

# HONDA



## CO-OP ADVERTISING POLICY & PROCEDURES FOR HONDA ASSOCIATIONS AND INDIVIDUAL DEALERS

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## HONDA ADVERTISING STANDARDS

### Purpose

The primary purpose of these Advertising Standards is to clarify and expand on what is outlined in the Honda Dealer Agreement with regard to advertising.

The Standards are intended to:

Establish guidelines for all Honda dealer advertising and promote consistency in its execution and

- Promote the sales of Honda new and certified used products, service and parts in concert with all applicable federal or provincial laws, municipal ordinances or administrative regulations, generally accepted rules of ethics including but not limited to full disclosure of sales offers to consumers
- Promote and preserve Honda's brand image in the market place and by extension, Honda's philosophy of "Lifetime Ownership Loyalty".

It is Honda's intention to work closely with its dealers and Dealer Advertising Associations to ensure that the standards are well understood and adhered to. Accordingly, if there is any doubt about the eligibility of your advertising and promotional materials and/or activities, or if you have any questions regarding the interpretation of the standards herein, please contact your Zone representative before proceeding.

## ***SECTION A: GENERAL RULES OF CONDUCT***

“Advertising” must not be untruthful or misleading and must adhere to any applicable federal or provincial laws, municipal ordinances or administrative regulations, generally accepted rules of ethics including but not limited to full disclosure of sales offers.

The term “Advertising” includes all types of advertising, promotional and merchandising materials or activities deemed to be in the public domain. This includes, but is not limited to, print, radio, television, direct mail, POP, outdoor signage (including billboard advertising and exterior on-site signage), internet and on-vehicle advertising.

All ads must comply with Honda’s image standards as well as promote the Honda brand and/or its products, and/or product features and benefits and/or competitive advantages against other manufacturers.

Competitive franchise or competitive product advertising must not form part of, or appear in any way to be associated with your Honda advertisements. Dealers and Associations must take the necessary steps to clearly distinguish their Honda advertisements from competitive franchise or product. If a dealer is a member of a regional association they cannot combine advertising with another dealership. If the dealer has more than one Honda franchise they cannot combine advertising.

### **Auto Mall**

Dealerships that are part of an “Auto Mall” may participate in a joint auto mall event and/or promotions if the nature and elements of the event/promotion are in accordance with all elements of the Honda Advertising Standards. Accordingly, all auto mall event and/or promotion must be pre-approved by the District Sales Manager. If they do not adhere to the standards, the dealership must remove its name from all advertising materials associated with the event/promotion. Honda feels strongly that a dealership that is part of an auto mall should abide by the same standards as a dealership that is not.

An “Auto Mall” is defined by the industry as a group of dealers operating out of the same geographical location and cooperatively participating in marketing activities under a shared group name. It must be a registered corporation with a board of directors and by-laws governing its activities and must have prior approval of its status as an auto mall from Honda Canada.

### **Relationship to Honda Canada Inc.**

All advertising materials must clearly indicate that the message is from the dealer and **must in no way imply** that the material and/or activity involve "Honda Canada Inc.", the Corporation. Accordingly, advertising that indicates or implies that a dealer has a special relationship with Honda (e.g. Honda Super Centre, Honda Super Store, Honda Factory Outlet, Honda Direct, Factory Approved, Factory Authorized etc.) shall be deemed unacceptable. The term "Honda Powerhouse" however, is acceptable, since it is a Honda approved dealer designation.

### **Primary Area of Responsibility**

Dealers may only advertise in media that cover the majority of their Primary Market Area of responsibility (PMA). As a general rule, a dealer will be allowed to advertise in a medium that covers 20%, or more, of their PMA. This includes, but is not limited to, Yellow Page Directories.

For Honda Powerhouse Dealers who advertise multiple Honda products within an ad, advertising coverage will be based on their smallest PMA, meaning their Auto PMA. If the advertisement does not include auto products, then the advertised products PMA (ie: MC/ATV/PE/Marine) will apply. If there is any ambiguity in determining the eligibility of any advertising medium, the District Sales Manager must be consulted and will arbitrate a solution.

### **Advertising Content**

Dealers shall cooperate fully with any Zone and/or National promotional programs as stated in the Dealer Agreement.

### **Multi Honda Products Advertising**

Dealers may advertise multiple Honda products/ services within an ad. Therefore, a Honda Powerhouse ad may include new Honda vehicles, motorcycle, power equipments, marine products, ATV, and parts and services. In addition, if the Honda Powerhouse signed up for the HCUV program, it will be able to include HCUV vehicles within the ad. Only Honda products and services will be eligible for coop reimbursement. Honda Canada Inc. will not pro-rate ad portion to Honda products/services, the entire ad will be rejected if non-Honda products or services are included

### **Message**

Advertisements must carry messages consistent with those sponsored by Honda Canada and/or by the respective Dealer Association. The purpose of this standard is to ensure that there is consistency in the messages

communicated to the consumer and prevents individual dealers from undermining the National and/or Association initiatives. The Zone Manager and National Office have the authority to make all final decisions pertaining to the application of this standard. This standard is not intended to set the terms of trade (i.e. price, lease rates/payments, finance rates/payments and promotional giveaways) relative to the dealer's selling price and/or in-house promotions.

### **Unacceptable practice**

- Advertising that states or implies that one dealer is superior to another; except Honda auto Dealers "Q" Dealers who may put the "Q" logo for the year that follows their award only. The "Q" logo, the year and the words "Quality Dealer" are the only indicators that may be used. Also, ISO Certified dealers may state that they are "ISO XXXX Certified".
- Advertising that implies a distressed sales environment.
- All dealer advertising and promotional materials must make the correct use of the Honda logo. This also extends to all internal dealership stationery incorporating the Honda logo. Authorized logos for automobile dealer use can be found on the internet at [www.hondabuilder.com](http://www.hondabuilder.com). For logos associated with Motorcycle, ATVs, Marine and Power Equipment can be found on the internet at [www.mcpeplanner.honda.ca](http://www.mcpeplanner.honda.ca).
- No promotional events are to be held outside of the dealer's primary place of business without prior written approval from the District Sales Manager.
- Dealers taking part in internet activities must adhere to the standards herein and, if the nature of the activity(ies) is not specifically covered by the standards, the spirit of this document applies. By way of example, dealers must comply with all relevant privacy legislation applicable to their internet web site and other related activities.

## Web Advertising

### Search engine words for “Adword”

Search engines play a vital role in the Internet experience, particularly for people looking for new or used cars.

All dealers must follow this policy when purchasing or using Adwords in their Internet marketing strategy. In addition, dealers must conform to the restrictions presented in this policy, even if they do not use co-op advertising funds in their Internet campaigns. Through this policy, Honda Canada will regulate the use of specific geographic terms as well as other keywords, while controlling the use of words designating brands on the Web. Geographic designations and names of other Honda dealers are examples of this.

### PROHIBITED PRACTICES

This section specifically describes what dealers may or may not do with regard to use or purchase of Adwords. The following practices are prohibited for all Honda dealers:

1. Dealers may not purchase a name/geographic word that references a Primary Market Area (PMA) other than the Dealer’s PMA.
  - Exception is made for open point cases where HCl regional pre-approval is required for access to co-op advertising. If you do not have the appropriate regional approval, the use of Internet with open point words violates this guideline. Any such approval expires when the open point is assigned.
2. Dealers may not purchase as Adwords “greater region” words (such as greater Toronto, greater Montréal, etc.) unless their Honda dealership is located in this greater region.
3. Dealers may not purchase the names of provinces or the word “Canada” as Adwords.
  - For example, dealers may not purchase the word “Quebec”.
  - However, in the case where the name of the province is part of the dealership name is an exception, e.g. Yukon Honda.

4. Dealers may not purchase corporate Honda “words” or identities as Adwords.
  - These may include, but are not limited to:
    - i. Honda Canada Inc.
    - ii. Honda Japan
    - iii. Honda Corporation
5. Dealers may not purchase the name of another Honda dealer as an Adword, in whole or in part, unless this name contains a regional/city term where there are two or more dealers.
6. Dealers may not purchase domains, sub-domains or URLs from other Honda dealerships as Adwords.
  - Should a dealer hold the URL or domain name of one or more other Honda dealerships, he/she must return it immediately.
7. Dealers need prior authorization from the Honda interactive marketing department before purchasing the following make or model names, logos and slogans as Adwords:
  - Civic Nation/The Power of Dreams
  - All current or previous vehicle brands, such as: Civic, Accord, etc.

*Note: Honda dealers or agency representatives may submit a request to use these words. All brand names must match exactly when purchased, particularly the term “Honda”.*

## **CO-OP ADVERTISING ELIGIBILITY**

Your Adword campaign is eligible for co-op advertising reimbursement, provided it meets the requirements outlined in these guidelines. The Adword campaigns must meet all mandatory criteria outlined in these guidelines. In addition, **dealers must have a dealer Web site approved by Honda Canada (local office).**

## **PROHIBITED URL USE**

This section specifically defines what dealers may or may not do with URLs. Dealers using Internet to bring the Honda brand or other Honda dealers into disrepute will be subject to disciplinary action. The following practices are prohibited for all Honda dealers:



1. Dealers may not purchase or own domains, sub-domains or URLs from other Honda dealerships.
2. Dealers may not purchase or own domains, sub-domains or URLs with words representing the brand, logo, slogans or vehicle models of Honda Canada. The URL must be specific to the dealer promoting it.
  - Prohibited use of URLs: [www.Hondacivic.ca](http://www.Hondacivic.ca); [www.HondatypeS.ca](http://www.HondatypeS.ca); [www.powerofdreams.ca](http://www.powerofdreams.ca) or any type of URL registration related to Honda Canada products or brands.
  - Should a dealer own another dealership URL or domain name or brand or product of Honda Canada, these registrations must be immediately returned to HCl.
3. The dealer's Web site URL must be specific to the name or location of the dealership.
  - A dealer may have several URLs linked to his/her Honda Web site, provided these URLs are within his/her PMA or are related to the name of the dealership.

## ***SECTION B: ADVERTISING STANDARDS***

### **General Applications**

- All advertisements must comply with applicable federal, provincial and other laws.
- Advertisements must not present insulting portrayals of individuals or groups, and must not exploit violence, sex, children, customs or characteristics of religious or ethnic groups, persons with disabilities or any person or group in a way that offends current legal and ethical standards.
- Advertisements must not include derogatory language about the motor vehicle dealer industry or a specific dealer. Examples include:
  - No salespeople to hassle you;
  - Not like other dealerships;
  - Don't trust other dealerships.

### **Ambiguous or Misleading Statements**

- Advertisements must not contain statements that, in Honda's opinion, are ambiguous, misleading or deceptive due to unclear, unverifiable or inaccurate information.
- Advertisers must not use advertising to knowingly misrepresent, through statements or omissions, a vehicle's mechanical or structural condition.
- Advertisements cannot refer to an award unless its source and date is disclosed and approved. Advertisements cannot refer to an award when it was purchased by the dealer, and is not based on any verifiable test or research.

### **Bait and Switch Advertising**

- A product or class of products must not be advertised at a specific price or other incentive unless the dealer is able to supply a quantity of those products that, in the opinion of Honda Canada Inc., is reasonable, considering factors that include the size of the dealership, and the target area of the advertisement.

- Advertisements must not misrepresent the opportunity to purchase a product. If the available supply of products is unusually limited, the nature of the limit, such as the number available or the time they are available, must be disclosed.
- Phrases such as "supply limited" and "limited time only" are prohibited if they are misleading considering factors including the number of products available to the dealer, and the Dealer's PMA.
- Every effort must be made for pictures, or other visual representation of a product featured in any advertisement to be exact. However there may be situations where an exact representation of the product advertised is not possible. In such cases, a visual representation of the model and trim level that comes closest to the one advertised should be used along with a disclaimer clearly identifying the model and trim level shown. That disclaimer should be placed directly below the image in a font size that is easily legible to the consumer. Displaying such disclaimers in the legal copy of the advertisement is not acceptable.

### **"Free" Options or "Sales"**

- Advertisements must not use the word "free" in connection with anything that can only be obtained with the purchase of a product. An acceptable phrase is "included at no extra charge", if it is accurate.
- Use of the word "Sale" must respect the legal implication of the usage of the word. Please refer to the following:
  - A. "sale" is the reduction in regular price for a limited time. In order to meet the legal requirements:
    - a sale should not last longer than 90 days; and
    - the item must be offered in good faith at the regular price for at least 50% of the time in the last 6 months;OR
    - more than 50% of the sales volume of that item must be made at the regular price.
  - B. "sale" includes the following types of offers:
    - advertising that refers to a lower price with wording such as "sale" or "price reduction". The event does not have to be available to everyone to be considered a sale. Any

price reduction to any group will qualify (i.e. current Honda owners, first time buyers, etc.)

- added value offers including bonus items, buy one get one free, volume discounts etc. examples of these types of offers would be special price when you buy a set of tires (vs. just one), a reduction in the price of an additional accessory if you buy more than one.
- coupons (i.e. for oil changes or other service items – the coupons can be for any value, including free)
- free pick-up or delivery when you have your vehicle serviced (unless this is always available).

### **General Disclosure Application**

Honda Canada Inc. does not review Dealer advertising for legal compliance. Dealers are entirely responsible to ensure that their advertising is not unfair, untruthful, misleading or in violation of any federal or provincial law, municipal ordinance or administrative agency regulations. However, **we strongly recommend** that Dealers follow the guidelines below.

- Any information required by these standards to be disclosed must be sufficiently clear and prominent so that it can be easily noticed and understood by a consumer. Disclosure must be in a form appropriate to the advertising medium. The following factors are to be considered:
  - Size of print
  - Clarity, legibility of font;
  - Location of the disclosed information in the advertisement;
  - Prominence of the disclosed information compared with other information in the advertisement;
  - In a broadcast advertisement, the length of time that the message appears or is presented.
- In addition, all disclosure in advertisements appearing in newspapers, periodicals and other publications must be printed in a minimum size and font that is at least the size and font normally used in classified advertising by the publication where the advertisement appears.
- When advertising auto vehicles, Dealer Associations and Individual Dealers having consumer giveaways must state the value rebates and should be stated in the following format: "ABC includes

GST/PST/QST/HST, where applicable. Some conditions apply." Should a dealer wish to hold an event or promotion, special offers or giveaways cannot exceed a perceived retail value of \$200 per auto vehicle. Dealer may give away higher value pricing, up to a maximum of \$200 times the number of auto wholesaled for the month. All giveaways must receive prior approval from your Zone Manager.

- Consumer rebates are applicable on best negotiated price and should be stated in the following format: "\$XXX rebate is applicable on the best negotiated price, taxes must be paid on the full purchase or lease amount of the vehicle."
- All advertising promotions must include "limited time offer"
- All advertisement that includes or mentions product specifications must include the following disclosure, "Information about the product is believed to be accurate at the time of publication. We reserve the right to make changes at any time, without notice or obligation. Errors and omissions excepted."
- All disclosure in advertisements appearing in newspapers, periodicals and other publications must be printed in a minimum size and font that is at least the same as the size and font normally used in classified advertising by the publication where the advertisement appears.

### Pricing

Current year model advertisements containing price-related terms must identify the current manufacturer's suggested retail price (M.S.R.P) or the regional advertising association's specific advertised price. Where the Regional Ad Association has agreed on a specific advertised price, dealers may not advertise for less, but may sell for less.

Any changes in M.S.R.P. on non-current models must receive Zone's prior approval before proceeding.

**Note:** For this purpose, the current model year shall extend until Honda Canada Inc. issues a dealer bulletin listing pricing for the next model year.

When advertising the price of a Honda product, the dealer must abide by all applicable federal and provincial laws and regulations governing advertising disclosure.

### **Price Advertising**

Vehicle price advertising must disclose that the advertised price does not include the following, where permitted by law:

- Industry specific taxes;
- License and registration fee charges

The following are examples of acceptable wording:

- "Not including taxes, license, and registration";
- "Taxes, license registration charges are extra".

### **Disclosure of Financial Information – Financing (Cost of borrowing)**

- Advertisements are required to conform to the cost of credit disclosure legislation in force in the dealer's province.
- Advertisements that offer fixed credit and discloses the interest rate payable or the amount of any payment to be made must disclose the following:
  - APR
  - The term of the credit agreement: and

If the advertisement applies to a specifically identified good;

- the cash price; and
  - the cost of borrowing
- If the ad applies to a range of products, the ad must disclose the cash price and cost of borrowing of a representative transaction that fairly depicts the credit agreements to which the ad applies.
  - Advertisements that indicate or imply that all credit applications will be approved must disclose whether a down payment may be required.
  - The APR must be disclosed in equal prominence to any other information which necessitates the disclosure of the APR. ie: If a monthly payment is disclosed in the body of the ad, the APR must

be disclosed in equal prominence to the monthly payment

- Typical disclaimer example, Ontario shown:  
†Offer applies to select new 2010 Civic, CR-V and Accord models. Representative examples: Limited time financing offers based on new 2010 Civic 4D DX 5MT(FA1E2AEX)/Accord 4D LX 5MT(CP2E3AE)/CR-V LX 2WD (RE3H3AEY) available through Honda Financial Services, on approved credit. Selling Price is \$[x]/\$[x]/\$[x] (includes EHF tires (\$29), EHF filters (\$1), air conditioning tax (\$100), OMVIC fee (\$5) and \$[x]/\$[x]/\$[x] freight and PDI) financed at [x]% APR equals \$[x]/\$[x]/\$[x] per month for [x]/[x]/[x] months. \$[x]/\$[x]/\$[x] down payment or equivalent trade-in may be required. Cost of borrowing is \$[x]/\$[x]/\$[x], for a total obligation of \$[x]/\$[x]/\$[x]. Other taxes (including HST and \$[x]/\$[x]/\$[x] tax for fuel conservation, if applicable), \$[•] PPSA, license, insurance and registration are extra. Offers only valid for Ontario residents at Ontario Honda retailers. Retailer may sell for less. Retailer order/trade may be necessary. Vehicles are for illustration purposes only. Offers subject to change without notice. See your Honda retailer for full details. Offers valid until [x], 2010.
- The “selling price” in an individual dealer ad must include ALL fees, dealer charges, taxes (except HST and TFFC) and costs

### **Disclosure of Financial Information – Lease Advertising**

- The Standards apply to lease advertising. All advertising of lease offers must also disclose:
  - that the transaction is a lease;
  - the lease APR
  - the length of the lease term
  - the frequency of payments;
  - if a payment is required before the beginning of the lease term, the amount of that payment, e.g. a security deposit;
  - the fact that the payments are monthly and the amount of the monthly payment.
  - The nature and amount of any other payments required in the ordinary course of events
  - if additional costs are charged for vehicle options, this fact must be disclosed.

- Where the information required by the above is not the same for all leases referred to in the advertisement, the information may be for a representative transaction, if this fact is disclosed.
- An advertisement of a closed end lease must also disclose if the consumer will be required to pay an extra usage charge at the end of the lease term (e.g. limitations on kilometers traveled) and the way it will be calculated.
- An advertisement of an open-end lease must also disclose what the consumer's financial obligation will be at the end of the lease term.
- Typical Lease Disclaimer:  

<sup>1</sup>Offer applies to select new 2010 Civic models. Representative example: Limited time lease offers based on new 2010 Civic 4D DX 5MT(FA1E2AEX) available through Honda Financial Services, on approved credit. [x]% Lease APR for [x] months. Monthly payment is \$[x] with \$[x] down payment or equivalent trade, \$[x] freight and PDI, \$[x] PPSA, first monthly payment and \$0 security deposit due at lease inception. Total lease obligation is \$[x]. Taxes, license, insurance, registration and any applicable fees are extra. [x] kilometre allowance; charge of \$0.[x]/km for excess kilometres. Retailer may lease for less. Retailer order/trade may be necessary. Vehicles are for illustration purposes only. Offers subject to change without notice. See your Honda retailer for full details. Offers valid until \$[x], 2010. Offer applies to new 2010 Honda Civic models purchased by [x], 2010.

### **Disclosure of Financial Information – Effective Interest Rates**

- With rebates or non-stackable customer incentives, customers may be given an opportunity to choose a rebate off the advertised price or a low lease or finance rate. Opting for the low finance or lease means foregoing the cash rebate
- The harmonized rules now mandate that financing APR's be calculated based on the cash price at which the goods are sold to cash customers in the ordinary course of business, less any rebate (or non-stackable incentive ). When the foregoing rebate is factored into the calculation the "effective interest rate" is necessarily higher.



- The effective interest rate must be disclosed together with any other interest rate or payment amount, with equal prominence, whether or not the rebate is advertised
- Typical lease example, Ontario shown;  
Limited time lease offer on a new 2010 Civic (model XXXX) available through Honda Financial Services, on approved credit.  
Representative example: 1.4% nominal lease rate for 36 months / 8.9% effective rate for 36 months Monthly payment is \$288 with \$XXXX down payment and with \$XXXX freight & PDI, EHF tires (\$29), EHF filters (\$1), air conditioning tax \$100 and OMVIC fee (\$5) included. First monthly payment, \$0 security deposit and \$75 tax for fuel conservation due at lease inception. Total lease obligation is \$XXXX . 72,000 kilometre allowance, charge of \$0.15 for excess kilometers. \$2,500 cash incentive available to cash customers. Cash incentive offers will be deducted from the negotiated price before taxes and cannot be combined with special finance or lease rates. License, insurance, registration and taxes (including HST and tax for fuel conservation, if applicable) are extra. Offers valid for Ontario residents at Ontario Honda dealers. Retailer may sell/lease for less. Dealer order/trade may be necessary. Vehicles are for illustration purposes only. Offers subject to change without notice. See your Ontario Honda Dealer for full details

***In Case of Doubt:***

Your Zone representatives are well versed on the Advertising Standards. Should you have any questions or concerns related to the application of the Standards, please consult with them. It is the Dealership's responsibility to adhere to the Advertised Standards.

## ***SECTION C: ADVERTISING RESOURCES***

### **Auto Sales Resource:**

[www.hondadbuilder.com](http://www.hondadbuilder.com)

### **Honda Powerhouse/Motorcycle/ATV/PE/Marine Products Resource:**

[www.mcpeplanner.honda.ca](http://www.mcpeplanner.honda.ca)

These sites were designed to give easy access to a great variety of pre-approved advertising materials and resources to all dealers. The sites are updated on a regular basis to offer Honda advertisers the latest photography, Logo Usage Guidelines, Advertising Standards and Individual Dealer and Dealer Association Co-op Policy. Please contact the Honda Help Desk or your Zone Representative should you experience any difficulty accessing the site with your dealership user name and password.

The ad mats available on the Ad Planner site must be used based on the following guidelines:

- Dealers are to tag prepared ad mats with their dealership address and contact phone number and /or website, only in the space provided for the dealer contact information.
- Dealers may include a promotional message on ad mats.
- Dealers may NOT remove or replace any pricing, terms or conditions, legal wording or images on the pre-approved ad mats unless the ad indicates the dealer is to insert their products/price.
- Dealers may NOT extract event logos or Honda brand logos from the pre-approved ad mats and replace these logos on dealer prepared ad mats with other pricing details or terms and conditions.
- Dealers may NOT remove, re-orient or re-configure the position or size of the Honda logos on the pre-approved ad mats.

***SECTION D: COURSE OF ACTION FOR NON-COMPLIANCE***

Any dealer that engages in advertising and/or promotional activities in a manner inconsistent with the spirit of this document, as deemed by Honda Canada Inc., will be considered to be in contravention of Honda's Advertising Standards.

Honda Canada Inc. will not attempt to distinguish between acceptable and unacceptable portions of any advertising. In all matters relating to the interpretation and application of any rules or phrases of this program, the decision of Honda Canada Inc. will be final.

Any advertising not meeting the guidelines as set out in this policy will be deemed to be in contravention of your Dealer Agreement. Claims found to be backed by fraudulent documentation involving overcharging, double billing, not sharing appropriate discounts with Honda Canada Inc. or conspiring to defraud for more than its fair share of advertising costs, will lead to the following actions by Honda Canada Inc.:

- Restitution of all overcharges.
- Monetary fine

1<sup>st</sup> occurrence    \$5,000  
2<sup>nd</sup> occurrence    \$10,000  
3<sup>rd</sup> occurrence    \$15,000

In addition to any disciplinary actions listed above, where Honda determines, in its sole discretion, that the advertising practices of any dealer are sufficiently contrary to the spirit and intent of this policy that such practices, if allowed to continue, would adversely affect the interest of Honda, its dealers, or the other members of the Association, Honda reserves the right to declare the dealer in default of its obligations under this policy and the Dealer Agreement and to take such further disciplinary measures as it may deem appropriate in the circumstances including, but not limited to, termination of the Dealer Agreement. Each zone will have put together a formal committee to ensure every Dealer gets a fair assessment.

***SECTION E: OTHER***

- This policy expires on March 31st and will automatically renew each year unless dealers are notified otherwise.
- Decisions made regarding compliance with this policy are at the sole discretion of Honda Canada Inc.
- This policy may be changed or cancelled at any time with 30 days notice.
- All of the aforementioned documents/policy guides contained within have full force and effect.



## HONDA- INDIVIDUAL DEALER ADVERTISING GUIDELINES

### **SECTION F: FUNDING GUIDELINES**

| Division               | Budget  |
|------------------------|---|
| Auto                   | Honda will collect \$100 per unit wholesaled from the dealer.   |
| MC/ATV                 | Available budget is calculated as a factor of 1.5% of wholesale purchases of Honda MC/ATV products.   |
| Marine/PE              | Available budget is calculated as a factor of 3% of wholesales purchase of Honda Marine/ PE products.   |
| Parts and Service (CS) | Available budget is calculated as a factor of 0.5% of wholesale purchases of Honda Parts and Accessory for the following products:<br>Auto,<br>MC/ATV, Marine/PE for Auto PHD Dealers and Standalone PHD dealers. |
| Honda Powerhouse       | Auto PHD all of the above combined.<br>For Standalone PHD MC/ATV and Marine/PE applies  |

Co-Op funds are only to be used for approved advertising. Funds are specific to a dealer and cannot be transferred to another dealer or store. There will be no cap between divisions as follows:

- Auto PHD,
- Standalone PHD
- Auto plus CS

The Dealer Principal and the DSM will determine spend levels on available co-op budget. HCI will track spending by division. Any under spend on a fiscal basis on the automotive side will be rolled over to the respective association less any overspend in the other divisions.

## Reimbursement

Agency and media fees are not eligible for co-op reimbursement.

Production costs will be reimbursed at a 50% rate up to a maximum of 15% of the total net media expenditures fiscally.

Net approved advertising expenditures will be shared with the Dealer and reimbursed at 50%, up to the allowable yearly budget. From time to time Honda Canada Inc. may communicate special reimbursement rate to support sales initiatives via bulletins.

All funds are accumulated during the fiscal year-ending March 31<sup>st</sup>. All claims pertaining to activities conducted during the current fiscal year must be used by June 30<sup>th</sup> and received by National office by August 31<sup>st</sup> of that year.

- For MC/ATV, PE/Marine, Parts and Service funds, Honda's contribution, if not used by that date, will be forfeited.
- Unused automotive fund, which has been collected from the dealer, less overspend from MC/ATV, PE, Marine, Parts and Service funds (when applicable), will be transferred to the dealer's respective Association by November 31<sup>st</sup> of the following fiscal period.

The year end cut off for Honda Canada Inc. to receive individual dealer coop is August 31<sup>st</sup> of the following fiscal year.

## **SECTION G: ELIGIBILITY GUIDELINES**

**New Models only** – advertising must feature only new products (except for Certified Used Honda) that you are authorized to sell, except where equipment form part of an incentive package with a new Honda product.

**Logos** – all Dealers' advertising must include the applicable logo as specified in the Honda Logo and Usage Guidelines.

**Grand Opening** – new Dealers or Dealers who undertake substantial renovations are eligible for Grand Opening co-op. Before proceeding, a signed prior approval including budget and spending details from the Zone Manager is required. Events pertaining to industry related guests will not be eligible for co-op. Only events to attract the retail customer are eligible for coop. Alcohol is not eligible for co-op reimbursement.

**Product Illustration** – photography must be included in all types of print, television, billboard, video board, or other advertising/promotional media that incorporates visual elements.

**Feature and Benefit description** – Honda Canada Inc. suggests that all dealer prepared advertising contain a minimum of 2 features and benefit descriptions for the feature product. The form of description may be condensed info bullet format or complete language copy and should represent the correct specifications, performance and/or fuel consumption.

**Dealership Promotions and Event Sponsorships** – all promotional activities must offer Honda direct exposure for its brand and or/products in conjunction with the local Honda Dealer. **Prior approval is mandatory**, and it must include a summary of the potential direct exposure for Honda from the event or the promotional organizer. At a minimum, Honda must receive direct exposure from the event through such activities: event advertising/promotion, signage and banner display, video billboard advertising, and on-site product display opportunities. If the promotion or event is shared with another brand, only the Honda portion will be eligible for co-op support. The type of promotions and event sponsorships eligible for support shall include but are not limited to: open houses, remote on-site broadcasts; charity events, community events, and competition events. Each new promotion or event sponsorship requires separate, prior approval from your District Sales Manager, regardless of past participation.

## APPENDIX 'A'

Sample of language/words that are **unacceptable** in dealer advertising:

- Liquidation
- Blowout
- Bargain
- Outlet Sale; Factory Sale; Giant Sale
- Sell down; Sell out
- Everything Must Go
- Monster deal of the century
- Prices...chopped, slashed, cut, reduced, rock bottom, squeezed
- Wholesale prices
- Factory, Manufacturer, Wholesaler (or any derivatives showing relation of event to Honda)
- Discount

Sample of language/words that are **acceptable** in dealer advertising:

- Value
- Included (i.e. not free)
- Complimentary
- Sale (as defined in Eligibility Guidelines #7)
- Special Offer
- Savings
- Event
- Clear-out, Clearance (for past model, with Zone prior approval)





## HONDA- AUTOMOBILE DEALER ASSOCIATION ADVERTISING POLICY & GUIDELINES

### ***SECTION H: FUNDING GUIDELINES***

Honda Canada will fund Association Co-op Advertising with the approved amount per unit based on wholesale.

Each association will decide their contribution per unit based on wholesale unit sales, which will be added to the invoice. The amount contributed by each Association and Honda Canada Inc. will be determined at the beginning of each Honda fiscal year (Ki). Your Zone Manager will be able to confirm the exact amount.

The Reimbursement Rate to the Association will be calculated as a percentage of 'HCI's funds per unit divided by 'Total Funds (HCI + Dealer) per unit.

Production and POP cost will be reimbursed, based on the Association's Reimbursement Rate, up to a maximum of 15% of the total 'Net Media Expenditure' fiscally.

Net Media Expenditure represents Honda Canada's reimbursements of media expenses to the Association. Media expenditures which will be reimbursed based on the Association's Reimbursement Rate.

All funds accumulated during the fiscal year-ending March 31st, must be used by June 30th of that year, and all claims pertaining to activities of that fiscal year, must be received by the National office by August 31st. Honda's contribution, if not used by that date, will be forfeited.

## ***SECTION I: MANAGEMENT OF AUTOMOBILE ASSOCIATIONS***

Executive Committee:

The Zone General Manager will ensure that an elected executive committee, which will include the Zone General Manager and at least 3 dealer members of the Advertising Committee, manage each association. The dealers will determine the size of the executive. The executive will meet as necessary, or at least monthly. The entire dealer association membership will meet as necessary or at least will be invited to attend an annual meeting for a report by the executive. At least 50% of the dealers must be present at the annual meeting.

The mandate of the executive is to review inventory levels, both existing and incoming, and determine areas of concern and opportunity. They will then develop promotions in order to generate showroom traffic on behalf of the association members and brief the advertising agency accordingly. These promotions must meet the requirements of the advertising guidelines in terms of content and image.

Decisions of the executive will be made by majority vote, and the decisions will bind all members of the Association.

A member's term is for a maximum of 2 years before they must stand for re-election, or a replacement is elected. It is required that only 50% of the executive stand for election each year, to ensure continuity.

Each association will have a Chair and Treasurer. The Chair will be responsible for convening meetings, chairing the meetings and communicating the resulting directives to the Association Agency.

Each association must appoint and pay for an accountant/bookkeeper to manage the association accounting, and to prepare monthly financial reports to the executive, and annual financial reports to all dealers in the association. The Association treasurer is responsible for coordinating with the Association accountant/bookkeeper.

Funds are to be managed through an Association bank account, and all disbursements managed through the Treasurer, who must approve all invoices. Cheques must be signed by at least 2 Executive members (Honda Canada members may not be signing officers).

Funds will be used in each dealer's market, in accordance with their share of Zone sales plan.

All Associations should have legal contracts with their suppliers who handle/manage the media and creative work.

All Associations must be incorporated and registered as legal "not-for-profit" entities in their jurisdictions.

All Association advertising must contain the necessary legal content, and must be checked by a lawyer as deemed necessary by the association agency and/or the association executive, to ensure compliance with local legislation.

#### Financial Information:

To assist each Association and HCI in evaluating their advertising effort, each Association must use the 'Standard Accounts' published by HCI and must submit the following financial document on regular basis:

1. Annual: Associations' fiscal year end must coincide with Honda Canada Inc.'s year end date, which is March 31<sup>st</sup>. Audited Annual Financial Statement must be submitted 90 days after year end.
2. Quarterly: P&L form must be filled and submitted to Sales Operations' group 30 days after the end of each quarter.
3. Monthly: A special PDCA has been prepared for the association advertising purpose (see Appendix 'B'). Each association must submit their PDCA to National Advertising by the 10<sup>th</sup> of the following month.

Failure to submit the necessary documents will result in HCI stopping any payment or reimbursement to the Association.

#### Association Agency:

All Associations must enter into a legal agreement with their appointed agency for a 1-year term with option to renew and a maximum 90-day termination clause. A copy of the agreement must be forwarded to Honda Canada Inc. for record. Appointed Agency cannot be acting for any Honda dealership while it is the Agency of Record for the Association.

Association agencies are responsible for securing the approval from National and the Zone prior to communicating the planned creative to all dealers before it appears in the designated media.

Honda Canada will assist the Associations by collecting funds on their behalf. Upon receipt of signed instructions from the dealer, Honda will add the agreed amount to each unit wholesaled, and forward the collected funds to the Association Treasurer on a monthly basis.

### ***SECTION J: ADMINISTERING ASSOCIATION ADVERTISING***

At the planning stage for each year, as soon as the wholesale for each association has been determined, the Zone Manager will meet with the executive and present the budget for the year along with a draft of the national advertising plan.

Based on that information, each association executive will prepare an annual business plan with the help of the Zone Manager and the Advertising Coordinator. The plan must include proposed budget, spending per month by carline and by media.

The approved plan will then be distributed to all dealers on the association executive, and explained to all other dealers within 5 business days after the meeting. A monthly PDCA review and update of the annual plan will be submitted and reviewed by executive and submitted to Honda Canada.

To help (Auto only) Associations in keeping track of their financial, Honda Canada Inc. will allow each association to spend a maximum of \$40,000 per fiscal year to hire a bookkeeper to assist in monthly and yearly financial statements. The association can submit this expense in their claim and HCI will coop this at the association's reimbursement rate.

At the monthly executive meeting, the association executive and the Agency, will work to create objectives for campaigns. The Zone, agency and executive will then create the Prior Approval form documentation for the approved campaign, for signature by the association Chair, the Zone Manager (showing that the ad meets the standard requirements).

The Zone Manager and/or the agency will forward the approval request with attached creative concept, scripts, layouts, story-boards, audio/video tapes etc. to the Advertising Coordinator (enough material must be sent with the request that National can clearly understand the campaign contents). Honda will reply to the request within 3 working days of the receipt of the request. Inserts and larger pieces require a minimum of 7 business days.

**NOTE:** The campaign must run exactly as approved. No changes are to be made to the approved request without additional written approval from the National Office. The prior approval must be received by Honda Canada in advance of the campaign; late receipt of the prior approvals may result in rejection.

Once the campaign has run, the claim must be submitted to the Zone who will submit the following documentation for payment:

- claim form
- original prior approved request
- required media back up documentation


The complete package must be submitted within 60 days of the end of the activity. Failure to receive the documentation by the required date will result in the claim being rejected.

The claim will be checked at National, and either returned to the zone, if there is a problem, or processed for payment. Payment confirmation will be sent to the Association.

In the case of rejection the zone has 45 days to re-claim, or the file will be permanently closed.

APPENDIX 'B'

Typical DAA Monthly Budget Control Report

|  | 87 ki Assoc. Name: _____ |     |     |     |     |     |     |     |     |     | 2011 |     |     | TTL |
|---|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|
|   | APR                      | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB  | MAR |     |     |
| Wholesale Projection  | 0                        | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0    | 0   | 0   |     |
| CDO   | 0                        | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0    | 0   | 0   |     |
| Actual Wholesale Units  | 0                        | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0    | 0   | 0   |     |
| Act/CDO/Projection  | 0                        | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0    | 0   | 0   |     |
| Per Unit Generated (HCI+Dir)  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Gross Dir.-HCI Generated \$   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| <i>Invoice Adjustments:</i>   |                          |     |     |     |     |     |     |     |     |     |      |     |     |     |
| Employee/Demo Purchases   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Carryover Assoc   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Carryover Individual  | \$0                      |     |     |     |     |     |     |     |     |     |      |     | \$0 |     |
| Additional Funds (HCI)  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Additional Funds (Dir.)   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Total Net Funds Available   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| <b>All Expenses @ 100% (Co-Opeable + Not Co-Opeable)</b>                          |                          |     |     |     |     |     |     |     |     |     |      |     |     |     |
| Agency Fee  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Media - Radio   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Media - Print   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Media - TV  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Media - Online  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Media - Out of Home   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Production - TV   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Production - Rest   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Direct Mail   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Inserts   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| P.O.P.  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Sponsorship   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Give Away   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Auto Show   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Accounting Fees   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Other   | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Agency Fees Non Co-Opeable (100% Assoc.)  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Non Co-Opeable (100% Assoc.)  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Agency Fee (not claimed above)  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Total Expenses  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Fund Balance  | \$0                      | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0  | \$0 | \$0 |     |
| Bank Balance  |                          |     |     |     |     |     |     |     |     |     |      |     |     |     |

The special excel file for accurately monitoring the DAA Fund Balance will be provided to each Association bookkeeper, along with training. Associations will be required to complete and send to their respective Zone Office and National on a monthly basis.



**DEALER ASSOCIATION PDCA**

**Association Name:** \_\_\_\_\_

**Submitted by:** \_\_\_\_\_

**Month:** \_\_\_\_\_

| Spending by Carline | Current Month: |       |           |
|---------------------|----------------|-------|-----------|
|                     | Retail Units   | Spend | Cost/Unit |
| Fit                 |                |       |           |
| Civic 2D            |                |       |           |
| Civic 4D            |                |       |           |
| Accord 2D           |                |       |           |
| Accord 4D           |                |       |           |
| Insight             |                |       |           |

| Spending by Carline | Current Month: |       |           |
|---------------------|----------------|-------|-----------|
|                     | Retail Units   | Spend | Cost/Unit |
| CR-V                |                |       |           |
| Element             |                |       |           |
| Odyssey             |                |       |           |
| Pilot               |                |       |           |
| Ridgeline           |                |       |           |
| Crosstour           |                |       |           |

| Spending by Carline | YTD (April to CM): |       |           |
|---------------------|--------------------|-------|-----------|
|                     | Retail Units       | Spend | Cost/Unit |
| Fit                 |                    |       |           |
| Civic 2D            |                    |       |           |
| Civic 4D            |                    |       |           |
| Accord 2D           |                    |       |           |
| Accord 4D           |                    |       |           |
| Insight             |                    |       |           |

| Spending by Carline | YTD (April to CM): |       |           |
|---------------------|--------------------|-------|-----------|
|                     | Retail Units       | Spend | Cost/Unit |
| CR-V                |                    |       |           |
| Element             |                    |       |           |
| Odyssey             |                    |       |           |
| Pilot               |                    |       |           |
| Ridgeline           |                    |       |           |
| Crosstour           |                    |       |           |

**Typical Dealer Ad Association Monthly PDCA**



| DEALER ASSOCIATION PDCA |                       |      |   |           |        |   |
|-------------------------|-----------------------|------|---|-----------|--------|---|
|                         |                       |      |   |           |        |   |
|                         |                       |      | Association Name:   |           |        |   |
|                         |                       |      | Submitted by:   |           |        |   |
|                         |                       |      | Month:  |           |        |   |
|                         |                       |      |   |           |        |   |
|                         |                       |      |   |           |        |   |
| Plan                    |                       |      | Evaluate  | Gap/Check | Action |   |
| Insight                 | Maintian Sales Volume | 47   |   | X         | 33     | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |
| Civic 2DR               | Maintian Sales Volume | 302  |   | X         | 226    |   |
| Civic 4DR               | Maintian Sales Volume | 1846 | 3 car ad with Civic @ \$148/mo lease and bi-weekly finance and \$500 gas card | X         | 1503   | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match newspaper advertisement |
| Accord 2D               | Maintian Sales Volume | 111  |   | X         | 63     |   |
| Accord 4D               | Maintian Sales Volume | 533  | 3 car ad with Accord finance and lease rates as low as 0.9%                   | X         | 376    | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match newspaper advertisement |
| CRV                     | Maintian Sales Volume | 757  | 3 car ad with CR-V finance and lease rates as low as 0.9%                     | ▲         | 707    | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |
| Element                 | Maintian Sales Volume | 17   |   | X         | 13     |   |
| Pilot                   | Maintian Sales Volume | 147  |   | ●         | 199    | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |
| Odyssey                 | Maintian Sales Volume | 327  | 2 truck ad with pay cash and get up to \$6,000 off                            | ●         | 549    | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |
| Ridgeline               | Maintian Sales Volume | 87   | 2 truck ad with pay cash and get up to \$6,000 off                            | ●         | 132    | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |
| Crosstour               | Maintian Sales Volume | 106  | 1/3 page in truck ad with Crosstour lease or financing as low as 0.9%         | X         | 82     | Full Car line up ad with generic "up to "6000 off cash price" offer ; radio script to match                         |

Page 2

**SECTION K: CLAIM SUBMISSION PROCESS**

Individual Dealer’s claims must be submitted to the applicable representative (see Claim Processing section of this Policy) within 60 days of the advertising date. Claims submitted after 60 days will not be processed.

Claims must be submitted to the applicable representative as outlined in the chart below, within 60 days of the advertising date. Claims submitted after 60 days will not be processed.

| <b>Claim Submission Process</b>  |                                 |                                      |
|--|---------------------------------|--------------------------------------|
| <b>Type of Advertisement</b>   | <b>Pre-Approvals</b>            | <b>Submit Claims to</b>              |
| Auto Ad  | N/A (exceptions pages 35 to 39) | District Manager - Auto              |
| Auto CS Ad   | N/A (exceptions page 35 to 39)  | District Manager- Customer Service   |
| <b>PHD Multi-Product Advertising</b><br>(Auto with other product line) | N/A (exceptions page 35 to 39)  | District Manager - Auto              |
| <b>MCPE Sales Advertising</b><br>(MCPE product line only)              | District Sales Manager – MCPE   | MCPE Marketing Department c/o Claims |

All claims submitted for MEDIA must include all of the following:

- Completed Honda co-op claim form
- Media invoices
- Corresponding evidence of advertising activity as outlined in “Qualifying Media and Required Backup”
- Prior Approval, if any

When completing claims, please detail only the net media, including PST (if applicable). GST/QST/HST totals should not form a part of the claim amount. These taxes will automatically be added to the approved claim payment.

All Zone approved claims will be forwarded to the National Office for reimbursement to the dealer’s parts account.

**SECTION L: QUALIFYING MEDIA AND REQUIRED BACK UP**

***For Associations:***

| Media   | Required Supporting material for claims   |
|---|---|
| Print Advertising<br>(Newspaper & Magazine)                             | Tear sheets (e-Tear sheers) of the final creative<br>Suppliers invoice with line rate                                   |
| Broadcast<br>(Radio & Television)                                       | Radio/TV-signed affidavit and station invoice<br>Prior approved script  |
| Outdoor advertising<br>(Billboard/Out-of-home)                          | Prior approved creative<br>Photo of the board and invoice   |
| Off-site activities<br>(Events and shows)                               | Photos of the location with the cars<br>Invoices to the dealership name, laying out cost and placement of each vehicle. |
| Direct mail activities<br>(creative, print and mail)                    | Actual sample of the approved mail piece<br>Supplier invoice indicating cost and distribution areas (i.e. FSA)          |
| POP – showroom and supporting campaign<br>(Max cap at 15% of net media) | Sample of approved creative (or mock-up)<br>Supplier invoice with quantity and material used                            |
| Auto trade-show<br>(non-national) floor space only                      | Prior approval from zone manager<br>Contract and invoice for the floor space<br>Photos of the event                     |
| Online sites<br>(i.e. automotive)                                       | Screen shots of approved creative<br>Invoice from supplier  |
| In dealership comparison chart  | Sample of the approved creative<br>Supplier invoice   |
| Inserts   | Sample of approved insert<br>Invoice from supplier laying out creative, production and distribution cost.               |

***For Individual Dealers:***

Listed below are acceptable media activities for co-op. Please note the appropriate backup for each media.

**Canadian media only. Foreign media is not eligible for Honda Co-Op.**

Media must be listed in “Canadian Advertising Rates and Data” and have a published retail rate card.

| Media   | Required Supporting material for claims  |
|---|--|
| <p>Print Advertising<br/>(Newspaper / Magazine)</p> <p><b>Note: All Product lines Prior-approval is <u>NOT</u> required</b></p> | <ul style="list-style-type: none"> <li>• Media must be listed in “Canadian Advertising Rates and Data” and have a published retail rate card. Display advertising space, colour, and special position charges qualify.</li> <li>• Payment of claims will be based on retail rates in effect at the time of advertising that apply to your total annual retail lineage volume.</li> <li>• Back- up:                         <ul style="list-style-type: none"> <li>○ Publisher’s invoice showing date advertisement ran, size, line rate and net retail cost.</li> <li>○ Full-page tear sheet for each insertion date. Publications that does not show date and media name on each page require submission of the entire book.</li> </ul> </li> </ul>   |
| <p>Broadcast<br/>(Radio &amp; Television)</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p>                        | <ul style="list-style-type: none"> <li>• Only air-time costs qualify.</li> <li>• Remote broadcasts require <u>written prior approval</u>.</li> <li>• Minimum Honda mention 60-second 3 times, 30-second 2 times, 15-second 1 time.</li> <li>• For TV commercials, the Honda corporate logo must appear at the end of the commercial for a minimum of 1.5 seconds.</li> <li>• Back-up:                         <ul style="list-style-type: none"> <li>○ Station affidavits/ and confirmations of performance must clearly indicate the specific Honda commercial aired for each date and time, and if manually rendered, be signed by a station controller with title indicated.</li> <li>○ Station invoices showing dates, times, number and length of spots, unit cost and net cost.</li> <li>○ Script as recorded, detailing full audio and</li> </ul> </li> </ul> |

|  |  |
|--|--|
|  | visual (if any), and bearing a completed TVB verification stamp. |
|--|--|

| <b>Media</b>  | <b>Required Supporting material for claims</b>  |
|---|---|
| <p>Out-of-home advertising (i.e.: Billboards)</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p>        | <ul style="list-style-type: none"> <li>• Space costs for billboards, transit cards, bus shelters, taxi and mall boards will qualify, but a written prior approval is required, including supplier quotation and artwork of advertising for consideration.</li> <li>• Creative must be exclusively Honda and must include product image and logo.</li> <li>• Back-ups: <ul style="list-style-type: none"> <li>○ Photograph of each location. For video billboards, forward a digital copy on compact disc or via e-mail.</li> <li>○ Supplier’s invoice detailing dates, number of postings and net space costs.</li> <li>○ Prior-approval authorization</li> </ul> </li> </ul> |
| <p>Direct mail activities (creative, print and mail)</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p> | <ul style="list-style-type: none"> <li>• Zone and National pre-approval required before going to press.</li> <li>• Printing and distribution, postage or insertion costs only qualify.</li> <li>• Back – ups: <ul style="list-style-type: none"> <li>○ Printer’s invoice detailing quantity, number of colours, description of material and services, and breakout of all net costs.</li> <li>○ Distributor’s invoice or postal receipt detailing quantity and description of material distributed or Publisher’s invoice detailing insertion date and net costs.</li> <li>○ Complete original direct mail piece, insert or catalogue.</li> </ul> </li> </ul>                 |
| <p>Yellow Pages (Local phone directories)</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p>            | <ul style="list-style-type: none"> <li>• Available to all Auto and Honda Powerhouse Dealers only</li> <li>• Dealer may opt for display advertising or increase their exposure in a shared territory; in this case a prior approval from the District Sales Manager is required. Each dealer must list within their Primary territory.</li> <li>• Back-ups: <ul style="list-style-type: none"> <li>○ Prior- approval</li> <li>○ Supplier invoice with length of contract</li> <li>○ Tear sheet of the ad</li> </ul> </li> </ul>  |

| Media   | Required Supporting material for claims  |
|---|--|
| <p>Auto trade-show or mall display (non-national)</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p>    | <ul style="list-style-type: none"> <li>• Canadian shows only</li> <li>• Only space costs for Honda share of booth qualify. It is the Dealer's responsibility to ensure that proper documentation/supporting material accompanies co-op claim</li> <li>• Prior approval from your District Sales Manager is required</li> <li>• Back-ups:                             <ul style="list-style-type: none"> <li>○ Prior approval from Zone and National</li> <li>○ Exhibitor's contract or invoice and receipt of payment detailing show dates and the size, location and cost of all booths taken.</li> <li>○ Minimum of 3 pictures of the entire exhibit showing all product(s) displayed, including left and right side surroundings. For multiple connection booths, submit overlapping photos of each section. and invoice for the floor space</li> </ul> </li> </ul> |
| <p>Online Dealer's website / Internet Advertisements</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p> | <ul style="list-style-type: none"> <li>• Available to Auto and Honda Powerhouse Dealers only</li> <li>• HCI has a selection of templates for Auto dealerships to help you build your individual dealership website. Our Website Coordinator will work with you to ensure that your site is in-line with Honda's image. The initial set up fee is \$1,000 and monthly hosting fee is \$50.</li> <li>• Any other creative will require a prior approval from the zone. In such case, invoices and screen shots of the feature/creative must be provided with the claim.</li> <li>• Back-ups:                             <ul style="list-style-type: none"> <li>○ Copy of signed Prior-approval</li> <li>○ Web site invoice showing address, date advertisement ran, size rate and net retail cost.</li> <li>○ Print copy of the advertisement</li> </ul> </li> </ul>    |

| Non-Media  | Required Supporting material for claims  |
|--|--|
| <p>Dealer Signage<br/>NOT eligible</p>   | <p><u>Dealer shuttle, fascia decals, signage, pylons, lighted signs and windshield painting or decaling, showroom windows and portable signs are not eligible for co-op.</u></p>   |
| <p>Community sponsorships<br/>(Sponsorship aiming to improve the dealership image within the community)</p> <p><b>Note: All product lines Prior-approval <u>IS</u> required</b></p>  | <ul style="list-style-type: none"> <li>• All print material with the name of the dealership surrounding the sponsored event (i.e. flyers, community ads)</li> <li>• Back-ups: <ul style="list-style-type: none"> <li>○ Sample of the creative</li> <li>○ Contract</li> <li>○ Payment confirmation</li> <li>○ Prior-approval required</li> </ul> </li> </ul>  |
| <p>Sports related sponsorship<br/>"Hole-in-one" / "Puck drops" as it contributes to community relations, chamber of commerce or charitable organizations</p> <p><b>Note: All product lines Prior-approval <u>IS</u> required</b></p> | <ul style="list-style-type: none"> <li>• Cap at 10% of accumulated budget.</li> <li>• Back-ups: <ul style="list-style-type: none"> <li>○ Dealer must provide the proof of insurance and the cost. The actual vehicle (model and Trim) or prize and it must appear in the invoice directed to the dealership.</li> <li>○ In addition to the winner's name and coordinates, the claim must contain a picture of the prize at the event.</li> <li>○ Contract and proof of payment</li> <li>○ Prior-approval required</li> </ul> </li> </ul> |
| <p>Promotional items</p> <p><b>Note: MCPE Prior-approval <u>IS</u> required</b></p>  | <ul style="list-style-type: none"> <li>• Only merchandise for VIP night or launch event qualifies.</li> <li>• Only merchandise and apparel purchased from HCI's approved vendors are eligible for co-op support. Items purchased from other vendors are not eligible.</li> <li>• Back-ups: <ul style="list-style-type: none"> <li>○ Copy of HCI's approved suppliers' original payable invoice detailing cost and description of each item.</li> <li>○ Dealer testimony on purpose of each</li> </ul> </li> </ul>                        |



Honda – Association & Dealer Claims

|  |   |
|--|---|
|  | <p>promotional item. Name and date of show/event.</p> <ul style="list-style-type: none"><li>• Prior approval from Zone and National Advertising required before purchase.</li></ul> |
|--|---|

| Non-Media   | Required Supporting material for claims   |
|---|---|
| <p>Dealer special event</p> <p><b>Note: All product lines Prior-approval <u>IS</u> required</b></p> | <ul style="list-style-type: none"> <li>• Must receive prior-approval. (Detail description and sample of invitation)</li> <li>• Must be in the Dealer’s primary sales location for Auto dealers. Advertising must properly integrate the Honda divisional logo along with product illustration(s). Please note that Honda Canada Inc. will only co-op media/postage and printing fee. <b><u>Giveaways, merchandising, alcoholic beverages, sales training, extra staffing, event management and creative development cost will not be eligible for coop.</u></b></li> <li>• Any off-site event must be in the Dealer’s PMA and be pre-approved by the Zone</li> <li>• Back-ups:             <ul style="list-style-type: none"> <li>o Invoices must be accompanied with picture of the event and a sample of the invite to the customer.</li> <li>o Original invitation.</li> </ul> </li> </ul> |

**SECTION M: NON-ELIGIBLE MEDIA ACTIVITIES**

The activities outlined below are not eligible for Association and Dealer Advertising. Please contact your Zone Manager or District Sales Manager, respectively, in case of doubt.

1. Salesperson training and knowledge initiatives (quizzes, printed pieces, etc)
2. Salesperson spiffs and incentives

For Association Advertising, please add:

3. Customer newsletters

For Individual Dealer Advertising, please add the following:

3. Production, talent or agency fees of any kind
4. Call centre initiatives
5. Staffing, uniforms or transportation of vehicles for mall displays or remote product display opportunities
6. POP
7. Non-Honda advertisement or inclusion of non-Honda elements

8. Signage, pylons, fixtures, etc for MCPE Dealers.



## Honda Certified Used Advertising – Associations & Individual Dealers

### ***SECTION N: Used Auto Vehicle Advertising***

Used Auto Advertising must respect the spirit of the policy as it pertains to promoting and protecting Honda's brand image in the market place. Demonstrators are considered to be used cars.

Advertisements of used vehicles must include one of the phrases: "Honda Certified Used", "Certified Used" (Only if the vehicle is an actual Honda Certified Used Vehicle), "used", "pre-owned", "previously driven", "used as a demonstrator by the dealership", "used as an executive vehicle by the dealership", or other phrases that are accurate.

#### ***For Associations:***

- The Honda Certified Used website can be included in your print ad if desired. Association may advertise Honda's Certified Used Vehicle program and its benefits. However, no specific car should be included in the ad.

#### ***For Individual Honda Dealers:***

- The Dealer must be enrolled in the HCUV program. Honda Certified Used Vehicle advertising may be eligible for co-op advertising but must contain the correct Honda Certified Used Vehicles logo. Only Honda Certified Used and other pre-owned Honda vehicles may be advertised. Each Certified Used vehicle must clearly have the appropriate Certified Used logo beside their image.
- Used auto ads cannot contain any off-make products **or the entire ad will be rejected for co-op reimbursement.**
- Used Auto Advertising **must contain over 50% of Honda Certified Used Vehicle and not more than 49% of other pre-owned Honda**

vehicle.

**SECTION O: Qualifying Media & Required Back up**

**Used Vehicle Advertising - Qualifying Media and Required Back up**

Listed below are acceptable media activities for Honda Certified Used Co-op. Please note the appropriate backup for each media. Usage of any other media, beside the ones stated below, will be rejected and the dealer will not receive any reimbursement.

| Media  | Required Supporting material for claims  |
|--|--|
| Print Advertising<br>(Newspaper & Magazine)                      | Tear sheets (e-Tear sheets) of the final creative<br>Suppliers invoice with line rate  |
| Online Advertising   | Screen shots of the ad<br>Invoice from suppliers (cost/vehicle and number of vehicles) |
| Radio advertising  | Affidavit of air-time<br>Invoice from the station<br>Copy of the script                |
| Used Car Event<br><i>(applicable to Individual Dealers Only)</i> | Must feature Honda Certified Used Only<br>Require prior approval from Zone Manager     |

**Used Vehicle Advertising – Ineligible usage**

The following activities from individual dealer will not receive co-op reimbursement from Honda Canada Inc.

- POP
- Cost for Dealer to host its own used website inventory

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Examples of typical eligible online advertising website includes: Autotrader, Globeauto, Driving.ca, weather network, Yahoo! Autos, Auto123, usedcarscanada, usedcarsontario, autonet, ebaymotors, canadatrader, Autohebdo, lespacs, occasion.ca and local newspaper automotive websites (e.g. Torontostar.com). All other websites must receive prior approval from your Zone Manager.

Honda Certified Used (Association & Individual)