



Distribution Policy

Rinnai Distributors shall not be permitted to:

1. Sell Rinnai products to customers who resell on the internet, unless such customers are Rinnai Authorized E-Tailers.
2. Resell Rinnai products subject to IMAP pricing and protection on the internet via their own website, except as set forth in any existing Distributorship Agreement currently in place, unless such distributor is itself a Rinnai Authorized E-Tailer.

Rinnai Distributors are responsible for confirming whether an entity is an Authorized E-Tailer by consulting a current list of Authorized E-Tailers located at partners.rinnai.us/e-tailer.

Additionally, Rinnai Distributors must report to Rinnai a listing of their customers who resell on the Internet, upon Rinnai’s request.

Rinnai shall enforce this Distribution Policy as follows*:

	Trigger	Enforcement**
1st Violation	Distributor is not in compliance with this Distribution Policy	Rinnai shall provide a written “1st Violation” notice to the Rinnai distributor.
2nd Violation	Thirty (30) days or more after the 1st Violation, distributor is not in compliance with this Distribution Policy	Rinnai shall provide a written “2nd Violation” notice to the Rinnai distributor. Rinnai shall hold shipment of all Rinnai skus to the distributor for a thirty (30) day period.
3rd Violation	Thirty (30) days or more after the 2nd Violation, distributor is not in compliance with this Distribution Policy	Rinnai shall provide a written “3rd Violation” notice to the Rinnai distributor. Rinnai shall hold shipment of all Rinnai skus to the distributor for a three (3) month period.
Chronic Violators: For chronic violators of this Distribution Policy, Rinnai in its discretion shall indefinitely suspend shipment to such distributors.		

*Managed on 18 month timeframe from the date of last violation.

**If a Rinnai Distributor believes a Notice of Violation was sent in error, then, within fifteen (15) business days from receiving such notice, it may submit evidence to Rinnai for consideration. If Rinnai, in its sole judgment, finds such evidence to be persuasive, it may withdraw the applicable Notice of Violation.