response of the Reseller when advised of a violation of this IMAP Policy, Carlson may deem it appropriate to bypass some or all of the steps above and immediately cease doing business with the Reseller. In addition, failure by Carlson to enforce this Policy at any time shall not be deemed to be a waiver of its right to enforce the Policy in the event of future violations.