

Protocol for Enrollment in the Food Industry ECR Unsaleables Program

Declaration of commitment to the joint industry ECR Unsaleables Committee recommendations for dealing with unsaleables.

- a) Compliance with respective accountabilities for unsaleables as published by the ECR Unsaleables Committee.
- b) Commitment to the industry recommendation on declining benchmarks:
 - i) 10.5 items per \$10,000 of dry grocery department sales (including HABA and GM & Frozen) effective - August, 2002
 - ii) Ongoing industry benchmarks as developed during 1999 - 2000.
- c) Commitment to accepting payment for unsaleables based on a distributor's performance factor versus the industry benchmark.

Distributor's performing at or below the industry benchmark will receive 100% of claims for product and handling cost.

Distributor's performing above the industry benchmark will receive less than 100% of claims for product and handling cost, at a rate based on their performance factor versus the industry benchmark.
- d) Commitment to follow recommended industry Best Practices for reducing unsaleables.
- e) Commitment to calculate or have calculated by an independent third party, a performance factor versus the industry benchmark by distributor on a period by period basis, and to accept the requirements of an audit if requested.
- f) Commitment to use the ECR Unsaleables Committee recommended method of calculation of the performance factor. This calculation method is subject to review and revision by the Committee.
- g) Commitment to use a reclamation service provider that is willing and able to provide the information to meet the requirements of the industry recommendations for unsaleables.
- h) Providing that all of the requirements of the industry recommendations for unsaleables are met, distributors committing to the industry recommendations for unsaleables will be paid a handling rate of 52 cents per item for dry grocery/HABA/general merchandise and frozen regardless of the type of reclamation service provider used. Distributors will be compensated 34 cents per item for dry grocery/HABA/general merchandise and frozen for product reclaimed from the distribution centre.
 - i) Commitment to abide by the ECR Unsaleable Committee's review of handling costs and revised handling rates which will be effective on the dates recommended by the Committee.
 - ii) Commitment to provide signed audited statements annually (December) to the ECR Unsaleables Committee (the number of audits will be subject to revision by the ECR Unsaleables Committee, but will be no more than two per year). The auditor will use the User's Guide as a template for the audit.
 - iii) Commitment to provide reasonable unrestricted access by an independent third party in order for the ECR Unsaleables Committee to review the industry benchmark and to set new benchmarks.

- i) Commitment to follow the ECR Unsaleables Committee's recommendations regarding charities that will be the recipients of the unsaleables.

**Acceptance of the above principles herein indicated
by the signature of the Chief Executive Officer or Officer of the Organization**

Organization (Distributor Chain, or Banner)

Chief Executive Officer or Officer of the Corporation (please print, name and title)

Signature

Date

To enroll in the ECR Unsaleables Program, indicate your commitment to the Program by signing the Protocol for Enrollment in the Food Industry ECR Unsaleables Program, and send it to:

ECR Unsaleables Committee
c/o Canadian Council of Grocery Distributors
1 Concorde Gate, Suite 604
Toronto, ON M3C 3N6
and copied to

Food & Consumer Products of Canada
Attn: Industry Affairs Department
885 Don Mills Road, Suite 301
Toronto, ON M3C 1V9