

<p style="text-align: center;">NEW ZEALAND GROCERY INDUSTRY COUNCIL</p> <p style="text-align: center;">COUPON CODE OF PRACTICE</p>
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Discount coupons are a useful means of stimulating the sale of grocery products, to the benefit of both marketer and retailer.

This Code of Practice records the basic responsibilities for the parties involved in handling coupons, ie the marketer, coupon clearing house (where a marketer chooses to use such an organisation) and retailer. Observance of the principles set out below will ensure that all parties can use couponing with mutual confidence and an understanding of each other's requirements.

The Code applies only to coupons issued by, or on the authority of a marketer. It excludes those issued by the retailer as part of an internal promotion.

Retailers are opposed to the practice of on-pack couponing; retailers' have the right to refuse delivery of stock with on-pack couponing.

In-pack coupons will be acceptable as long as transactions are between the marketer and consumer, do not involve the retailer and are open dated. References may be made on the outside of the pack to a "coupon inside".

No third party coupons will be accepted, ie coupons initiated by a party other than a brand owner and retailer, without prior agreement.

(1) RESPONSIBILITIES OF THE MARKETER

(1.1) Nature and Style of Coupons

(1.1.1) Coupons should be easily recognisable and of convenient size and shape, for handling by consumers, retailers and coupon clearing houses. Their face value must be in multiples of 5 cents. Where possible, the value should be shown on both sides. They are to be printed on paper and of a size no smaller 75mm x 50mm or larger than 140mm x 70mm.

(1.1.2) Barcoding shall be used on all coupons and must comply with EAN standards. This is to enable the use of scan data for the redemption of coupons (as outlined below).

(1.2) Offer to the Consumer

(1.2.1.) The offer should be clearly and unambiguously defined, in such a way that these details can be readily understood by the consumer.

(1.2.2.) Coupons should clearly specify:

- that only one coupon can be redeemed per product purchased
- a final consumer redemption date, which must be shown in a prominent place.

(1.3.) Offer to the Retailer

(1.3.1) Each coupon should also clearly outline:

The final redemption date for retailers (refer also to 3.2.4)

- any special provisions.
- the address and/or procedure for redemption.
- that a stated redemption fee is payable to the retailer.
- the name of the redeemer (ie the marketer) and clearing house to be used (if applicable) should be shown.

(1.3.2) A pictorial illustration and boldly printed redemption value is recommended, to assist the checkout operator.

(1.4.) Co-operation with Retailers

(1.4.1.) Coupons will be accepted only where suitable notice is given to the head office of the retail, cooperative or wholesale organisations involved, at least five weeks prior to commencement of the offer.

This notice should include details of the product referred to in the coupon, terms of the offer and a copy of the bar code which will be used. This will enable stores to be better prepared to accept coupons.

(1.4.2) Should one or more retail group not accept the coupon promotion then the marketer must endorse the coupons to indicate clearly to consumers that the coupons are either

“redeemable only at the following.....” or

“are not redeemable at the following.....”

whichever is the more practicable wording in the case.

(1.4.3.) Coupon promotions for existing products should be limited to those which can be demonstrated to be in general distribution.

(1.5.) Redemption

(1.5.1.) Priority should be given to reimbursing retailers (either via the coupon clearing houses or direct) for coupons received. A formal procedure should be adopted by each marketer to ensure prompt redemption.

- (1.5.2) Redemption (either to the coupon clearing house or directly to the retailer) should be made within 14 days of receipt of an invoice from either party. The marketer is obliged to reimburse the coupon clearing house within the terms agreed between those parties.
- (1.5.3) Redemption should be by cheque, cash or direct credit unless otherwise mutually agreed. Provided that such deductions are taken after the appropriate discount has been calculated, redemptions direct by marketers by deduction from invoices or statements are acceptable if mutually agreed.
- (1.5.4) It is acknowledged that other forms of reimbursement may be introduced by marketers or retailers, such as purchase cards, EFTPOS or other forms of e-commerce. The parties will cooperate to facilitate enhancements which facilitate business efficiency and result in a reduction of transaction costs.
- (1.5.5) Marketers should encourage retailers to process their coupons for redemption as early as possible and should accept responsibility for the incoming postage.
- (1.5.6) Should a coupon clearing house fail to redeem the coupons within the timeframe defined in the Code of Practice, the marketer will accept responsibility for redeeming the coupons direct to the retailer.

(1.6.) Defaults

- (1.6.1) Marketers must unconditionally give redemption to retailers in the event of any default by the coupon clearing house.

(1.7.) Free Stock

- (1.7.1) Free stock, (ie retailers stock given away against a voucher), will be reimbursed at normal cost to the retailer, plus 25% plus handling fee, (plus GST on the handling fee portion only).

(1.8.) Handling Fee

- (1.8.1) The current retailer handling fee for coupons redeemed by cash, cheque or direct bank credit is:
- (a) 10 cents (exclusive of GST) where a coupon clearing house is being used.
 - (b) 11 cents (exclusive of GST) where a coupon clearing house

is not being used.

(1.8.2) Different handling fees may apply in future in respect of redemptions by purchase cards, EFTPOS or other forms of electronic settlement, determined on the basis of true cost.

(1.9.) Coupon Clearing Houses

(1.9.1) Marketers should use a coupon clearing house which undertakes to comply with this Code of Practice and is properly structured to perform the responsibilities of a clearing house, is financially sound, and is recognised by the Grocery Marketers Association.

(1.9.2) Marketers should ensure that coupon clearing houses have formal procedures and controls to ensure that redemption to retailers is prompt and is made in a manner consistent with this Code.

(2.) RESPONSIBILITIES OF THE COUPON CLEARING HOUSE

(2.1) Redemption of Coupons to Retailers

(2.1.1) Redemption of coupons should be made to retailers within 14 days of receipt of an invoice. Redemption should be by cash, cheque or direct credit unless otherwise mutually agreed between all three parties.

(2.1.2) A direct relationship exists between the coupon clearing house and retailers for redemption of coupons. Redemption of coupons is not dependent on the coupon clearing house receiving prior payment from marketers, provided all the terms outlined in this Code of Practice are met.

(2.1.3) A clear explanation as to why coupons are not acceptable for redemption, should this situation arise, should be made to the retailer as soon as possible.

(2.2) Co-operation with Marketers

(2.2.1) Claims received from retailers shall be forwarded to marketers within 7 days of receipt.

(2.3) Technology Support for Scan Data

(2.3.1) Where required by retailers, the coupon clearing houses will provide the necessary technology interface to support the use of scan data.

(3) RESPONSIBILITIES OF THE RETAILER

(3.1) Supervision

(3.1.1) Checkout operators should be adequately trained and supervised to ensure that no misredemption of coupons takes place.

(3.2) Redemption Procedures

(3.2.1) Retailers must present claims for redemption either via a coupon clearing house or direct to the marketer in accordance with all instructions printed on the coupon, or as otherwise negotiated between retailer and marketer.

(3.2.2) Claims must be submitted for redemption no more frequently than weekly.

(3.2.3) Where possible, retailers will provide scan data to coupon clearing houses or marketers to support invoices. Where redemption is via a coupon clearing house, the clearing house will then forward this data to marketers with the appropriate invoice.

(3.2.4) All redemption claims must be received either by the coupon clearing house or by the marketer (if applicable) within 3 months of the consumer's expiry date. Claims submitted more than three months after this expiry date will not be redeemed.

(3.3) Retention of coupons

(3.3.1) Retailers who use scan data for coupons undertake to retain coupons in store for a period of 3 months from the date of their invoice. Should any party to the transaction wish to inspect these coupons, notice should be provided to the retailer in writing no more than two months after the date of the retailer's invoice. Should no notice be given, the scan data will be deemed as accepted.

(3.4) Proof of purchase for scan data

(3.4.1) It is expected of retailers using scan data that their front-end scanning systems incorporate a proof-of-purchase check feature within each consumer transaction.

(4) EVIDENCE FOR REDEMPTION CLAIMS

(4.1) It is agreed that subject to the right of any party to query claims for redemption, scan data or hard copy data be accepted as evidence of

coupons received and redeemed by the retailer.

- (4.2) Where retailers do not have the facilities to provide scan data, the actual coupons will constitute the evidence for redemption claims and the coupon clearing house and marketers will accept physical coupons for redemption in accordance with the terms of this Code of Practice.

(5) MISREDEMPTION

- (5.1) If any coupon is inadvertently accepted by a retailer against a product other than that nominated, the retailer is obliged to explain the circumstances to the marketer and to the coupon clearing house if one is involved.
- (5.2) Unless agreed to in prior consultation the marketer will have absolute discretion concerning his obligation to honour such coupons. Where misredemption appears to have occurred, the marketer reserves the right to withhold payment of the claim pending a satisfactory explanation from the retailer concerned. In the event of the claim having already been settled by a clearing house and irregularities or excessive redemption subsequently become apparent, the clearing house shall bear the responsibility of rectifying the matter.

(6) GOOD FAITH AND CONSULTATION

- (6.1) The parties to this Code undertake to act in good faith.
- (6.2) Every party to this Code of Practice (marketer, clearing house or retailer) should promptly discuss with the others, any circumstances in which it appears that misredemption of coupons has occurred, claims for redeemed coupons appear disproportionate to turnover of the product concerned, or other issues arise which impede the smooth operation of couponing.

Adopted by the Grocery Industry Council,2000

Foodstuffs (N.Z.) Limited

NARGON

New Zealand Grocery Marketers Association

Progressive Enterprises Ltd

Woolworths (N.Z.) Limited

Retail Merchants Association