



## POLICY

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# Product Returns Policy

Revised Date: October 1, 2022

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Section 1: Full-Case Returns Credit

Section 2: Unsaleable Returns Disposition, Credit

Section 3: Sub-Policies

- Recall Policy
- Discontinued Item Policy
- Markdown Policy



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By ordering product from Kao USA Inc. (Kao USA), purchaser agrees to all terms and conditions listed in these policies.

Kao USA claims and holds the title to all Kao USA products which Kao USA has credited through any option described in this policy, whether or not Kao USA obtains physical possession of the goods.

### **SECTION 1: Full-Case Returns Credit**

Kao USA will accept customer returns for extraordinary reasons. Only full, unopened cases of Kao USA merchandise are authorized to be returned for credit, provided the merchandise is still in the original, unopened shipping case and a Return Authorization (RA) Number (designated by Kao USA) is obtained. These returns are to be made to Kao USA Distribution Center.

#### Procedure for Returns Credit:

1. Contact a Kao Customer Logistics Analyst (CLA) at [csfaxus@kao.com](mailto:csfaxus@kao.com) for RA number
2. Provide the following information:
  - Customer ship-from address
  - Number of cases by item
  - PO number from original purchase
3. Return Authorization Number and return address is provided by CLA
4. Customer arranges carrier for freight-prepaid return
5. Kao Distribution Center receives return and matches to Return Authorization
6. Credit (in the form of a Credit Memo) is issued to customer for returned goods at the purchase price

#### Note:

- Kao DC's are not authorized to accept returns without a RA number. If merchandise is returned without a valid RA number it may be refused and returned to the sender.
- The RA number will be in effect for 90 Days and must be cross-referenced on shipping documents and customer debit memo. After 90 days the RA number could be cancelled and the customer may need to obtain a new RA number through the process detailed above.
- Credits will be issued at the invoice price for the actual quantities received at Kao USA.
- Kao USA does not offer reimbursement of handling charges for full case returns.



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- Only unopened full cases can be returned using this process. No credit will be issued for opened cases.
- Failure to comply with Kao USA policy will result in denial for credit.

### **SECTION 2: Unsaleable Returns Disposition, Credit**

#### Objective

The objective of this policy is to establish guidelines that are equitable, reasonable and in accordance with the Joint Industry Report of 1990 (JIR), “Product Reclamation Centers”, as well as provide timely reimbursement to our trading partners for their unsaleable expenses.

Kao USA supports the industry concept of “shared responsibility” for the reclamation of unsaleable products. As stated in the 1990 JIR, we accept our responsibility to create a fair system of compensation. Our trading partners are expected to operate the most efficient, low-cost reclamation operations possible and to bill only for damage that is our responsibility.

This policy is based on principles from the Joint Industry Report on Product Reclamation.

1. Kao USA has a responsibility to deliver saleable product, which is designed and packaged to withstand normal and reasonable handling.
2. Kao USA customers have a responsibility to handle product through their supply chain to deliver product to the shelf for presentation to the consumer without damage.
3. The consumer has the right to purchase undamaged product.

#### Products Eligible for Reimbursement

Kao USA branded products are defined as “unsaleable” when they are removed from the primary channel of distribution, regardless of the reason for removal.

#### Product Conditions **NOT** Eligible for Reimbursement

- Product damaged by action of customer or its agents (razor cuts, etc.)
- Product not purchased direct from Kao USA (includes diverted or re-packaged product)
- Products held by customer in conditions where the product may have become contaminated or adulterated



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- Products made unsaleable by natural disaster or fire (including resultant water and smoke damage), or otherwise covered by insurance of customer
- For Freight COLLECT shipments only, products made unsaleable due to damage caused while in carrier's possessions enroute to customer that results in freight claims
- Product not found during inspection (at returns locations where auditing occurs)
- Unauthorized Customer discontinued product
- Product on a deal program to eliminate a billable return

Kao USA has a separate policy for discontinued items.  
Refer to Section 3: Discontinued Item Policy.

### Unsaleable Disposition

Kao USA required method of processing unsaleable items is:

### SCAN AND HOLD FOR PICK-UP BY KAO USA INC. SERVICE PROVIDER, DRS PRODUCT RETURNS

For product pick up, call DRS Product returns at 610-327-3000 option 3, to arrange for pick-up of Kao USA unsaleable items.

At no time should any Kao USA product be resold or distributed to salvage dealers or closeout outlets. No credit will be given to customers who resell damaged or unsaleable products, and thereby do not return the product through the service provider identified above.

### Claims Processing

A summarized billing for all items scanned for Kao USA is required for reimbursement of all reclamation claims and charges. The invoice should cover no more than a four-week period and be submitted as soon as possible.

All invoices for Kao USA unsaleable merchandise should be submitted to:

DRS Product Returns via email: [drsclaims@drsreturns.com](mailto:drsclaims@drsreturns.com)

### Payment Process

Credit (in the form of a Credit Memo) is issued to customer at the purchase price, after invoice receipt and scan verification.

Payment by Kao USA will be based on the following criteria:

- Kao USA 3<sup>rd</sup> party, service provider (DRS) scan for item count



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- Kao USA reserves the right to validate customer claims against returns processing data and reimburse based on items returned
- The net price paid by Kao USA direct customer, at the time of purchase
- The handling amount of \$0.45 per unit. The amount of \$0.45 represents the Joint Industry Report standard processing cost for Kao USA products, comprised of the following components:

**DPC – Direct Product Cost** is based on item movement and cubic size of the item. These Costs occur before damage is identified as an item moves through distribution.

**PDC - Post Damage Cost** is the cost of removing the product from the supply channel to be sent to reclamation.

**RCC – Reclamation Center Cost** is based on the costs of handling and processing for the required product disposition.

### Hazardous Processing

Handling fees above the scope of Kao USA reimbursement rates will be denied and requests for repayments will be issued if deducted.

### Post Audits

Deductions received more than 24 months after the invoice date will be deemed invalid and must be repaid within 30 days.

### Deduction Review:

Kao USA monitors all invoices and deductions taken by or issued to Resellers and reserves the right in its sole and absolute discretion to take any action, including but not limited to, suspending any and all discounts, purchasing privileges, and/or credit reimbursement for any Reseller who chooses not to comply with this Policy or whose returns are considered excessive.

Please direct any questions concerning this policy to one of the following contacts:

Pam Bankston  
Jessica Leary

Accounts Receivable Team Lead  
Customer Logistics Manager

pamela.bankston@kao.com  
jessica.leary@kao.com



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### **SECTION 3: Sub Policies**

#### Recall Policy

When action is necessary to quickly remove product from the market, Kao USA will provide written, detailed notification with specific recall instructions.

Upon Kao USA receipt or disposition of the recalled product, customer credit will be issued in accordance with the Kao USA Returns Policy.

#### Discontinued Item Policy – Refer to Kao USA Representative

The decision to discontinue a Kao USA product can be made by Kao USA, by distributor or retailer; however, the Kao USA Representative must be involved in the exit plan and timeline. A minimum of 90 days notification is standard to allow sufficient time for all parties to deplete remaining inventory.

Saleable, unopened, full-case product stored at the customer DC, can qualify for credit under the full-case return policy (Refer to Section 1), or it may be approved for markdown at store level.

#### Markdown Policy

Approval for markdown is requested in advance, by submitting the Discontinued Item Markdown Approval Form to Kao USA Sales Manager.

Once a discontinued item is identified for markdown, no new shipments are made. Kao USA may permit an exception on .com shipments for customers carrying full item distribution online. Please see Kao USA National Account Manager for details and requirements.

Customer is required to provide detailed scan data including UPC, amount of markdown per unit, and number of units sold at markdown price.