

# ABB Electrification SPA Rebate Policy and Procedures for Canada

## 1.0 PURPOSE OF POLICY:

To define the policies and procedures by which Special Price Agreements (SPAs)/Rebate or Claim-back SPAs will be used, how they can be set up, how we have transitioned to a new way of submitting claims, and the roles and responsibilities of the players involved in the process.

## 2.0 SCOPE:

This procedure covers:

- All steps required to successfully set up a SPA profile request.
- All documentation required for compliance with the SPA Process; and
- All steps required to successfully process a SPA claim request.

**3.0** This procedure does not apply to any other type of quote or rebate agreement that ABB Electrification may have, only Ship and Debit SPAs, also known as Rebate or Claim-back SPAs.

- This procedure starts when an ABB Sales representative submits a request to create a SPA profile to meet a competitive situation on items sold through the distributor's stock.
- This procedure ends when the distributor claim is paid out in credit memo form and any debit memos issued by the distributor are closed in full.

**4.0 Purpose of an SPA:** SPA agreements allow ABB and its distribution partners to bid more aggressively in strategic sales situations while holding into-stock pricing constant. These quotations are typically used in highly competitive high-volume situations, or situations that are strategically significant in retaining or growing market share. Therefore, the purpose of this procedural document is to explain the process of setting up, maintaining, and submitting for claim-back reimbursements for SPAs.

**5.0 Standard SPA application and duration:** Each SPA agreement given to a distributor must correlate directly to an end user. Agreements will be reviewed annually and are renewable; however, they are subject to general price increases. SPA agreement pricing cannot be used for into-stock purchases.

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**6.0 Responsibilities:** ABB Sales representatives are responsible for identification of, suggestions for, and recommendations on situations requiring SPA quotations, as well as ensuring that required approvals and proper documentation are obtained prior to committing special pricing to the distributor. Written authorization is required as verbal SPA agreements will not be accepted.

Distributors are responsible for ensuring that SPA pricing is used in accordance with the quotation and for providing requested documentation in support of claims. Misuse of SPAs may result in the termination of the quote agreement with the distributor. All claims are subject to ABB audit.

**7.0 Procedures:** The ABB sales representative and distributor will determine the need for an SPA quotation in a specific situation. Pricing will be at the item level. All quote requests will be submitted to be entered in the quote system and where required approval will be obtained.

Information required on the quote request is as follows:

- Reason for request
- Catalogue #
- Projected annual quantity and sales volume
- Competitor
- End user segment category
- Target quote price
- Effective period
- Legal End username, complete address, and phone number; and
- Participating distributor locations.

The following rules apply for billing and claims:

- All shipments will be billed to the distributor at normal into-stock pricing;
- SPA discounts cannot be deducted from these billings; and
- Claims are to be based on shipments to the listed distributor and invoiced to the end user.

**8.0 END CUSTOMER GUIDELINES:**

- End users can only be tied to a distributor in the Sales Region where they are located. Any exceptions must have prior approval from the National sales group.
- If an end user requests to purchase products from a different distributor than the one with which they were originally set up, ABB requires written notification from the end user stating this.
- The distributor partners that are named by the end user need to maintain the right inventory levels to support the business based on historical end user usage.
- Each end user listed on an SPA requires a unique end user number.
- Pricing for SPA agreements will be reviewed regularly. All pricing is subject to change.
- Each end user SPAs must exceed \$2,500 CAD in sales annually.
- If an end user/National account has multiple locations that cross borders (e.g. US and Canada), final pricing for said end user needs to be coordinated by each pricing manager/National sales group and agreed upon by both countries.

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## 9.0 Utilization reports

Utilization reports will be reviewed to ensure that customer’s support is relative to the needed price levels set out in the SPA. Utilization reports should likewise answer:

- Does sales volume meet or exceed original volume commitments?
- Do competitive conditions still exist making the SPA necessary?
- Pricing is valid until the next price adjustment or the expiration of the agreement.

## 10.0 PROCEDURES FOR REBATE (CREDIT) REQUESTS:

The below outlines the policies and procedures of the ABB Ship & Debit (Claim-back/Rebate) claim- back process. Please familiarize yourself with these policies as they outline the parameters by which ABB issues credit for purchased items sold to authorized end customers. Unless otherwise noted on the SPA, these are the rules that shall apply to the claim back credit calculations.

Note for ABB distributors: Current payment practices at ABB are changing from a deduction process using a debit memo to using an ABB Approved credit note. Deductions taken for SPA credit **PRIOR** to issuance of a credit note explicitly violates ABB policy.

## 11.0 SPA CLAIMS REQUEST PROCESSING:

ABB has two technology-based claim submission choices to create a better experience for our distributor partners. Distributors can submit their SPA claim via one of the following methods:

- Ø ABB empower web portal: Using the ABB empower standardized excel SPA template through your ABB empower web portal
- Ø Electronic Data Interchange (EDI): Contact your ABB Customer service department to engage in getting set up for EDI

## 12.0 ABB empower instructions:

### To download an ABB empower standardized SPA claim template:

1. Log in with username and password
2. Enter customer number
3. Click on post sales tab and select “Rebate”
4. If the Excel template is needed, use the “Click Here” link and download the required Excel format

### To submit a SPA claim:

1. Log in with username and password
2. Enter customer number
3. Utilizing the standardized ABB empower claim in Excel format, verify that the required columns are filled out appropriately

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4. Click on the “Upload File” link
5. Click “Browse” to choose your Excel file
6. Click “Upload Spreadsheet”
7. Lines with errors will be displayed
  - a. Fix errors before proceeding or delete error lines
8. Click “Submit Claim”

**13.0 PRODUCTS ELIGIBLE FOR CLAIM BACK CREDIT:**

ABB will issue SPA credit for components listed on the SPA agreement. Regarding factory-assembled items, neither the component nor the assembled item itself are eligible for claim. Non-qualifying products include:

- Items purchased at any price other than the standard stock price, such as purchases bought via one-time project pricing, promotions, or special buys; and
- Returned items that have received SPA credit are subject to audit and adjustment. The SPA credit amount will be deducted from the amount of the return credit.

**14.0 SPA CLAIMBACK REQUEST REQUIRED INFORMATION:**

ABB claims must be made through the Empower portal using the standardized templates or EDI and requires the following data to process your SPA claim-back request:

- a) Quote number
- b) End user code (six-digit number)
- c) End username
- d) End user invoice number
- e) End user invoice date
- f) Catalogue number/item #
- g) Quantity sold
- h) Quote price and unit of measure
- i) Purchase cost
- j) Pricing unit of measure
- k) Amount due
- l) Difference between stock price minus quote price
- m) Distributor account number
- n) Distributor credit reference number

**15.0 SPA CLAIM-BACK REQUEST POLICIES:**

Deductions taken for SPA credit **PRIOR** to issuance of credit explicitly violates ABB policy. The following criteria must be satisfied to receive SPA credit. Failure to meet such criteria will result in a denial of the requested SPA credit.

- 1) **TIMING:** Distributors must submit claim-back requests within ninety (90) days of the date of sale to the authorized end customer. In addition, credit will only be issued for those items covered and in effect per the SPA at the time of the end customer sale date.
- 2) **PRICE AGREEMENT TYPE:** Distributors may only request SPA credit using a valid SPA (Rebate) agreement for material bought at standard into-stock or book price

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level. Distributors cannot request credit for product originally ordered on a project quote, or any other discounted pricing (i.e. promotion).

- 3) **PRICING:** ABB will only issue an SPA credit if the SPA price is less than the purchased price. **ABB will calculate SPA claims using the into-stock price level and the applicable cash discounts will be deducted from the credit memo.** Distributors cannot request credit for product that was ordered and shipped into stock by other than the into-stock or published book price.
- 4) **END CUSTOMER INFORMATION:** A claim-back submission requires distributors to submit only using the standard formatted templates that include the name of their end customer(s) and ABB end user code with the credit request. If needed, contact your ABB Customer support team to update the end customer information on your SPA agreement prior to sale. If claim-backs are submitted prior to ABB authorizing the end customer, they will be denied. ABB has the right to audit distributors end customer invoice.
- 5) **DISTRIBUTOR ACCOUNT QUALIFICATION:** Credit will only be issued against an SPA if the distributor’s account number(s) is (are) listed on that SPA. The SPA quote for which a distributor submits a claim-back request must be tied to its distributor account number (i.e. multiple branch scenarios).
- 6) **SPA CONDITIONS:** All submitted SPA claim-back requests must reference a valid SPA quote number and the date of the distributor’s sale to the end customer must be within the effective date of the SPA. Product for which credit is being requested must explicitly be covered by the referenced SPA.
- 7) **SHIPMENT HISTORY:** The quantity of a distributor’s claim-back request may not exceed the quantity of ABB’s stock shipments to that specific location and customer number. From the date of the end customer invoice, ABB will use two years’ worth of ABB stock shipments for shipment history calculations. ABB reserves the right to request invoice copies to support sales to end users.

Authorized multi-branch locations: In some cases, ABB can authorize multiple branches for the same distributor, in the same region, to share purchase history. Requested claim-back quantity may not exceed the sum purchased for all branches combined. The distributor must calculate the SPA credit amount using the purchase price for the relevant ABB shipments to the claim-back location.

Calculation = Invoiced quantities – Claims – Returns = Eligible for claim-back

- 8) **AMENDMENT:** ABB Electrification Products reserves the right to amend any or all the terms of this Policy at any time at its sole discretion.

## 16.0 DISCREPANCY RESOLUTION:

If a discrepancy exists between the distributor’s requested claim-back amount and the ABB-calculated credit amount, please contact your ABB claims department at [spasupport.canada@ca.abb.com](mailto:spasupport.canada@ca.abb.com).

Requests for revision must be submitted within 30 days of claim processing.

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