



2021 Distributor Cooperative Advertising Program and Distributor Participation Requirements

Applicability

This policy applies to all Residential Distributors. This policy supersedes all previous cooperative advertising policies.

Purpose of the Policy

The purpose of the cooperative advertising program is to provide financial assistance to Distributors in their efforts to advertise and promote the sale of ClimateMaster (CM) products. Under this policy it is the obligation of Distributors to pay the advertising and promotional costs at the time they occur. Monies from the cooperative advertising fund are then used to reimburse the Distributor in the form of credit to their account.

Tiered Program

The Cooperative Advertising Program consists of two tiers defined by residential purchase volume, inventory stocking level, and customer support capabilities.

1) "Platinum" Distributor Partner

- a. Annual purchases of qualifying residential products in prior year of \$500K or more. Qualifying products all residential compressor bearing units, air handlers, thermostats, communicating water heaters, and zoning controls.
- b. Maintain inventory stocking level of 100 compressor bearing units subject to audit by a CM Regional Account Manager.
- c. Maintain CM account in good standing.
- d. Employ a full-time geothermal product specialist and maintain CM Train the Trainer and IGSHPA certifications. Confirmation of the requirements will be affirmed by the distributor's Regional Account Manager on an annual basis.
- e. Will not advertise, promote, or be listed as a representative of any other geothermal heat pump brands.
- f. Sell product only to ClimateMaster trained dealers.
- g. Maintain a network of licensed IGSHPA certified geothermal contractors to meet the installation and service demands of their assigned territory. A complete list of qualified contractors will be submitted to CM annually with the GeoElite co-op application.
- h. Conduct two ClimateMaster 202 training sessions per year and assure all Trilogy units are installed by personnel trained within the past two years. A complete list of prior years' Trilogy system installations shall be submitted annually with the GeoElite co-op application.
- i. Co-op funds available to market and promote the sale of ClimateMaster products in 2021 = $5\% \times (2020 \text{ qualifying product purchases})$ The maximum amount of co-op funds for 2021 will be equal to 5% of the distributor's qualifying purchased from calendar year 2020.

2) "Gold" Distributor Partner

- a. Annual purchases of qualifying residential products in prior year of \$50K to \$499K. Qualifying products all residential compressor bearing units, air handlers, thermostats, communicating water heaters, and zoning controls.
- b. Maintain CM account in good standing.
- c. Will not advertise, promote, or be listed as a representative of any other geothermal heat pump brands.
- d. Sell product only to ClimateMaster trained dealers.
- e. Assure all Trilogy units are installed by dealers trained within the past two years.
- f. Co-op funds available to market and promote the sale of ClimateMaster products in 2021 = $3\% \times (2020 \text{ qualifying product purchases})$ The maximum amount of co-op funds for 2021 will be equal to 3% of the distributor's qualifying purchased from calendar year 2020.

Rate of Reimbursement

The primary goal of the co-op program is to invest in our Distributor Partners and GeoElite Distributors to actively grow the business. Not all investments have the same impact. The 2021 co-op program provides for multiple levels of reimbursement.

100% reimbursement

- ClimateMaster equipment that was purchased and/or removed from the distributor's inventory and fully installed and operational in a distributor training room.
- Equipment installed in Builder Show Homes / Parade of Homes Showcase Homes.
- Residential product diagnostic and training tools.

75% reimbursement

- Pre-approved lead generation programs.
- Pre-approved Internet advertising (Advertising agency must not be on the distributor's payroll).
- Pre-approved social media advertising campaigns.
- Pre-approved training (ClimateMaster Installation, Service, Sales, GeoDesigner, IGSHPA).

50% reimbursement

- Merchandise from CM catalog (Heritage).
- Pre-approved merchandise from other vendors (Non-Heritage).
- Billboards.
- Direct Mail.
- Radio spots.
- Cable advertising.
- Print and digital media.
- Home shows and other pre-approved events focused exclusively on the promotion of CM products.
- CM exclusive dealer outings / events.
- Other expenses may be considered for up to 50% reimbursement when submitted in advance.

Pre-approval of Advertising Expenses

Questions regarding eligibility for co-op reimbursement should be directed to your Regional Account Manager

Please note! All individual claims greater than \$5,000 require pre-approval

- To obtain pre-approval, send all information to the co-op Administrator at CoOpProgram@climatemaster.com with required documentation. Please include "co-op pre-approval" in the email subject line.
- Submission shall include plans for artwork, expected invoice expenses, applicable event details (including planned dates), etc.
- Pre-approval requests must include the projected reach (in the number of customers) of the advertisement and anticipated number of unit sales to be generated by a successful promotion.
- A copy of the email reflecting your pre-approval is required with claim submission.
- Claims submitted without proper documentation are subject to rejection.

Eligible Cooperative Advertising Expenses

Regardless of the media type or promotional material, all claims must be submitted to the ClimateMaster Marketing Department no later than 90 days after the date of the media or material invoice and no later than January 31 of the following year. Claims that do not meet these criteria will be denied.

Approved Media and Material Eligible for Co-op Reimbursement

- Print advertising.
- Billboards.
- Direct mail.
- ClimateMaster promotional material purchased via www.climatemasterpromoitems.com.
- ClimateMaster promotional items not purchased from ClimateMaster promotional items site.
- Signage.
- Vehicle wrap.
- Ad word or key word campaigns.
- Tradeshow units (Must include ClimateMaster logo on products).
- Training units.
- Home and trade shows.
- Television advertisements.
- Radio ads.
- Internet advertisements (Advertising agency must not be on the distributor's payroll).
- ClimateMaster training course fees (excludes air or vehicle travel, meals, incidentals).
- ClimateMaster literature.
- Yellow page advertising.
- Geothermal website creation/development.
- Items with prior approval from Residential Product Manager.

Proper Documentation Guidelines*

- Print media – sample layout, publication name, and copy of invoice.
- Billboard – a picture of the billboard and copy of invoice.
- Direct mail – sample, and copy of invoice.
- Promotional items purchased from ClimateMaster – copy of Heritage sales invoice.
- Non-ClimateMaster Promotional items – picture of item and copy of invoice.
- Signage – picture of sign and copy of the invoice.
- Vehicle wrap – picture of the vehicle and copy of the invoice.
- Ad word or key word campaigns – copy of invoice, copy of ad and copy of key word searches used.
- Working trade show and training units – copy of ClimateMaster invoice, copy of email showing both the Regional Account Manager's authorization.
- Unit cabinet samples – copy of ClimateMaster invoice.
- Trade shows – picture of booth, products and exhibit invoice.
- Radio/TV ad – ad copy, run schedule, and copy of invoice.
- Internet advertising – print of ad, copy of invoice, URL location.
- ClimateMaster training course fees – (Factory held or approved virtual events) A copy of ClimateMaster invoice. If training is held at Distributor location with a ClimateMaster trainer, a copy of the ClimateMaster invoice and the Distributor announcement is required.
- Literature from ClimateMaster – copy of ClimateMaster invoice.
- Yellow Pages – picture of ad and copy of invoice.
- ClimateMaster held distributor meetings (national or regional events) travel and lodging – copy of receipts and invoices.
- Geothermal website creation/development - copy of invoice, copy of email showing the Regional Account Manager approval (note: external Advertising agency required).

* ClimateMaster reserves the right to obtain verification of all charges. If the amount of the claim approved should be disputed, the decision of the Residential Product Manager will be final.

Items not Eligible for co-op Credit

Activities other than those listed in the section titled "Eligible Cooperative Advertising Expenses" will not be eligible for co-op fund credit without prior approval by Residential Product Manager.

Cooperative Advertising Guidelines

- All advertising must show proper use of the current ClimateMaster name and logo to be eligible.
- If advertising space is shared by other non-competing products, the allowance will be reduced proportionately by the number of other vendors on the advertisement. Pre-approval required.
- Actual invoices are required. (Note- Estimates and proposals will not be accepted).
- Pictures must be an actual picture of the advertisement and not a computer-generated sample.
- All invoices must be paid before submitting for co-op claim.
- Claim amounts must be submitted in \$US Dollars. Currency conversion will occur at the rate effective on the day of claim submission.

Distributor Disqualification:

- ClimateMaster reserves the right to remove any distributor from the co-op program, for the following reasons:
 - Failure to meet financial obligations.
 - Advertising competitive geothermal products.
 - Selling geothermal heat pump competitor's products.
 - Failure to follow-up on leads.
 - Not meeting training requirements.
 - Unresolved and/or untimely resolution of customer complaints.
 - Failure to comply with any requirement or qualification defined in the program.

Policy Changes

ClimateMaster reserves the right to change, modify or cancel any or all portion(s) of the Cooperative Advertising Program at any time and without prior notice. Claims for activities conducted prior to the date of the change in policy will be honored for 30 days from the date of the policy change.

Any questions regarding the ClimateMaster Cooperative Advertising Program should be directed to your Regional Area Manager or Residential Product Manager.

Distributor Acknowledgment

I acknowledge that I have read and understand the ClimateMaster 2021 Cooperative Advertising Program benefits, obligations, and the procedures for its implementation and agree to abide by them.

Company Name: _____

Program Participation Level (Check One) Platinum: _____ Gold: _____

Authorized Agent: _____

Date: _____