



**Affidavit Returns Policy for Mass Market Paperback Books** (effective 12/21/2105)

Macmillan/MPS will authorize wholesale and retail customers who purchase strippable mass market paperback books directly from us on a returnable basis (“Customers”) to participate in our mass market affidavit returns program provided Customer complies with each of the requirements below:

- Prior to commencement of participation, an officer of Account must send Macmillan/MPS a written certification that the Account is able to comply with the terms and conditions of this Policy and will remain in compliance with the terms and conditions of this Policy. Macmillan/MPS must review (either in person and/or based on a written description of the customer’s procedures, as Macmillan/MPS elects) and approve Customer’s returns processing procedures and controls for the scanning and secure destruction of the books credited.
1. Customer must be in good credit standing and in compliance with Macmillan/MPS’s terms of sale.
  2. Customer must maintain complete, accurate and auditable records to support all affidavit claims, including, but not limited to:
    - a. Maintenance of a title master database populated electronically as supplied by Macmillan/MPS.
    - b. A monthly and year-to-date inventory roll-forward report (or another method of reporting approved by Macmillan/MPS) that identifies each ISBN number, including, but not limited to, beginning inventory, shipments to customers (for wholesalers), purchases, returns, affidavit returns claims, and other adjustments during the month (which includes inventory shrinkage, a responsibility solely of Customer). If a wholesale customer wishes to participate in our affidavit returns program based on returns processing and destruction carried out by its retail customers (an “indirect retailer”), the retailers’ procedures and controls must be approved in writing by Macmillan/MPS as provided above. Wholesalers servicing retailers may not independently grant such approval to their retail customers on behalf of Macmillan/MPS. Credits based on returns processed by indirect retailers will be issued only to Customer.
  3. Customer must have an effective destruction process in effect that includes, but is not limited to:
    - a. Utilization of on-site destruction equipment that shreds , cuts, rips, or otherwise totally destroys books so that they cannot be resold or read and barcode inside the front cover cannot be scanned or returned.
    - b. Cover-stripping and destruction equipment must operate as a single, continuous, uninterrupted process, such that the cover cannot be removed from the equipment after it has been scanned and counted.
    - c. The cover-stripping and destruction equipment must be on-site in a segregated area of premises owned or controlled by Customer, with access limited to authorized employees and

not accessible by outsiders, or secured by another method Macmillan/MPS deems equally secure.

- d. Customer may not use the services of a third party to destroy the covers or books unless the use of the third party is approved by Macmillan/MPS.
4. Customer must have stringent security measures and controls in effect for all destruction procedures, and provide detailed written description to Macmillan/MPS, including but not limited to:
  - a. Customer must be able to track access to area where cover stripping and book destruction occurs;
  - b. Customer must require written agreement of all employees to strict adherence to security procedures, with serious employment consequences for failure by an employee to abide by those procedures; and
  - c. Customer must send prompt notification to Macmillan/MPS of any breach in security, and any theft, inventory shrinkage or material deviations from Account's procedures.
5. Macmillan/MPS must have right to conduct unannounced on-site inspections or audits of Customer's returns and destruction processes.
6. Customer must notify Macmillan/MPS of any change in its, or its indirect retailer's, returns-processing or destruction procedures or controls.
7. Customer must have an EDI relationship with Macmillan/MPS to participate in the affidavit returns program. Electronic transmission of affidavit returns must occur with Customer's regular remittances. Customers scanning books for return must produce and submit with each affidavit return an electronic record, using industry standard EDI formats (EDI 180 or EDI 812), documenting the ISBN or EAN, title, number of copies (consolidated into one line item), retail price for each return submitted, and return reference chargeback identifier. Customer's remittance must be reconcilable with the affidavit returns submitted on a remittance by remittance basis.
8. Customer's right to credit for returns made under the affidavit-return program is subject to Macmillan/MPS's returns policy for mass market paperback books. As provided in the returns policy, returns are for credit only.
9. NOP's [Not Our Publication] to Macmillan/MPS's product master file and shipping records will not be allowed or credited, and will not be disputed by Customer.
10. If Customer purchases another company or account, the purchased company or account will not be eligible to participate in the program until its procedures and controls have been approved as described above.
11. If a wholesaler acquires distribution to new retailer(s), the new retailer(s) will not be eligible to participate in the program until their procedures and controls have been approved as described above.
12. Any violation of the terms of this Policy can result in immediate termination of the Customer's affidavit returns privilege, as well as any other measure Macmillan/MPS deems appropriate.
13. **This policy applies only to purchases of mass market paperback books purchased by Customer under Macmillan/MPS's returnable terms of sale that are strippable as indicated by the "S" located within the barcode block on cover 4.**
14. By participating in the program, Customer agrees that Macmillan/MPS has the right to terminate the affidavit returns program at any time, to alter this Policy at any time without notice, or to withdraw Customer's affidavit privileges at any time for any reason. Termination of Customer's affidavit

privileges other than due to violation of any of the terms of this Policy or of the Macmillan/MPS returns policy will be on 60 days notice.

Accounts interested in becoming certified for affidavit returns processing should contact Guy Browning SVP Fulfillment, MPS at [GBrowning@mpsvirginia.com](mailto:GBrowning@mpsvirginia.com)