

**BACKRACK INC.**  
2016 Sales Policies

Effective as of August 1, 2016 through December 31, 2016

*As further explained in this document, the Relationship Documents, including without limitation these 2016 Sales Policies: (a) supersede all previous Distributor or Dealer agreements, policies, procedures and practices and (b) are subject to change by Backrack without notice.*

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## Application

The price list(s), announcements and policies (including without limitation these 2016 Sales Policies, effective as of August 1, 2016 and running through December 31, 2016 or until such time as Backrack issues modifications or replacements) issued by Backrack Inc. ("**Backrack**") and intended for each Backrack customer ("**Customer**") to which a copy of them is provided or made available (regardless of whether related to pricing, terms or anything else, collectively the "**Backrack Policies**"), together with the relevant agreements originating from Backrack (collectively, the "**Relationship Documents**"): (a) govern the purchase, sale, and resale of each of the products sold by Backrack to such Customer under the Backrack brand or otherwise (collectively, "**Backrack Products**"), (b) supersede all other Distributor or Dealer agreements, policies, procedures and practices and (c) are subject to change by Backrack at anytime without advance notice effective as of the date specified by Backrack. In the event of any disagreement over the interpretation or enforcement of any or all of the Relationship Documents, Backrack's view will control.

## Ordering Procedures Policy

**Pricing:** Prices and terms of sale for Backrack Products ordered by a Customer from Backrack will be consistent the prices and terms in the then-current version(s) of the Relationship Documents. Such prices and terms are subject to change by Backrack without advance notice effective as of the date specified by Backrack. Such prices do not include sales, use, excise or other taxes applicable to Backrack Products. Except as otherwise modified by one or more of the Relationship Documents, all prices are Free on Board (FOB) such place(s) as designated by Backrack. Each order submitted to Backrack is subject to acceptance by Backrack in a manner that is consistent with the Relationship Documents. At all times, Backrack shall have the right to allocate Backrack Products in such manner as Backrack deems advisable.

### How to place an order:

#### Electronic Data Interchange (EDI)

EDI (Specifically SPS Commerce, Backrack preferred partner) is generally the most efficient means of transmitting order information and, therefore, is Backrack's recommended method. Please contact Backrack Customer Service (800-265-8137) to learn about placing EDI orders

#### Email Orders (EMO)

Backrack supports EMO in CSV, XLS, and PDF formats. EMO allows the Customer to place orders by attaching a specified-format order document to an email. Backrack does not charge any fees in connection with placing orders via EMO. To learn about EMO, please contact Backrack Customer Service (800-265-8137). EMO orders should be sent to: [orders@backrack.ca](mailto:orders@backrack.ca)

#### Faxed Order Placement (FOP)

Backrack supports the placement of orders via fax. Fax orders to 905-849-4116. To learn about placing orders via FOP, please contact Backrack Customer Service (800-265-8137).

**Expedited Orders:** Expedited orders (limited to drop ship orders only, *i.e.*, does not apply to pallet or less-than-truckload (LTL) orders) require premium freight shipments. Backrack clears all courier and single-package shipments on Thursday every week into the United States ("**USA**"). When able and at the customer request, Backrack will expedite orders for shipment at the customer's expense. Overnight shipments will be invoiced at carrier's standard shipping rates.

**Minimum Order:** No minimum order required (freight will be invoiced at carrier's standard shipping rates).

**Drop-Ship Orders:** No fee for drop ship orders.

**Custom Orders:** Custom orders should be directed to [orders@backrack.ca](mailto:orders@backrack.ca). Custom orders will be accepted at the discretion of Backrack. For clarification or more information on custom orders, contact Backrack Customer Service (800-265-8137).

**Back Orders:** Back orders are held at customer request and will be cancelled if not filled within 90 days. Backrack will notify the Customer should back orders be cancelled.

**Order Error Return Policy:** Merchandise ordered in error must be returned freight prepaid within 15 days of shipment (a 20% handling/restock fee will apply). Credit will be issued for product returned in accordance with Backrack's Order Error Return Policy at the lowest net acquisition price within the last 12 months. Literature and promotional materials may not be returned.

All returns require advance approval as evidenced by a Return Goods Authorization ("**RG**A") number (see "Return Procedures Policy").

**Force Majeure:** Backrack will not be liable for loss, damage or delay resulting from any cause(s) whatsoever beyond its reasonable control. Delivery dates for any or all Backrack Products may be extended by Backrack to the extent of each such delay.

**Inconsistent Terms:** In the event that Backrack receives one or more orders (or similar or related documents) from a Customer which contain one or more provisions which are inconsistent with or in addition to any or all provisions of the Relationship Documents: (a) each such order (or document) will be conclusively deemed to be governed by the Relationship Documents; (b) each such inconsistent or additional provision will be deemed stricken; and (c) no order submitted to Backrack by such Customer will be deemed to be governed by any provision(s) other than that or those contained in the Relationship Documents, unless and until a written supplement is duly executed by both Backrack and such Customer which expressly adopts such provision(s).

## Payment Policy

**Credit Terms:** Backrack may grant credit terms in accordance with its credit standards as established from time to time. For each credit-eligible Customer, standard credit terms are Net 30 days from date of invoice ("**Net 30**").

**Quick-Pay Discount:** Backrack offers no quick pay discount. All accounts are Net 30

**Remittance Instructions:** All payments should be sent to Backrack at the address shown on the relevant invoice(s). Remittance advice must accompany all payments, otherwise amounts received will be applied to the oldest open items.

**Other Payment Methods:** Backrack may accept Customer payment via credit card. A service charge of 2% will apply to any credit card payment in excess of \$2001. Any payment less than \$2000 will not be subject to the 2% service charge. Backrack may also accept prepaid orders at its discretion. Shipment of prepaid orders will be delayed to allow time for payment to clear.

## Shipping Policy

**Free Shipping:** Free shipping will apply to each order greater than \$7,000 to a single location within Canada and the Continental USA via a Backrack-selected carrier (individually, a "**Freight Prepaid Order**"). Each back order from a Freight Prepaid Order will be shipped with one or more following Freight Prepaid Orders.

If a Customer elects to use its own carrier, the shipment will be made freight collect. Orders that do not qualify for free shipping may be sent freight collect via a Backrack-selected carrier, unless the Customer specifies its own carrier with the order.

**Carton Shortages and Damage:** Claims for carton shortages or damage must be made against the carrier at the time of delivery. The Customer should list any shortages or damage on the bill of lading at the time of delivery and request an inspection by the carrier. Freight claims must be filed against the carrier in accordance with the carrier's policies and procedures.

**Shipping Discrepancies:** Shipping discrepancies (within cartons) must be reported to Backrack within 5 days of receipt of shipment (invoice number, part number and quantity discrepancy must be provided). Backrack will issue a credit memo for allowed claims for shipping discrepancies. Payment deductions in connection with shipping discrepancies are not permitted.

**Shipping Status:** For delivery information, shipping errors or shortages, please call Backrack Customer Service (800-265-8137).

## Tech Support Policy

To answer a Customer's technical questions and provide technical support for Backrack Products ("**Tech Support**"), Tech Support lines (800-265-8137) are available 8:00 am-5:00 pm Eastern Time, Monday through Friday.

Tech Support questions may also be submitted online. Visit [Backrack.ca](http://Backrack.ca), and click on [customerservice@backrack.ca](mailto:customerservice@backrack.ca). Send an email with product information requests. Online Tech Support requests may be submitted anytime, 24 hours a day/7 days a week. Customers should allow up to 48 hours for a response to online requests. Questions will be answered in the order in which they are received.

## Return Procedures Policy

All returns require advance approval as evidenced by a Return Goods Authorization or RGA number. Each return received without a RGA number will be returned to the Customer freight collect. RGA numbers will be valid for no more than 30 days for the date of issuance.

All returns must be shipped to the appropriate address ("**Return Center**") as set forth below (for small parcel return only):

### Return Center for Customers located in Canada:

Backrack Inc.  
475 Wyecroft Road  
Oakville, ON  
L6K 2H2  
Canada

### Return Center for Customers located in the USA:

Backrack Inc.  
c/o Productive Transportation  
530 Grand Island Blvd  
Tonawanda, NY USA 14150

Backrack Products may be returned in connection with the Stock Adjustment Policy, Warranty Policy or Order Error Return Policy in accordance with their respective provisions.

**Stock Adjustment Policy Returns:** Each Customer in good standing may return Backrack Products in accordance with the Stock Adjustment Policy (individually, a "**Stock Adjustment Return**"). Credit will be issued for products returned under such policy at the lowest net acquisition price within the last 12 months.

### Stock Adjustment Return Procedures:

1. Prepare a list of the item(s) to be returned, including: (a) Customer name, address and Customer number; (b) part number(s) and quantities; and (c) unit cost and extension based on the lowest price paid within the last 12 months.
2. Provide the return list to Backrack Customer Service for approval.
3. After the Customer's return request is reviewed and approved, the Customer will receive a RGA number from Backrack Customer Service.
4. All returned items must be protected against damage and shipped in original packaging.
5. Ship the item(s) freight prepaid to the appropriate return center (as described above), marking each carton with the RGA number. No Stock Adjustment Return may be combined with any other return, as a separate bill of lading is required for each type of return.
6. Returned items not in resalable condition (such as that previously installed or not in original condition) will receive no credit. A 20% restocking charge will be applied to returns which require repackaging. No returns are available for any custom products, and there are no exceptions.

**Warranty Policy Returns:** Consistent with the Warranty Policy, each Customer in good standing may return allegedly defective Backrack Products for determination of whether credit will be issued at the lowest net acquisition price within the last 12 months, less damaged or missing parts. Products for which a warranty claim is rejected will be scrapped by Backrack

with no credit issued, unless a request for return of such products is made upon issuance of the RGA number.

All returns under the Warranty Policy (each, a "**Warranty Return**") require advance approval as evidenced by a RGA number.

**Warranty Return Procedures:**

1. Inspect each item to be returned for proper tagging and verify that such item is within the warranty period. Items that are not properly tagged or visually violate the Warranty Policy may not be returned.
2. Ensure that warranty tags are properly complete and that the **original consumer receipts** are included for each returned item.
3. Prepare a list of the item(s) to be returned, including: (a) Customer name, address and Customer number; (b) part number(s) and quantities; and (c) unit cost and extension based on the lowest price paid within the last 12 months. Backrack will not accept any returns thru a third party online retailer, such as Amazon.
4. Call Customer Service (800-265-8137) to obtain a RGA number.
5. Send one copy of the list of the item(s) to be returned to the appropriate return center. Send another copy with the shipment, and keep a third copy. All cartons should be marked with the RGA number.
7. Ship the item(s) freight collect to the appropriate return center (as described above), marking each carton with the RGA number. No Warranty Return may be combined with any other return, as a separate bill of lading is required for each type of return.
8. All returned items must be protected against damage and shipped in original packaging.

## Stock Adjustment Policy

To adjust Customer inventories of Backrack Products ("**Stock Adjustment**"), each Customer in good standing is entitled to return up to 1% of its prior-year net purchases. Net purchases will be calculated by Backrack as gross purchases of Backrack Products, less all rebates, credits, returns, allowances and adjustments. A 2:1 offsetting order will be required for each Stock Adjustment. Any products acquired through excess inventory or distressed merchandise purchases are not eligible for return. Each Stock Adjustment Return for the current calendar year must be completed prior to November 1 of that year.

Each Stock Adjustment Return requires advance approval as evidenced by a Return Goods Authorization or RGA number (see Return Procedures Policy).

## Warranty Policy

### The Warranty

The written warranty or warranties accompanying each item of Backrack Products or set forth in the Backrack Policies (collectively, the "**Warranty**") will be the only warranties applicable to Backrack Products. **THE WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION INFRINGEMENT, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE AND EACH WARRANTY OTHERWISE ARISING FOR ANY REASON(S) WHATSOEVER.** The remedies set forth in the Warranty will be the only remedies available to any individual(s), entity or entities with respect to Backrack Products. Backrack neither assumes nor authorizes any individual(s), entity or entities (including without limitation any or all of the Customers) to assume or express for Backrack any other obligation or liability with respect to any or all Backrack Products. The exclusive remedies provided in the Warranty shall not be deemed to have failed of their essential purpose so long as Backrack is willing and able to perform under the Warranty in the manner prescribed therein.

### The Consumer

The Warranty is extended to the original end-user (the "**Consumer**") only and is not assignable or otherwise transferable. In the event of an alleged defect in material or workmanship, Backrack's responsibility is strictly limited to repair or replace the product that Backrack determines should be repaired or replaced by it. Backrack has no other obligation expressed or implied. Final claim determination under the Warranty will be made by Backrack in its sole discretion.

### Limitations

In no event shall Backrack be liable to any or all of the Customer, purchaser(s) or user(s) for any reason(s) whatsoever, whether in contract, tort (including without limitation negligence and strict liability) or otherwise, regardless whether Backrack is, was or has been advised of the possibility thereof, for any or all of the following, whether actual or alleged: (a) labor, transportation and other charges and (b) indirect, consequential, incidental, special and punitive damages, loss and expense (including without limitation lost profits).

The Warranty sets forth specific legal rights. The Consumer may have other rights as a result of variations in provincial or state laws. As required by law, the Warranty generally is characterized as "limited." This Policy and the Warranty supersede all prior statements regarding warranties.

Backrack does not warrant and will be relieved of all liability with respect to any or all Backrack Products which have been: (a) modified or altered in any way; (b) subjected to adverse conditions such as misuse, neglect, accident, improper installation or adjustment, dirt or other contaminants, water, corrosion or faulty repair; or (c) used in other than those applications expressly then-currently recommended by Backrack in writing (for example, use in any or all racing activities is not recommended by Backrack).

### Products, Time Periods and Claims

Set out below is a summary of the Warranty currently applicable to Backrack Products:

*Backrack products are designed to assist in securing cargo on pickup trucks. Backrack has no control over how its products are used and, therefore, its warranty is limited to the materials and workmanship used in the manufacturing of its products.*

*Powder coat finish is not covered under warranty. Backrack reserves the right to modify its products without notice. Backrack shall not be liable for any damages caused by failure of any vehicle attachment point, misuse or modification of its products in any form, damage due to negligence caused by the operator of the vehicle to which our products are attached. Any warranties are made exclusively to the original purchaser only and proof of purchase must accompany any warranty claim.*

**The Nature of this Policy**

For convenience, this Policy describes the Warranty. However, nothing in this Policy that is inconsistent with the Warranty will be deemed to override it, as the provisions of the Warranty that are then-current control.

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