

Spartan Chemical Company, Inc. Pioneering Program

This Pioneering Program Agreement ("Agreement") is entered into by and between **Spartan Chemical Company, Inc.**, an Ohio corporation ("Spartan") and _____, a _____ corporation ("Distributor"), as of the Effective Date set forth below. Distributor is an authorized distributor of Spartan products and promotional items. Spartan has established the Spartan Pioneering Program which is described below. In consideration of the purchase of products from Spartan, Distributor agrees to abide by the terms of the Spartan Pioneering Program as set forth in this Agreement.

Purpose: Spartan and Distributor recognize the investment in time, energy, and equipment required of Distributor to sell Spartan products to end user accounts and to install dispensing equipment for use with Spartan products. The intent of the Spartan Pioneering Program is to encourage all of Spartan's distributors to make this investment. This Agreement provides a conditional means to compensate a pioneering distributor ("Pioneering Distributor") when it either (i) has supplied and installed Spartan dispensing equipment to a specific end user's account ("Dispenser Pioneering"); and/or (ii)(a) has performed substantially all of the work to get Spartan products specified on bid for sales to schools, federal, state and local government agencies; or (b) has obtained new end user accounts that are not designated by Spartan as "national accounts" for certain enumerated Spartan Products (each of (a) and (b) "Product Pioneering").

Qualifications – Dispenser Pioneering: All the following criteria must be met for the Pioneering Distributor to qualify for compensation for Dispenser Pioneering:

- 1) Qualifying dispensing equipment (as set forth on the electronic submission form referred to below) must be purchased by Pioneering Distributor from a Spartan authorized vendor or directly from Spartan through the Distributor Dispenser Marketing Program and/or invoiced directly by Spartan.
- 2) Dispensing equipment must be installed by the Pioneering Distributor with an end user account that is not currently and has not during the previous 12 months, used Spartan products through a qualifying dispenser.
- 3) Within 30 days of the initial placement of Dispensing equipment and Spartan products (excludes products in "test"), the Pioneering Distributor must register the qualifying end user with Spartan by completing the Pioneering Request Form on the Spartan website.
- 4) To maintain Pioneering Distributor status, Pioneering Distributor must be able to document continued sales of Spartan products for use in the dispensing equipment to the end user.
- 5) Another authorized distributor of Spartan ("Secondary Distributor") makes any sale of Spartan Products for use in the dispensing equipment to the end user, in place of Pioneering Distributor.
- 6) The end user must not have requested that the Secondary Distributor take over responsibility for the end user's account.

Qualifications – Product Pioneering: All of the following criteria must be met for the Pioneering Distributor to qualify for compensation for Product Pioneering:

- 1) Qualifying products are all products as set forth on the electronic submission form, as unilaterally amended from time to time by Spartan ("Pioneering Products") and must be purchased by Pioneering Distributor directly from Spartan and/or invoiced directly by Spartan.
- 2) In bid situations, the Pioneering Distributor must have performed substantially all of the work to get Spartan products specified on a bid for sales to schools, federal, state and local governmental agencies ("Bid Work") and the Pioneering Distributor is not the successful bidder.
- 3) If not in connection with Bid Work, Pioneering Products must be sold by the Pioneering Distributor to an end user account that is not currently and has not during the previous 12 months used Spartan products at all or has used Spartan products for less than ten percent (10%) of its requirements.

- 4) The new end user account must not have been designated by Spartan as a national account.
- 5) Within 30 days of the initial sale of Pioneering Products, the Pioneering Distributor must register the qualifying end user with Spartan by completing the Pioneering Request Form on the Spartan website.
- 6) To maintain Pioneering Distributor status, Pioneering Distributor must be able to document continued sales of Spartan Pioneering Products to the end user of not less than eighty percent (80%) of the amount of the most recent bid or the annualized requirements of the end user set forth on the Pioneering Request Form.
- 7) Another authorized distributor of Spartan ("Secondary Distributor") makes any sale of the registered Pioneering Products or other Spartan products of a similar use to the end user in place of Pioneering Distributor or is the successful bidder on a bid where the Pioneering Distributor performed substantially all of the work to get Spartan products specified on the bid.
- 8) The end user must not have requested that the Secondary Distributor take over responsibility for the end user's account.

Program Guidelines – Dispenser Pioneering: If a Secondary Distributor is using the dispensing equipment installed and **paid for** by a Pioneering Distributor in supplying Spartan products to that same end user account, the Pioneering Distributor must notify its Spartan Divisional Manager within 30 days after the Secondary Distributor commences using such dispensing equipment. Within 30 days after the above notification, the Pioneering Distributor must provide Spartan all documentation to justify their compensation claim. Neither the Pioneering Distributor nor the Secondary Distributor shall disclose the existence of this Pioneering Program to the end user or involve the end user in the claims process. Compensation claims will be reviewed by Spartan and approved, denied or modified, at its sole discretion, based on the merits of each claim and any extenuating circumstances which may require an exception to the Spartan Pioneering Program. With Spartan's approval of any compensation claim, the Secondary Distributor will become liable for compensation to be paid by Spartan to the Pioneering Distributor based on the following calculation:

The compensation to be paid by the Secondary Distributor shall be an amount equal to the number of dispensing equipment units being used by the Secondary Distributor, multiplied by the amortized value of the Dispenser Cost of each such unit plus a hanging allowance, based on the following schedule:

Time Period	Compensation to be Paid
Installation date + 12 months	100% of Dispenser Cost + \$50 per unit
13 months to 24 months	80% of Dispenser Cost + \$40 per unit
25 months to 36 months	60% of Dispenser Cost + \$30 per unit
37 months to 48 months	40% of Dispenser Cost + \$20 per unit
49 months to 60 months	20% of Dispenser Cost + \$10 per unit
61 months +	Zero Compensation

Amortized value of the Dispenser Cost is equal to the Dispenser Cost in the Spartan Confidential Distributor Price List at the date of original installation by the Pioneering Distributor, multiplied by the above percentages.

Program Guidelines – Product Pioneering: If a Secondary Distributor is selling Pioneering Products or other Spartan products of a similar use to that same end user account, the Pioneering Distributor must notify its Spartan Divisional Manager within 30 days after the Secondary Distributor commences such sales. Within 30 days after the above notification, the Pioneering Distributor must provide Spartan any and all documentation deemed necessary by Spartan to justify their compensation claim. Neither the

Pioneering Distributor nor the Secondary Distributor shall disclose the existence of this Pioneering Program to the end user or involve the end user in the claims process. Compensation claims will be reviewed by Spartan and approved, denied or modified, at its sole discretion, based on the merits of each claim and any extenuating circumstances which may require an exception to the Spartan Pioneering Program. With Spartan's approval of any compensation claim, the Secondary Distributor will become liable for compensation to be paid by Spartan to the Pioneering Distributor based on the following calculations:

The compensation to be paid by the Secondary Distributor shall be an amount equal to fifteen percent (15%) of the Pioneering Distributors most recent one (1) year annualized sales of Pioneering Products to the end user based on the published thirty thousand (30,000) pound distributor cost.

In situations where section (2) of Qualifications- Product Pioneering have been met, Secondary Distributor will pay an amount equal to fifteen percent (15%) of the amount of the most recent bid or the annualized requirements of the end user set forth on the Pioneering Request Form.

In addition, any rebate credits for sales to schools, federal, state and local governmental agencies earned on the sales of the Secondary Distributor to the end user during the first year of the bid contract shall be forfeited and instead paid to the Pioneering Distributor.

Claims:

Spartan will invoice Secondary Distributor based on the above schedules and Secondary Distributor shall be required to pay Spartan within 30 days from the date of the invoice. No early payment discount will be applicable to any invoice issued under the Spartan Pioneering Program. So long as the Pioneering Distributor remains in good standing under this Agreement, Spartan will issue a credit to the Pioneering Distributor in an amount equal to what is received from the Secondary Distributor under this program. Spartan will have no responsibility to credit the Pioneering Distributor to the extent Spartan does not receive payment from the Secondary Distributor nor shall Spartan be required to pursue any claim or remedy against the Secondary Distributor.

- 1) It is the responsibility of a Pioneering Distributor who believes it is entitled to compensation from a Secondary Distributor to provide Spartan any and all documentation deemed necessary by Spartan to justify any compensation claim.
- 2) The decisions of Spartan regarding each and every element of the Spartan Pioneering Program are final and the Distributor agrees to abide by such decisions.
- 3) Nothing in the Spartan Pioneering Program is intended to provide any Pioneering Distributor with any claims, directly or indirectly, against Spartan.
- 4) In the event a Distributor fails to abide by any of the terms of this Spartan Pioneering Program, including failure to make any payments provided for herein, Spartan will have the right within its sole discretion, to immediately:
 - a) Disqualify Distributor from any, and/or all, Spartan price supports, including but not limited to, rebates, and credits;
 - b) Disqualify Distributor from participating in Spartan's Distributor Pioneering Programs;
 - c) Disqualify Distributor from the Distributor Incentive Program; and/or
 - d) Terminate Distributor from Spartan's authorized distributor network.

Termination: Distributor acknowledges that it is a distributor at will and that nothing in this Agreement or in the Spartan Pioneering Program affects Spartan's ability at any time to terminate Distributor as an authorized distributor with or without cause, or requires Spartan to have just cause to terminate Distributor as an authorized distributor.

Effective Date: This Agreement and the terms of the Spartan Pioneering Program contained herein will become effective on January 1, 2016 (Effective Date). Only qualified dispensing equipment installed on or after the Effective Date or Pioneering Products sold on or after the Effective Date will be covered by this Agreement.

Governing Law: This Agreement and the Spartan Pioneering Program shall be governed by the internal laws of the State of Ohio. The parties irrevocably consent to the exclusive jurisdiction of any federal or state court of competent jurisdiction sitting in Lucas County, Ohio.

Modifications: Spartan has the right to modify this Spartan Pioneering Program at its sole discretion, to meet the needs of the business environment. Changes to this Spartan Pioneering Program will be communicated in writing by Spartan to all authorized Spartan Distributors.

Integrated Agreement: This Agreement, including the exhibits hereto, constitutes the entire agreement among the parties. It supersedes any prior agreements, negotiations or understandings among them, and may only be amended, modified or any provision waived with the written agreement of both parties.

Agreed to this _____ day of _____, 201__ by:

Company name: _____

City/State: _____

By (Printed) _____

Signature _____

Title _____

Spartan Chemical Company, Inc.

By (Printed) Greg Ford - Vice President of Sales

Signature 

Title V.P. - Sales