



POLICY NAME:	REMAN / EXCHANGE CORE RETURN POLICY
REFERENCE ID:	CA-PAR-610
SUBJECT:	To ensure a reliable supply of Caterpillar Remanufactured components, Finning Exchange components and their related metal shipping stands for Finning (Canada) customers.
REGION:	Canada
OWNER:	Director, Exchange Supply Chain, OEM Operations
PUBLISHED DATE:	March 27, 2020
NEXT REVIEW DATE:	March 27, 2021



OVERVIEW:

- This policy shall apply to Finning's (Canada) over the counter and MCO/work order customer invoices.
- This policy applies to all Caterpillar Remanufactured, Finning Exchange (- EXC) and Expanded Mining (-SR) components with item types 303, 310, 311, 312 and 313. This includes all large components, small components, hydraulic cylinders, undercarriage and related metal shipping stands.
- It is the branch and sales network's responsibility to assist customers in monitoring their outstanding cores in order to meet the return timelines. Branch enforcement of this policy will allow Finning to maintain the integrity of the policy.
- The branch is responsible for assessing the physical condition of the core and the applicable credit and issue of the approved return amount to the customer account.

COMPLIANCE:

Failure to comply with this policy may result in disciplinary action being taken, up to and including termination of employment.

DEFINITIONS:

- **Reman core** – a worn out or timed out core owed to Caterpillar Reman as the result of the core entitlement that is generated by Caterpillar at the time of the sell.
- **Exchange core** - a worn out or timed out core owed to Finning Exchange as the result of the core outstanding record that is generated by Finning at the time of the sell.
- **Method of sell** – Either Finning Canada's over the counter or MCO/WO customer invoices.
- **\$0 credit** – removing the credit owed resulting in zero dollars being returned.
- **Document number** – a number generated specific to each component tying it to the original sell.
- **Item types** – categories of components that when sold generate a core outstanding records or entitlements.
- **Core outstanding record** – a number generated at the time of sell for each specific Finning Exchange component that ties the core back to the original sell.
- Entitlement - a number generated at the time of sell for each specific Caterpillar Reman component that ties the core back to the original sell.
- **NO RETURN** – is a core condition level that is assigned to cores that do not return and receive a \$0 core credit.
- **Exchange team** – Term used to apply to members of the Finning Exchange team who make decisions and perform duties and transactions on behalf of Finning Exchange.
- **Direct Purchase Option** – Caterpillar program that purchases cores outside of the normal Reman Exchange Program.

EXCEPTIONS:

Any employee who requires a policy exception must submit a policy exception request through the policy portal (in advance where possible), which will be directed to the policy owner for review and, if determined appropriate, approval. An increasing number of exceptions to a specific policy may be an indication that a policy should be revised.

ROLES AND RESPONSIBILITIES

- Purchasers of Caterpillar Remanufactured or Finning Exchange components are expected to return cores, on their supplied stands, within 15 days of Finning's customer delivery date to receive a core credit.
- Core credits will be based on the original purchased core value and physical condition of the core.



POLICY DETAILS:

CORE CREDIT LEVELS

The following table outlines the sliding core credit levels on all Caterpillar Remanufactured or Finning Exchange components sold over the counter:

CORE RETURN DATE	ELIGIBLE CORE CREDIT
<59 days after purchase	100%
>60 –and <119 days	80%
After 120 days*	0%*
* Cores and their related stands receiving a 120 day \$0 credit will be considered for surplus purchase on a case-by-case basis, see Section regarding SURPLUS COMPONENT PURCHASES.	

The following table outlines the sliding core credit levels on all Caterpillar Remanufactured or Finning Exchange components sold in an MCO work order:

CORE RETURN DATE	ELIGIBLE CORE CREDIT
<119 days after purchase	100%
After 120 days*	0%*
* Cores and their related stands receiving a 120 day \$0 credit will be considered for surplus purchase on a case-by-case basis, see Section regarding SURPLUS COMPONENT PURCHASES.	

ENFORCEMENT

- **FINNING EXCHANGE CORES:** the Finning Exchange team will process the core receipt using the existing core outstanding record. A \$0 core credit will be issued to the customer and the core will be processed as “NO RETURN” and written off by the Finning Exchange team. Please contact componentprocurementrequests@finning.com for more information.
- The Finning Exchange team will charge the customer for the metal shipping stand associated with the original sales document.
- The branch may elect to issue the customer a miscellaneous credit if they believe a credit is warranted. All associated costs are the responsibility of the branch.

SURPLUS COMPONENT PURCHASES

- **CATERPILLAR REMANUFACTURED CORES:** If Finning has an available entitlement, the entitlement to return the core will be provided to the branch for the customer return at 60% of the original core credit value. Any additional credit provided to the customer will be at the discretion of the branch following the procedures laid out in this core return policy. No Caterpillar Remanufactured core entitlements will be given for Finning Exchange core returns.
- **FINNING EXCHANGE CORES:** Cores received more than 120 days after purchase will likely be replaced to avoid reduced service levels to other customers. If the core is required for the Finning Exchange program, an offer to purchase may be extended to the branch by the FinningExchange team. The price will be limited to 60% of the core value. Please contact the related Exchange Supply Planner for more information.



- Stands received more than 120 days after core purchase will likely be replaced to avoid reduced service levels and to maintain safety standards. If the stand is required for the Finning Exchange program, an offer to purchase may be extended to the branch by the Finning Exchange team. The price will be limited to 60% of the purchase price for the stand. Please contact componentprocurementrequests@finning.com for more information.

AUTHORIZED DIRECT PURCHASE OPTION

- CATERPILLAR REMANUFACTURED CORES: Contact catcoreadmin@finning.com to see if a direct purchase option is available when entitlements are no longer available. CCA will review the request and advise if the core can be returned.
- FINNING EXCHANGE CORES: Authorized direct purchase option is not available for Finning Exchange cores.

REFERENCES

N/A