

Supplier Classification and Reporting Obligations

1. OVERVIEW

There are two main classifications of registered Suppliers: Remitter and Payment-on-Purchase (POP).

a) Remitters

Remitter Suppliers are exempt from being charged the environmental fee by their suppliers¹. Remitters report and remit fees based on sales or supply of eligible products.

b) POPs

POP Suppliers pay the environmental fee to all of their suppliers when purchasing inventory and therefore are not required to report and remit fees directly to the Alberta Recycling Management Authority (ARMA), as it will be done by their Suppliers on their behalf.

2. DETAILS ON SUPPLIER REPORTING OBLIGATIONS

a) REMITTER

A remitter will have three different types of sales/supply:

i. Sales to POPs

- Remitter will levy, collect and remit the fee.
- For ease of verification, please indicate the fee on all invoices.

ii. Sales to other Remitters

- The 'selling' remitter is not required to collect and remit the fee on sales to other registered remitters with the Program.
 - For all transactions where the fee is not remitted, the 'selling' remitter must be able, upon request, to substantiate why they have exempted the fee, including providing the customer's registration number.
 - The 'purchasing' remitter is required to collect and remit the fee on subsequent sales/supply transactions with their customers. The process is repeated if there is a subsequent sale to another remitter; please refer to the diagram on the following page.

The Program maintains a service whereby remitters can quickly and easily verify, through the online portal, if a customer should be charged the fee or not. This can be done by searching either the business name or registration number.

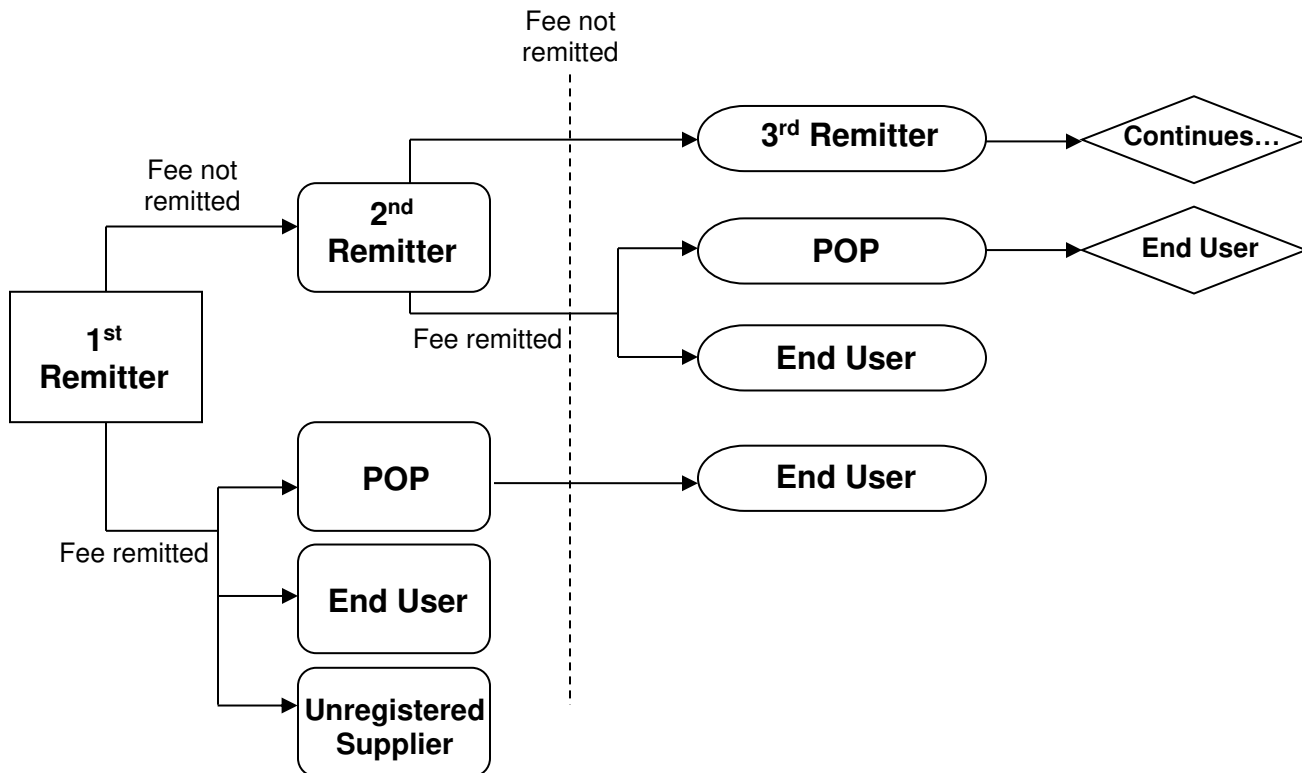
iii. Sales to an end user or an unregistered business

- The Remitter will collect and remit the fee.
- For ease of verification, please indicate the fee on all invoices.
- Eligible products sold to an unregistered Supplier or an end user will always have the fee applied.

¹ Exception to this rule: remitters would be expected to pay the fee when purchasing eligible products from a POP Supplier. Since POP Suppliers are charged the fee, they must still have the means to offset what they have paid to their Supplier. The fee paid to the POP Supplier does not need to be remitted again.

On an annual basis Remitters will be requested to provide the Program with a Supplier update. This update will confirm that the Supplier continues to supply eligible products and that there was no other significant change to the Remitter's status that would affect their registration with the Program.

Basic Model for the Process of Remitting the Environmental Fees



b) POP

- i. A Supplier **must meet the following requirement in order** to be eligible for POP status:
 - Purchase all eligible products only from Suppliers registered with the Program and pay the fee to these Suppliers (whether Remitter or POP).
 - POP status may be subject to other criteria as determine by ARMA on a case-by-case basis.

Note: In the Electronics Recycling Program, a Supplier that custom builds or manufactures computers, servers or any other electronics eligible for the fee is NOT eligible for 'POP' status and must be registered as a remitter.

If your company does not meet the above criteria and you have been designated a POP Supplier status, please contact ARMA to review your registration.

ii. POP Responsibilities:

- A POP pays the fee to their Suppliers (who must be a Remitter or another POP registered with the Program), when purchasing all eligible products from them.
- A POP must retain all invoices from Suppliers which indicate the eligible products purchased and amount of the fees paid.
- A POP collects the fee from their customers and retains the fee to offset what was previously paid to their Suppliers.
- When a POP sells to another registered Supplier (POP or Remitter), they must collect the fee and record the amount of fees charged on the sales invoice.

On an annual basis POPs will be requested to provide the Program with a Supplier update that includes a complete list of Suppliers. This update will confirm that the Supplier continues to supply eligible products for which they pay their suppliers the fee.