

**LG Electronics USA, Inc.
Minimum Advertised Price (“MAP”) Policy
For Home Appliances Products
Effective Date: 8/22/2024**

1. Purpose

LG Electronics USA, Inc. (“LGEUS”) has invested substantial time and money advertising its brand and in particular establishing its products in the United States market as premium products with premium consumer features and benefits. Accordingly, LGEUS, acting in its unilateral business judgment to support its marketing plan, has created this policy regarding the advertised pricing for all home appliance products.

The purpose of this Minimum Advertised Price Policy (this “Policy”) is to state LGEUS’ current (as of the Effective Date hereof) policy requirements for advertised pricing. This Policy is a unilateral statement of LGEUS’s intent and is not a contract, or an offer to form a contract. LGEUS does not ask and will not accept any agreement about an account’s compliance with or acceptance of this Policy. Rather, this Policy describes the terms under which LGEUS may, in its sole discretion, choose to sell its products. Please note that as further detailed below this MAP Policy applies to all television, radio, print and online media. LGEUS views the Internet as primarily an advertising vehicle especially as it relates its products. It is LGEUS’ belief that consumers do frequently search the Internet to conduct product research and comparisons. As specified below, and with the exceptions noted below, LGEUS therefore deems all advertisements depicting a net price below the MAP price to be a violation of this Policy. Each violation of this policy will be treated as a separate incident.

This policy applies to all direct accounts of LGEUS as well as any indirect or “downstream” purchaser. Recipients of this policy are responsible for ensuring compliance with this policy from their accounts (e.g. dealers or customers) and affiliated companies (individually and collectively “Third Parties”). A violation of this policy by any Third Party will be deemed a violation by recipient and will subject recipient to the recourse schedule set forth in Section 4. LGEUS, in its sole discretion, reserves the right to de-authorize any such Third Parties that violate this policy.

2. Policy Communications

Any questions regarding the application or interpretation of this Policy should be directed, in writing, to the attention of:

HA Marketplace Operations
LG Electronics U.S.A., Inc.
111 Sylvan Avenue
Englewood Cliffs, NJ 07632
HA.mpopperations@lge.com

Each retailer must provide LG Electronics USA, Inc. with the Names, Mailing, and Email addresses of at least two individuals who will take responsibility for receiving communications related to the advertising of LG Products. If an authorized contact is re-assigned or leaves the retailers employ the retailer must designate a replacement and provide their contact information.

This Policy does not restrict, coerce or force a retailer to charge a particular price on any LG Product.

3. Applicable Media

The MAP Policy applies to traditional media including but not limited to flyers, posters, coupons, retailer initiated mailers (whether public or private), inserts, newspapers, magazines, catalogs, mail order catalogs, television, and radio. The MAP Policy also applies to Internet and Internet related electronic media including but not limited to email newsletters, email solicitations, public coupon offers, Internet chat rooms or forums, smartphone and smart device (e.g. tablets) “Apps,” retailer websites, “holiday/special deal” sites, Internet auction sites (e.g. eBay), third party websites, social media, and any other forms of future promotion media known or unknown. Any price information relating to LG products on an Internet website, including but not limited to the “in-cart” or “check-out” price, which can be accessed through any hypertext link or by any other method which uses the hypertext transfer protocol (http) is considered to be advertising for purposes of this Policy (e.g. price information gathered from “price grabbers” or “web crawlers” which have accessed price information found on a retailer’s website).

Retailers must have explicit authorization from LG to sell Products on the Internet and must strictly adhere to LG’s Internet Sales Policy. It is the sole responsibility of the retailer to ensure that their advertised prices comply with this MAP Policy. Provided that retailers are in compliance with the on-line advertising requirements of this Policy, this Policy does not apply to prices that a retailer wishes to: (i) show in its on-line website after consumers log into their accounts; or (ii) provide at the Checkout Stage of a consumer transaction. “Checkout Stage” shall mean that section of a retailer website where consumers enter personal information (e.g. name, address, credit card number) prior to “finalizing” or “submitting” their purchase. The MAP Policy is not applicable to any in-store advertising that is displayed only in the store and not distributed to any consumer other than while the consumer is visiting a physical store.

4. Recourse

Except as otherwise set forth in this policy, Retailers advertising any LG model below MAP listed in the MAP Schedules to be distributed to retailers by LGEUS from time to time (the “MAP Price”) will result in LGEUS taking the following unilateral actions unless such violation is determined by LGEUS to be a mistake, error or due to causes beyond the control of retailers.

In cases of online advertising on Retailer and/or third party websites, (A third party website includes any root domain name not owned by the retailer and authorized by LGEUS), apps, or any other such media known or unknown that is found to not be in compliance, a written notice will be sent advising that the retailer is not compliant with this policy. The retailer will be given a period of twelve (12) hours from the time the written notice is sent to make the required changes to become compliant. If after twelve (12) hours, the retailer is still not in compliance, it will be considered a violation and recourse will be applied per the recourse schedule and based on the retailer’s compliance history. This curing period will not apply to retailer owned and LGEUS approved websites.

a. The first violation will result a written warning letter, and in the exercise of LGEUS’ independent judgment, may result in the withholding of any applicable SPA funds or payments due for the sales of the impacted models during the violation period.

b. In the exercise of LGEUS’ independent business judgment, the second violation will result in the withholding of marketing funds or a chargeback in an amount equal to three percent of the average monthly invoice price for the preceding three months in the category in which the violation took place.

Example:

MAP violation on August 1, 2021 on any Refrigerator
Retailer purchased \$1,000,000 of Refrigerators from 5/1-7/31
Avg. monthly invoice = \$330,000
Violation amount = \$9,900

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c. In the exercise of LGEUS' independent business judgment, the third violation will result in the withholding of marketing funds or a chargeback in an amount equal to five percent of the average monthly invoice price for the preceding three months in the category in which the violation took place

Example:

MAP violation on August 1, 2012 on any Refrigerator
Retailer purchased \$1,000,000 of Refrigerators from 5/1-7/31
Avg. monthly invoice = \$330,000
Violation amount = \$16,500

d. Notwithstanding anything to the contrary in this Policy, for second and subsequent violations, LGEUS may (a) suspend shipment on the model or category (e.g. all washing machines or refrigeration) which was the subject of the violation for a period to be determined by LGEUS, in the exercise of its independent business judgment.

e. If a retailer goes six (6) months from its last violation without an additional MAP violation, their number of violations will be reduced by one (1) violation. If a retailer goes twelve (12) months from its last violation without an additional MAP violation their number of violations will be reduced to zero.

Note: violation reductions cannot be reduced below zero.

5. Guidelines

a. All advertising for HA products must in compliance with this Policy. Any advertisement that is not in compliance with these guidelines constitutes a violation of this Policy.

b. Except as otherwise set forth in this Policy, Retailers may advertise, an HA Product at a price which is up to \$4.00 lower than MAP (the "Netted Price") and not be in violation of this Policy. This is the limit of the amount which may be "Netted Out" as a discount off the MAP price.

c. Gift cards, consumer financing, free installation, free delivery, or other value-added offers on specific products or collections of products may be utilized. However, the offers cannot exceed a 10 percent (10%) savings from the MAP Price without prior LG approval, and advertisement cannot net the offer savings from the advertised price at a model level or it will be considered a violation of this Policy.

d. LG Home Appliances may be advertised as included in a "Whole House" offer, provided all other Home Appliance Brands are included in the event, advance written notice is given to LG with offer details (e.g. discount amounts, model list, etc.), and LG's participation is pre-approved in writing. LG will only participate in House offers during the following periods: Memorial Day, Independence Day, Labor Day, and Black Friday. The Whole House offer cannot be netted down from the advertised price at a model level.

e. Any advertisement which LGEUS determines states, indicates or implies that the final sale price may be lower than the Netted Price is a violation of this Policy. Without limiting the generality of the foregoing, the following are not permissible:

- No "Price lower in store" or "before in store savings"
- No strikethroughs of a price below the Netted Price
- No Click for "Better" or "Lower" price
- No grayscale
- No "Call/Email for better price"
- No mouse-over hovering for price
- No promo code or alpha-numeric indicators or QR Codes, bar codes or other similar technology which LGEUS determines can state or imply a discount.

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f. Model numbers and at least one related product feature description must be shown when advertising prices or discounts for HA products. When advertising a discount or savings without an advertised price, the starting price will be assumed to be the MAP price for the purposes of Policy administration.

Sample Language for Advertising Prices or Discounts on LG products:

Acceptable Example #1: WM4070HWA = \$1,299

Model Description: Steam Wash

MAP Violation #1: Missing Description

Model Description: WM4070HWA = \$1,299

MAP Violation #2: Missing Model Number

Model Description: White Washer = \$1,299

g. A percentage discount offered through a store-branded credit card which is not offered on all advertised products equally and/or which exceeds a five percent (5%) savings from the Netted Price and/or nets the offer savings from the advertised price at a model level will be considered a violation of this Policy. This discount may not be netted off the price.

h. LGEUS may issue factory rebate programs. Any advertisement for factory rebate must include the rebate amount and the wording “Factory Rebate” or “Mail-In Rebate”. A factory rebate which applies to a bundle or suite of products may not be netted down or subtracted from the prices of the individual products comprising the bundle or suite. If the individual product prices are totaled into a package price, the suite or bundle factory rebate can be shown and subtracted from the package total to display the final suite or package price.

i. On occasion, government organizations or utility companies offer rebates on energy efficient and water conserving appliances. These rebates may be advertised provided that the programs are available to all LGEUS retailers within the service area of the sponsoring organization. The rebate sponsor must be clearly identified and the font size of the rebate amount must be equal to or greater than the net price after rebate.

j. For bundled product advertising, such as laundry pair promotions, retailers may not offer inferred savings below MAP, whether or not the price of both products is listed. For storewide or category events, a consistent discount for the bundled products is allowed.

Sample Language for Bundled Product Advertising:

Acceptable Example:

Model Description: WT1101CW = \$699.00

DLE1101W = \$699.00

Banner Promotion: Up to \$200 off Select Laundry Pairs

MAP Violation:

Model Description: WT1101CW + DLE1101W = \$1,198.00

k. Products subject to this policy (“MAP Products”) may not be advertised as part of a bundle, suite, package or similar arrangement unless every other product in the bundle also is a MAP Product and the overall advertised price of the bundle is equal to or greater than the total of the MAP Price for every product in the bundle and is otherwise in compliance with the terms of this Policy. Gift cards and other similar items may not be advertised with MAP Products unless the amount of the gift card or similar item is clearly stated in the advertising and does not reduce the advertised price of the MAP Product(s) below the Netted Price(s).

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l. When MAP Products are announced as End of Life (“EOL”), products can be assigned an “EOL MAP” price at the sole discretion of LGEUS. This lowered price will extend 90 days after the “Effective Date” of its respective “EOL” announcement (“EOL MAP Expiration Date”). EOL MAP is still subject to MAP policy and therefore LGEUS will seek recourse if dealers do not adhere to LG’s pricing (see section 4). EOL MAP products are eligible for PMAP pricing as long as the EOL MAP Expiration Date does not precede the last day of that given promotional period. If no EOL MAP is provided at the time of the announcement, the model is considered “Off MAP” on the Effective Date and is no longer subject to the Policy.

m. MAP Products offered at “Open-box” price on dealer websites should clearly reflect the “Open-box” status in the product description page. Multiple prices can be advertised (“MAP Price”, “Open-box”, “Clearance”, etc.) but each price must be clearly distinguished. MAP should be advertised as the primary advertised price on website search pages and/or other Applicable Media (See Section 3). Open-box applies to MAP Products which are used (by in-store staff or by consumer), or were found to have cosmetic damage during shipment. Open-box status is determined by the dealer. Conditions which determine if a product is considered Open-box are including but not limited to:

- Returned to dealer after original packaging was opened following consumer purchase/delivery
- Minor damage during shipment
- Floor display model
- Small cosmetic defects (scratches or dings)

Open-box items can still be covered by manufacturer/dealer warranty.

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