



ADJUSTMENT POLICY FOR AMS MEMBER REPORTS

POLICY HIGHLIGHTS:

- Members can request adjustments to reports going back a maximum of two years for reports submitted or due before April 30, 2019.
- For reports due after April 30, 2019, the submission deadline has been shortened to align with the wind up date of the MHSW Program and associated industry stewardship plans.

Policies and Procedures are developed to enable Automotive Materials Stewardship to operate in a cost effective manner.

Background

- AMS Members have an obligation to report accurately and on time. This ensures that program costs are fairly shared among Members.
- On occasion, adjustments to quantities reported by Members may be requested. These adjustments can impact the total quantities of supplied AMS materials (i.e., Member-reported quantities) which in turn impacts fee setting for subsequent periods. For example, where an adjustment results in a credit, these funds must be recouped in subsequent periods and will be added to the program's budget on which the fees are based.
- This Adjustment Policy may be amended by AMS from time to time, in its sole discretion.
- AMS may accept or reject adjustment requests. The following is meant to provide guidance to AMS Members. However, AMS reserves the right to exercise its discretion in applying this policy.
- This adjustment policy helps to stabilize fees by capping the allowable retroactive adjustment period to two years while still providing Members with sufficient time to identify possible issues in their reports and submit completed adjustment request packages.
- The policy also aligns with common commercial practices to restrict retroactive adjustments to a reasonable timeframe.

Overview of Policy

This policy applies to Automotive Materials Stewardship and answers the following questions:

1. Which AMS Members can request an adjustment?
2. What is the time limit for requesting an adjustment?
3. What types of adjustments may be allowed?

4. What types of adjustments are not allowed?
5. How do AMS Members request an adjustment?
6. How long does it take to process an adjustment?
7. What happens if I also received a Fee Reduction notice for the report submission I am adjusting?
8. When will Members receive credit or debit notifications?
9. What is a third party review?
10. How can AMS Members reach us if they have questions?

1. Which AMS Members can request an adjustment?

- Only AMS Members who are in “good standing” may make an adjustment request to correct an error in a quarterly AMS Report.
- An AMS Member is in “good standing” when it is current with its financial and reporting obligations to AMS.

2. What is the time limit for requesting an adjustment?

- Members can request adjustments to their reports for a period of up to two years (eight quarters) from the associated report submission deadline (regardless of the date the Member submitted its report).
- However, the two year (8 quarter) time limit must be modified in light of the fact that the AMS Industry Stewardship Plan will be terminated by the Resource Productivity and Recovery Authority (“RPRA”) with a likely effective date of termination of June 30, 2021 or such other date as may be imposed by RPRA (the “AMS ISP Termination Date”). Adjustment requests which are submitted other than in accordance with the following deadlines will be denied.
- Members must submit a completed adjustment request package to AMS by the deadline in order to enable the subsequent review, processing, and/or approval of the adjustment request.

Report Submission Due Date	On or before April 30, 2019	May 1, 2019 to April 30, 2020	May 1, 2020 to April 30, 2021	May 1, 2021 or later (if any)**
Adjustment Submission Deadline	Two years from report submission deadline or April 30, 2021*	January 30, 2021	May 31, 2021	Within 30 days of the report submission deadline.

* Whichever date is earlier is the adjustment request deadline.

** Subject to receiving further guidance from RPRA or in the event that the transition is delayed, the last reporting date is expected to be April 30, 2021 for members’ Q1 2021 Data which will be used to generate members’ Q2 invoices.

3. What types of adjustments may be allowed?

Members may submit an adjustment request in respect of the following:

- Incorrect formula in excel spreadsheet or similar tool;

- Incorrect logic in excel spreadsheet or similar tool;
- Material classification error;
- Material weight/volume input error (e.g., entered 1 instead of 10);
- Data entered in the wrong units (e.g., in gallons instead of litres);
- Exclusion of materials in error;
- Inclusion of material that is not obligated or for which another steward is obligated; or
- Quantities were incorrectly calculated.

4. What types of adjustments are not accepted?

- Adjustment requests that are not permitted include, but are not limited to:
- **Reporting methodology changes** such as:
 - Changing from the use of calculators and/or worksheets to the reporting of “actuals” and vice versa.
- **“Adjustments on adjustments”** - We cannot accept requests for changes to a report for which a previous adjustment was submitted, reviewed and either rejected or accepted:
 - Members can submit one adjustment request that addresses all affected materials per report.
- **Changes to your business model** such as divestments, mergers or acquisitions:¹
 - If you acquire or divest part of your business in a given calendar year, you will include the impact of those changes during the next reporting cycle and such changes will not require adjustments to prior period reports.
- **Adjustments** for which inadequate substantiation is provided by the steward.
- Members may be required to undergo a third party review in order to have their adjustment requests validated and processed – please see 7 below .

5. How do AMS Members request an adjustment?

- Only Members who are in compliance with the AMS Program (a term which includes the Stewardship Ontario MHSW Program) shall be permitted to submit an adjustment request.
- Without limiting the requirement to be fully compliant, a Member requesting an adjustment must be up-to-date in its payment of all outstanding invoices, including the invoice for which it seeks an adjustment.
- See Appendix A “Steps to Complete an Adjustment Request” for step-by-step guidance on submitting an adjustment request.
- Please email adjustment requests to adjustments@autostewardship.ca and include a complete adjustment package, including a signed Adjustment Request Form, revised

¹ A steward’s exit from the market is treated differently from a change in the Member’s structure arising from new product offerings, new lines of business, spin offs of part of the business, etc.

volumes by material, and explanations for the revisions. Adjustment request packages must include documentation to support the request [“substantiation”]²

- If there are multiple errors in a single Member report, Members must include all relevant information for all errors for which they seek an adjustment, as only one adjustment request will be allowed per Member report.
- If an incomplete package is submitted or additional substantiation is required by AMS, Members will be notified and are required to provide the additional documentation within one month of notification in order to avoid closure of the adjustment request.

6. How long does an adjustment take to process?

- We will conduct an initial assessment and notify you within two weeks of receipt of your adjustment request whether the submitted package is complete and eligible for further review.
- The amount of time it takes to process an adjustment is a function of its complexity, the completeness of the documentation provided by the Member to support it, and the number of adjustments in the queue already.
- Some adjustments may require third party review; these are usually large and/or complex adjustments. Adjustments can take from weeks to months to process.

7. What happens if I also received a Fee Reduction notice for the report submission I am adjusting?

- Fee Reductions were introduced in August 2020 to distribute the AMS share of MHSW Program surplus reserves to Members in good standing.
 - The following provisions apply to AMS Members whose original submission resulted in a Fee Reduction notice for the period commencing August 1, 2020.
 - Where:
 - (a) a Member requests an Adjustment in accordance with this Adjustment Policy; or
 - (b) the AMS Program undertakes a Program Initiated Correction (due to an error by the Member),
- that:
- (i) results in a **debit** to the Member, the Fee Reduction will continue to be calculated on the basis of the original quantity of AMS Material reported by the Member prior to the adjustment or correction; or
 - (ii) results in a **credit** to the Member, the Fee Reduction will be recalculated based on the revised quantity of AMS Material reported by the Member

² Supporting documentation (SKU level data) and narratives to explain the errors being corrected should be as clear and comprehensive as possible. The Member must be able to provide AMS with an audit trail that, if followed, would confirm the legitimacy of the adjustment request.

prior to the adjustment or correction.

8. When will Members receive credit or debit notifications?

- In the event that AMS approves some or all of the adjustment request, credits and debits will be due immediately after AMS' decision is conveyed to the Member.
- In the event of a significant credit, AMS reserves the right, in its sole discretion, to amortize the amount in order to lessen its impact on the affected material and its respective Member community.

9. What is a third party review?

- AMS reserves the right, in its sole discretion, to initiate a third party review of an adjustment request under certain circumstances (e.g., the adjustment is large or cannot be sufficiently validated for accuracy and completeness via a desktop review). Key aspects of third party reviews are:
 - AMS will make every effort to collaborate effectively with the Member with respect to the review process and timing.
 - The scope and cost of the review will be outlined in a contract between AMS and the Member to be acceptable to both parties. The professional services firm engaged to execute the review will be required to ensure its independence with respect to the performance of the process and controls assessment and validation work.
 - The Member is required to pay for the review.

10. How can you reach us if you have questions?

- If you have any questions about the adjustment process, please call us at: 1 (888) 575-4870 or email your inquiry to info@autostewardship.ca.

Policy Revisions

- AMS reserves the right to revise the Adjustment Policy at any time, in its sole discretion. Members are bound by the terms of the Adjustment Policy in place and posted on the AMS website at the time that the Member files a complete adjustment request.
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Appendix A – Steps to Complete an Adjustment Request

Please follow all the steps below to complete your adjustment request:

1. Confirm your request meets the criteria for allowed adjustments.
2. Confirm your request will be made within the two-year time frame.
3. Download and complete the '*Adjustment Request Form*', and ensure you include your previously reported material volumes ***AND*** revised material volumes.
4. Explain the errors that led to the request and provide support for them (SKU level sales data, internal audit reports, weight/volume data from suppliers, internal testing to validate weights/volumes, etc. – the documentation should provide an audit trail sufficient to allow for verification of the request).
5. Email your completed Adjustment Package (*Adjustment Request Form* and *Supporting Documentation*) to info@autostewardship.ca. Please include your Member number, name and write "Adjustment Request" in the subject line of the email.
6. AMS will review your adjustment request package for completeness (including eligibility of adjustments and sufficiency of supporting documentation) and contact you to communicate the results of its review.
7. If additional documentation or clarification is required to support a Member's adjustment request, the Member will have one month from the notification date to submit the additional documentation or to provide the clarification requested.
8. If the additional documentation requested by AMS to support the adjustment is not supplied by the Member within the one month time frame, AMS will assume the Member is not pursuing the adjustment and the request will be closed without AMS rendering a decision.
9. Should a Member wish to re-open the request (with the complete package of documentation and all clarifications provided), they must do so on or before the two-year deadline from the date on which the Member report was due.