QC RecycFluo Returns, Exchanges and Refurbished Products Policy

<u>Product Returns:</u>

A fee is not required to be remitted on the sale of a product that was returned by a customer and ultimately refunded without being exchanged, including products returned under warranty or recall.

The member is only required to report and remit fees on the net quantity of product supplied. If the sale and refund occur in the same reporting period, the sale of the refunded product need not be reported. If the sale and refund occur in different reporting periods, the adjustment is made in the reporting period when the refund occurred (see below for examples).

The member must determine its own policy with respect to refunding to its customer any recycling fees added by the member to the product price at the time of original sale to the customer. PCA strongly recommends refunding any fees that are not required to be remitted to PCA when the product price is refunded.

Example 1:
If the fee is collected on a sale to a customer and the product is returned and refunded in the same reporting period, the number of products returned and refunded in that reporting period should be deducted from total number of products reported as sold in that reporting period (i.e. products that were sold, returned and refunded are not counted). If 100 units are sold in a reporting period and 2 units are returned and refunded in that reporting period the remitter would report and remit fees on the net supply of 98 units for that month.

Example 2:
If the fee is collected on a sale to a customer in one reporting period (e.g. August) and the product is returned and refunded in a subsequent reporting period (e.g. September), the remitter may deduct the returned product (sold in August) from the subsequent (e.g. September) report.

For either example, the member may note this information in the "method" section of the report. The member must keep a reconciliation of the returned products on file.

<u>Product Exchanges – sale and return after program start:</u>

If a program product was purchased on or after the start date of the program and later exchanged for another product within the same fee category, only one fee should be remitted.

<u>Product Exchanges – sale prior to program, exchange after program start:</u>

The exchange of a program product that was originally purchased before the program began, for another program product, will not be subject to a recycling fee if the exchange is for a product within the same fee category.

Refurbished and Repaired Products (if applicable to the product types):

There are two kinds of refurbished or repaired products: those that have never been sold to a final customer and those that have.

Example 1:
The first case may occur where products are damaged prior to sale, refurbished and then sent back out for sale. In this case, a recycling fee would not have been paid on these products before being refurbished (or if the fee has been paid, the member would resolve these through credits).

In this case, the sale of a product that was not previously sold to a final customer would be considered to be the same as a new product (which would also include any floor models, open box or seconds). A fee should be remitted by the applicable member.

Example 2:
In the second case, the products would have been previously sold to a final customer prior to being refurbished/repaired for future sale. A fee would have been remitted to the program on the original sale if it occurred after the start date of the program. A fee is not required to be remitted on the sale of "previously sold" refurbished, repaired or used products, regardless of the date of the original sale.

Note that these recommendations refer to whether a recycling fee should be remitted to PCA or not for the product. Depending on which party in the supply chain is remitting the fees, there may need to be some reconciliation of fees between parties in the supply chain. This reconciliation can be reported in the method section of the monthly fee reports.