

Product Care Association of Canada - Member Rules and Policies

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1. EHF Remittance Obligations

Pursuant to the membership agreement between each member and PCA, PCA members are required to report and remit Environmental Handling Fees (EHFs) to PCA on all program products sold or supplied by the member on or after the effective “start date” of the program’s EHF’s (as communicated on the PCA website) in or into the relevant province(s) for the program(s) in which they are currently registered with PCA, notwithstanding that the member may not be the obligated producer or steward for that product under the applicable law, with the exceptions noted below:

1.1 Member has remittance agreement with supplier or customer: Members are not required to report and remit EHF’s on the sale or supply of program products in cases where the member has confirmation in writing, by way of a standard form remitter agreement if provided by PCA, or other confirmation procedure acceptable to PCA, that another registered PCA member (the “Remitter”) will report and remit on that sale or supply. The member is required to provide written confirmation to PCA of any such agreement including a copy of the agreement. For example, a manufacturer registered as a member is not required to report sales and pay EHF’s on the supply of program products to a retail customer that is registered as a PCA member and has agreed in writing to report and remit EHF’s to PCA on any sale/supply by the retailer of that manufacturer’s products. It is recommended that the Member note the Remitter’s PCA membership number on all invoices to the Remitter for program products for which the Remitter has agreed to report and pay EHF’s. If the Remitter does not in fact report and pay the required EHF’s on products supplied by the Member, the Member remains responsible for those EHF’s.

PCA reserves the right to request information from members regarding their suppliers and/or customers of any product which is the subject of a PCA program, as well as verification of any suppliers or customers which are members of PCA and have agreed to report and remit EHF on their behalf, as well as documentary evidence satisfactory to PCA of this agreement.

(Revised: November 25, 2022)

1.2 Resolution of Disputes between members regarding EHF reporting and payment: Each member is responsible to PCA for the EHFs relating to all program products sold or supplied into the province in which PCA operates a program for which the member is registered. Where there is more than one member in the supply chain for a certain product, it is the duty of those members to determine among themselves which member will report the sale or supply and pay the applicable EHFs to PCA and to provide a copy of such agreement to PCA. Where it is determined at any time that EHFs have not been paid to PCA with respect to the sale or supply at any time of any program product which is the subject of such agreement, PCA will:

- (a) Notify all members of the supply chain for that product, that PCA can identify, of the circumstances and ask the members to resolve the problem and provide PCA with payment of all applicable EHFs within a reasonable period of time.
- (b) Where the members are not able to resolve the problem, PCA will endeavour to facilitate a resolution among the members to result in payment to PCA of applicable EHFs taking into account all available information. PCA may, in its discretion, conduct audits of the records of one or more of the members for this purpose, in accordance with PCA's policy on member audits.
- (c) Where PCA is unable to facilitate such a resolution among the members involved, PCA may in its discretion, make a determination as to which member or members are responsible to pay the outstanding EHFs to PCA, and in the event that the member or members do not pay the EHFs within a reasonable time, PCA may take all necessary steps to enforce such claim.

1.3 Member supplying customer in another approved stewardship program: Members are not required to report and remit EHFs to PCA on the sale or supply of program products to a customer in cases where the member has received confirmation that the customer will be discharging their regulatory obligations on that sale or supply through an independent or alternative stewardship plan approved by the relevant Regulator (e.g. Ministry of Environment). The member must notify PCA in writing of such circumstances, including the name of the customer, the products affected, and provide satisfactory evidence to PCA of the manner in which the customer is satisfying the obligations imposed by the underlying regulation.

Occurrence of a sale of a product: For the purposes of EHF reporting and remittance, a sale is considered to have occurred on the earlier of the following:

- The day the member first issues an invoice with respect to the sale or supply;
- The day the purchaser is required to pay the consideration pursuant to a written agreement.

2. Managing EHF

Environmental Handling Fees (EHFs) are payable by PCA members to PCA. It is the decision of the member how to manage this business cost. EHF may be shown as a separate line item on the product invoice/receipt except where restricted by law or the program plan¹, incorporated directly into the price of the product or absorbed, at the discretion of the member. If an amount is charged by a member to its customer to recover the EHF, the amount must equal the actual EHF paid by the member to PCA. Any EHF incorrectly charged by a member to a customer as a separate line item on the customer invoice/receipt must be reimbursed to the customer if possible. If it is not possible or practical to reimburse the customer, then the incorrectly charged EHF must be remitted directly or indirectly to PCA so that they may be applied to program expenses, to be consistent with the information provided to the customer.

(Revised: November 12, 2020)

3. EHF Reporting Periods

All members are required to report and remit applicable Environmental Handling Fees (EHFs) to PCA using the PCA online reporting system. The online system requires members to input the net quantity of applicable program products sold or supplied during the reporting period for each of the EHF product categories. Where no sales were made in the reporting period, a Nil or \$0 report must be filed. Once a report is submitted, an invoice is generated that must be paid by the member.

Reporting periods for members are as follows:

1. General Rule: All members are required to report and remit on a monthly basis unless they receive written approval for other arrangements from PCA.

2. Small Remittance Members:

- a) Quarterly reporting: Members with aggregate annual EHF for all PCA programs of less than **\$20,000** in the prior calendar year, who are in good standing with a record of timely and accurate fee reporting and payment, may request in writing a change to reporting on a calendar quarterly basis. Prior written approval by Product Care is required.
- b) Annual Reporting: Members with aggregate annual EHF for all PCA programs of less than \$2,000 in the prior calendar year, who are in good standing with a record of timely and accurate fee reporting and payment, may request in writing a change to reporting on a calendar annual basis. Prior written approval by Product Care is required. [effective January 1, 2018]

3. Gasoline Sector: Gasoline sector members who are in good standing with a record of timely and accurate EHF reporting and payment may request a change to reporting on an annual or quarterly basis, paying in advance based on the number of gas stations at the prior year end.

¹ Note that some provincial regulations and PCA program plans limit the use of “visible fees,” including those in New Brunswick, Newfoundland, Prince Edward Island, Ontario and Quebec. Please consult the PCA website for more information.

Such remittances are subject to adjustment at the end of the year based on the actual number of stations the member operated on a monthly basis during the year. Prior written approval by PCA is required.

In all cases, EHF reports and remittances must be received by PCA by the end of the month following the reporting period. For example, applicable EHF on sales of program products made from January 1 to January 31, 2020 must be reported and received by PCA before the end of February 2020 for a member on monthly reporting. EHF on sales of program products made from January 1 to March 31, 2020 (1st calendar quarter) must be reported and received by PCA before the end of April 2020 for a member on calendar quarterly reporting. EHF on sales of program products made from January 1 to December 31, 2020 must be reported and received by PCA before the end of January 2021 for a member approved for annual reporting.

EHF obligations upon termination of membership: Section 8.6 of the Membership Agreement provides that "...Termination shall not affect Member's obligations to submit any reporting or pay any amount to PCA up to and including the date of termination." In the case of the final month of the membership of a member of Product Care:

- a) For a monthly reporter, a report is not required and no EHF are payable for sales in the month of termination.
- b) Quarterly or annual reporters must revert to monthly reporting at time of giving termination notice, and then (a) above applies.

(Revised: January 1, 2018 and August 26, 2019).

4. Overdue Reports and Payments

4.1 Overdue Reports

Pursuant to section 5.3 of the PCA Membership Agreement, EHF reports must be received by PCA by the end of the month following the reporting period.

PCA may apply administrative charges to overdue reports at the following rates:

- An initial administrative charge of \$25 applied at the beginning of each month following the date a report should have been received by PCA.
- An additional administrative charge of \$25 for each additional thirty (30) days that a report is overdue.

4.2 Overdue Payments

EHF remittances must be received by PCA by the end of the month following the reporting period.

Pursuant to section 5.2 of the PCA Membership Agreement, PCA may apply a penalty to overdue EHF remittances at the rate of 1% per month non-compounding (12% per annum) applied at the beginning of each month following the date or dates the EHF should have been remitted.

Note: This Section 4 has been revised effective November 1, 2017

5. Member Audits

As in any system based on self-assessment, it is necessary for PCA to do compliance audits of members to ensure correct reporting. The PCA Membership Agreement provides PCA the right to audit and inspect the records of members with respect to the sale, supply, distribution and importation of program products in relevant jurisdictions.

Members must pay to PCA any EHF's due to PCA as determined by an audit, in accordance with the conditions outlined in the PCA Membership Agreement.

Subject to the terms of the PCA Membership Agreement, PCA reserves the right to apply interest and administrative charges to remittances determined to be due to PCA, at the following rates:

- Interest at the rate of 1% per month (12% per annum) as of the date or dates the EHF's should have been remitted;
- An administrative charge equal to twenty percent (20%) of the aggregate of such under-payments if the member is found to have under-paid EHF's on at least two other occasions.

6. Product Returns

An EHF is not required to be remitted to PCA on a product that was sold to a customer and then returned by a customer and ultimately refunded without being exchanged, including products returned under warranty or recall.

Members are only required to report and remit EHF's 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).

Members must determine their own policy with respect to refunding to its customer any EHF's added to the product price at the time of original sale to the customer. PCA strongly recommends refunding any EHF's that are not required to be remitted to PCA when the product price is refunded.

Example 1: If the EHF 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 member would report and remit EHF's on the net supply of 98 units for that reporting period.

Example 2: If the EHF is collected on a sale to a customer in one reporting period (e.g. month 1) and the product is returned and refunded in a subsequent reporting period (e.g. month 2), the member may deduct the returned product (sold in month 1) from the subsequent (month 2) report.

For either example, the member may note this information in the "method" section of the EHF

calendar quarter report. The member must keep a reconciliation of the returned products on file.

7. Product Exchanges

If a program product was sold on or after the effective start date of the program's EHF and later exchanged for another product within the same EHF category, only one EHF should be remitted to PCA.

The exchange of a program product that was originally sold before the effective start date of the program's EHF, for another program product, will not be subject to an EHF if the exchange is for a product within the same EHF category.

8. Refurbished and Repaired Products

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 (product not previously sold) may occur where products are damaged prior to sale, refurbished and then sent back out for sale. 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). An EHF must be remitted by the member on the sale.

Example 2: The second case (product previously sold) may occur where products have been previously sold to a final customer prior to being refurbished/repared for future sale. An EHF 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.

9. Multipacks

Unless otherwise specified, Environmental Handling Fees (EHFs) are assessed on a per-unit basis to program products. Where multiple program products are sold as one SKU or package, an EHF applies cumulatively to each program product on a per-unit basis.

Example 1: A package of four CFLs is levied four CFL fees under the QC RecycFluo program.

Example 2: A package containing two cans of paint is levied two fees under the BC Paint program.

10. BC LightRecycle – Multipacks Policy

The following policy applies only to the BC LightRecycle Program:

Lamps and Ballasts (excluding Category 8: Miniature Bulb Packages):

Lamp and ballast fees are assessed on a per-unit basis. Where multiple lamps or ballasts are sold in one package, the fees are additional based on the fee per unit that would be charged.

Example 1: A package of four CFLs is levied four CFL (Category 4) fees.

Example 2: A package of two ballasts is levied two ballast (Category 13) fees.

Category 8: Miniature Bulb Packages:

Packages of two or more LED, halogen and/or incandescent lamps designed and sold as replacement lamps for decorative light strings (e.g. Xmas lights) or hand-held lights (e.g. flashlights) are assessed fees on a per-package basis and NOT on a per-unit basis, as with all other lamp categories.

Example 1: A package of eight miniature bulbs (that meets the definition above) is levied one miniature bulb package (Category 8) fee.

Fixtures - notwithstanding the policies on track lights, linear fixtures and Large Outdoor Fixtures (Categories 10 and 12) below:

Fixture fees are assessed on a per-unit basis for stand-alone fixtures. Where multiple stand-alone fixtures that are not designed to be wired together or integrated into a complete fixture are sold in one package, the fees are additional based on the fee per unit that would be charged.

Example 1: A package of 4 flashlights is charged 4 category 9 fees.

Example 2: A package of 2 table lamps is charged 2 category 10 fees.

Example 3: A Christmas light string set of 40 lights is charged 1 category 9 fee.

Example 4: A wall mount fixture with 4 integrated sconces is charged 1 category 10 fee.

Track Lights – Remote Heads and Fixed Track Fixtures:

A fixed track fixture with attached or integrated track heads is levied one Category 10 fee. Remote heads for track light systems that are not sold attached or integrated into a fixed track fixture are levied a per-unit fee on each head (Category 9). Lighting tracks without attached heads are not levied a fee.

Linear Fixtures (Category 10):

Where multiple linear fixtures (Category 10 - e.g. troffers, strip lights etc.) are sold and/or designed to be incorporated into a single "run," each individual linear fixture divided by a point of disassembly (i.e. seam) is assessed a separate fee, regardless of whether the run is designed to look "seamless."

Example 1: Six troffers (Category 10) are sold to be incorporated into a single run, divided by 5 points of disassembly (i.e. seams). Six Category 10 fees are levied.

Large Outdoor Fixtures (Category 12):

Fixtures meeting the definitions of Category 12 Large Outdoor Fixtures are levied a per-unit fee on each fixture head, regardless of whether they are sold with, or attached to, a lighting post or cross arm. Posts and cross arms sold separately are not levied fees.

11. BC LightRecycle – Integrated Ballast and Lamps Policy

The following policy applies only to the BC LightRecycle Program:

Integrated Ballast Policy:

Fixtures sold with an integrated ballast will be charged a fixture fee and not a ballast fee

Integrated Lamps Policy:

The following fixture type and lamp combinations sold with one or more integrated and replaceable lamps will be charged a fixture fee and the relevant number of applicable lamp fees, regardless of the channel of distribution:

- **Linear Fixtures**, classified in Fixture Category A (Category 10) sold with one or more integrated and replaceable linear fluorescent tubes (Lamp Categories 1 to 3)
- **Area, Highway, Street and Post Lighting**, classified in the Large Outdoor Fixtures Category (Category 12) sold with one or more integrated and replaceable HID/Other lamps (Lamp Category 6)

All other fixture types and fixture/lamp combinations (including all other fixture types in Fixture Categories 10 and 12, e.g. flood/sport lights) will be charged a fixture fee and NOT a lamp fee in cases where the fixture/lamp(s) are sold as a single SKU, as supplied by the Original Equipment Manufacturer (OEM), regardless of the channel of distribution.

Refer to the [product list](#) for relevant definitions.

Example 1: A linear troffer is sold without integrated fluorescent tubes. An eco-fee of \$0.15 is applied – Fixture Category A (Category 10).

Example 2: A linear troffer is sold with four integrated and replaceable four foot fluorescent tubes. An eco-fee of \$0.15 is applied - Fixture Category A (Category 10), plus four additional eco-fees of \$0.40 (Lamp Category 2), for a total of \$1.75.

Example 3: A highway “cobra head” light is sold without an integrated HID lamp. An eco-fee of \$0.15 is applied - Large Outdoor Fixtures Category (Category 12).

Example 4: A highway “cobra head” light is sold with one integrated and replaceable HID lamp. An eco-fee of \$0.15 is applied - Large Outdoor Fixtures Category (Category 12), plus an additional eco-fee of \$1.10 (Lamp Category 6), for a total of \$1.25.

12. Ontario Supplemental Reporting Policy

Members participating in one or more of PCA’s Ontario Program(s) operated pursuant to the Hazardous and Special Products (“HSP”) Regulation, O. Reg. 449/21, or the Electrical and Electronic Equipment (“EEE”) Regulation, O. Reg. 522/20, or any other regulation (collectively the “RRCEA Regulations”) issued under the Ontario Resource Recovery and Circular Economy Act (RRCEA) for which PCA is registered as a Producer Responsibility Organization (PRO) with Resource Productivity and Recovery Authority (RPPRA), are required to provide PCA with a copy of any annual supply report(s) submitted to RPPRA within 10 business days of submission to RPPRA.

13. Québec Advisory Committees

Pursuant to the requirements of the Quebec Regulation Q-2, r. 40.1: Regulation respecting the recovery and reclamation of products by enterprises (Règlement sur la récupération et la valorisation de produits par les entreprises du Québec), the proposed agreement (Entente) between Product Care and the regulator, La Société québécoise de récupération et de recyclage (Recyc-Québec), and s. 7.4 of the bylaws of PCA, the PCA Board of Directors shall appoint:

- the “RecycFluo Advisory Committee” for mercury lamps
 - The “Quebec Pressurized Fuel Containers Advisory Committee”
- (the “Quebec Program Committees”)

Each of the Quebec Program Committees shall be composed of at least seven (7) persons and made up of a majority of committee members from businesses covered by the Regulation, as well as a representative of Recyc-Québec who sits as an observer and shall meet at least two times per calendar year.

The appointment of the members of each of the Quebec Program Committees must be approved on an annual basis at a General Meeting of the members of PCA, by a resolution which shall be voted upon only by the PCA members in good standing of the respective Product Care Quebec programs.

Each of the Quebec Program Committees shall have oversight of the management of the respective Quebec programs and is empowered to make decisions on all matters related to the management of the respective Quebec programs. All decisions and recommendations made by a Committee shall be communicated to the Board of Directors of the PCA, which must take them into account and shall be referenced in the annual report for that Quebec program.

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