

# Current Supplier Guidelines

**RENEWING COI AND BROAD FORM VENDORS ENDORSEMENT** Wakefern is interested in doing business with partners who understand the significance of being properly protected against the risks of doing business in a very litigious environment. Wakefern believes that vendors must be properly insured. To help facilitate this initiative, we have partnered with Applied Systems to provide Wakefern with Certificate Tracking software. The following list contains Wakefern's insurance coverage standards:

- All vendors must possess a certificate of insurance.
- The COI must show that coverage in force is underwritten by insurance companies rated "A-" or better by A. M. Best Company.
- Coverage cannot be cancelled without providing Wakefern 10 days written notice of cancellation.
- Wakefern also requires that it be named as an "additional insured" on all liability policies.

Here is the process:

- Please forward your Certificate of Insurance in PDF format to: [certs@wakefern.com](mailto:certs@wakefern.com)
- You will receive an email notifying you if you are in compliance with Wakefern's insurance requirement

**Updated COI's must be sent to [certs@wakefern.com](mailto:certs@wakefern.com) by you or your broker/agent whenever coverage is renewed or materially modified.** Failure to meet Wakefern's insurance coverage requirements will result in serious consequences to our business relationship, including, in Wakefern's sole discretion, cancellation of purchase orders, and, suspension of warehouse receiving activity, and, potentially, the termination of our relationship. Wakefern requires that a broad form vendor's endorsement (see Appendix #8) be added to all general liability insurance policies from suppliers. This endorsement is a standard endorsement that affords Wakefern the security of knowing that the vendor's general liability insurance policy is properly amended to include Wakefern as an insured with respect to the sale or distribution of the vendor's products. Wakefern must be notified of any changes to this endorsement.

**COUNTRY OF ORIGIN LABELING REQUIREMENTS** Effective September 30, 2008, all beef, veal, pork, lamb, goat meat, chicken (muscle cuts or ground), all agricultural commodities and also including peanuts, pecans, ginseng and macadamia nuts will be subject to the USDA's country of origin labeling law. Specifically, this law only applies to covered commodities produced or packaged after September 30, 2008. **Country of Origin Designations for Meat Products** Meat products may be designated as having a US origin if they are from animals that were born, raised and slaughtered in the United States or if they are from animals born and raised in Alaska or Hawaii and transported for less than 60 days through Canada to the United States for slaughter. **Country of Origin Designations for Perishable Agricultural Commodities** Perishable agricultural commodities, peanuts, pecans, macadamia nuts and ginseng may only be declared product of the U.S. if they are exclusively produced in the United States. USDA defines produced as grown. In addition, state, regional or local labeling in lieu of country of origin is

permitted for perishable agricultural commodities, peanuts, pecans, ginseng, and macadamia nuts of U.S. origin. Accordingly, to enable us to comply with the new law and to fulfill our responsibility to our customers, the purpose of this letter is to advise all meat and produce covered commodity suppliers of the steps that we will expect them to take in preparation for the expected implementation of the law. These steps will also help to fulfill your obligations under the law which, among other things, requires any person engaged in the business of supplying a covered commodity to a retailer including producers, handlers, packers, processors and importers to provide the retailer with accurate country of origin information for the covered commodity. We fully expect our suppliers to be in compliance and take the following steps so that all products on our shelves after September 30, 2008 will meet the federal requirements for labeling. Unless these steps are taken, we will not be able to accept your products after that date.

- **Label all covered commodities** with country of origin information that **fully** complies with the federal standards set forth in the statute as interpreted by USDA. All products will need to display the country of origin either on the shipping box and/or on the packages.
- **Every invoice and bill of lading must contain information about the country of origin for each product delivered.**
- **Maintain records and a verifiable audit trail** to establish the accuracy of the country of origin information that we receive for your covered commodity.
- **Indemnify** us from any other costs (including attorneys fees and damages) that we may incur as a result of the country of origin information that you provide or fail to provide.
- **Segregate** all covered commodities by country of origin throughout the production chain until they are delivered to us and maintain documentation verifying the efficacy of your segregation plan.

**After September 30, 2008, all products that are not labeled appropriately with country of origin will be rejected.** We appreciate your assistance in helping us to comply with the law and to fulfill our responsibilities to our customers. We look forward to our continuing relationship.

**Product Identification Requirements - UNIVERSAL PRODUCT CODE - UPC** As a supplier of Wakefern, we require that you identify your products with U.P.C. barcodes (also known as EAN/UPC Symbols) that can be scanned at any level of the supply chain, ensuring the accuracy of product and price. Your U.P.C. barcode symbols must include a valid Global Trade Item Number<sup>®</sup> (GTIN<sup>®</sup>), the first part of which includes a GS1/U.P.C. Company Prefix, which uniquely identifies your company as the brand owner of your products. This prefix will ensure that all the numbers you assign to your products will be uniquely identified and linked only to your company. In the United States, GS1/U.P.C. Company Prefixes are assigned by GS1 US. GTINs when properly used with a GS1 Company Prefix will uniquely identify both the consumer level (retail) and shipping containers sold through our stores. GS1 US Customer Service can help you with your barcode and electronic commerce questions, and provide guidance on the efficient use of your GS1 Company Prefix for your growing business needs. For details, visit [www.gs1us.org](http://www.gs1us.org) or contact them by email at [info@gs1us.org](mailto:info@gs1us.org) or call +1 937.435.3870. Some points to remember and common problems regarding the UPC

- The UPC case code refers to the UPC assigned to the shipping container. A unique UPC Case Code should be assigned to where it is necessary to properly identify case changes in size, case, pack, color or deal.
- Your GS1 Company Prefix (Manufacturer's ID Number) assigned by GS1 US must identify your company's brand
- Suppliers must provide a unique UPC for each of their items. Bar codes must be created following GS1 Standards and should be clear, using black ink on a white background, and have at least 3/32 of an inch of white space placed on both the right and left sides of the UPC symbol. It is highly recommended to test all bar codes using retail scanning equipment.
- Supplier must include the industry code (single digit to the left of the manufacturer number) on all paperwork submitted to Wakefern. Compressed UPC numbers must be expanded on all new item forms.
- Supplier must notify Wakefern of all changes in the UPC number.

**INTRODUCING NEW ITEM FOR APPROVAL** New items are reviewed and approved by Wakefern's Category Managers. If there is an interest, the Wakefern Category Manager will contact your company to arrange a meeting to further discuss opportunities. Please bring the following information to your meeting with the Wakefern Category Manager. This meeting suggests that Wakefern has chosen to review your new item but does not guarantee its acceptance. Wakefern introduced a web based portal for the submission of new items. This portal is currently available for Non Perishables and will soon be available to Perishables. All suppliers will be required to fulfill certain requirements to gain access to this application. Please go to [New Item Portal](#) for more information on this application.

- Submit item through Wakefern's New Item Portal (where available) or complete a New Item Form(s) (see Appendix #4 or #5) that includes cost.
- Completed Notice(s) of Promotion Allowance Form (see Appendix #14).
- Product samples - see below for instructions and information.
- Be prepared to discuss the following topics at the interview:
  - Product Demo's available.
  - Key features and benefits of the product
  - Marketing, advertising and promotion plans for your product(s).
  - IRI/Nielsen market data where available and applicable.
  - Target customers for your product.
  - Recommended product placement in schematic.
  - Sales history of your product and where it is sold today.
  - Projected sales and profits
  - Reclamation Program
  - FSI values, dates, and newspaper circulation.
  - 2 samples of each new item for review.

Once the Category Manager has decided to accept or reject the new item, you will be notified by phone, e-mail or fax. **Note:** Please refer to the appropriate Appendix number to view a copy of sample forms. Wakefern forms are proprietary documents and must not be altered. **PRODUCT SAMPLE REQUIREMENTS** At the time of presentation, suppliers are required to provide two

samples of each item presented. In the event that samples are not available, digital images of all sides of the product, along with precise item measurements are required.

- If a product sample is not provided, an image of the actual bar code and the product description is required.
- All products must possess a unique UPC code and a scannable bar code.

**ITEM CHANGES** Wakefern Food Corporation relies on the integrity of our item database to ensure an efficient supply chain between Wakefern and both its customers and vendors. In order that we may prevent any issues in the purchase and sale of your products, all item changes must be communicated to the appropriate Wakefern associate. Any change in **Consumer Package UPC, Case UPC, Product Description, Case Pack** and **Product Size** must be communicated to the Category Manager and will require New Item set-up. Changes involving **Case Weight, Case Dimensions, Pallet Block and Tier** and **Inner Pack** must be communicated to the Procurement Analyst and do not require New Item set-up. Additionally, changes to the Consumer Package UPC, where initial set up was incorrect, should also be communicated to the Procurement Analyst and do not require New Item set-up. All New Items must be submitted through the Wakefern New Item Portal (where available) or on the appropriate Wakefern New Item Form (see Appendix #4 or #5) and must follow the requirements in this guide under New Item Set-Up Requirements. When dealing with item or product changes, GS1 Standards guidelines must be adhered with. To ensure that your items do not encounter problems within the supply chain, you should avoid some of the more common errors listed below:

- Failure to change the Case UPC when the product has changed at the case level (i.e. Pack Quantity)..
- Failure to notify Wakefern of any changes in the UPC number.
- Consumer Unit Net Content, , Inner Pack or Case Pack is changed without notification.
- Shipped any product with a poor quality or missing UPC bar code.

#### **PRICING GUIDELINES Cost Changes**

- Wakefern requires a 90-day minimum advance notice for all cost changes for all Warehouse Non-Perishable and DSD Commodities. All warehouse cost changes must be submitted to the Wakefern Category Manager. All DSD cost changes must be submitted on the DSD Price Change/Promo form (see Appendix #14). Forms should be sent via e-mail and the vendor/supplier must receive an e-mail acknowledgement of acceptance/denial from the Category Manager. Wakefern reserves the right to require price protection for all price reductions.
- The 90-day minimum advance notice for all cost changes is also applicable in the case of vendors that have a Broker/Analyst partnership with Wakefern and the same rules apply for the notification via e-mail and the e-mail acknowledgement for acceptance/denial of the cost change.
- Wakefern requires daily advance notice for all cost changes for all Warehouse Perishable Commodities. In the case of Perishable packaged items, Wakefern requires a 60-day minimum advance notice. The cost change should be submitted to the Wakefern Category Manager via e-mail, fax, Internet or communicated via telephone and the

vendor/supplier must receive an e-mail, fax or verbal acknowledgement of acceptance/denial from the Category Manager.

- Indirect Purchasing (other than Warehouse & DSD)
  - Wakefern catalogue - pricing will be maintained by the buyer and we require a 90-day minimum advance notice for all cost changes and e-mail notification and e-mail acknowledgement for the acceptance/denial of the cost.
  - Vendor catalogue - pricing will be maintained by the vendor, however, the Wakefern purchasing agent must be given *90-day* advance notice for all cost changes via e-mail and the vendor should receive an e-mail acknowledging the acceptance/denial of the cost. Only after the vendor receives acceptance of the price change, can the vendor change the vendor catalogue prices.

### Cost Change Acceptance

- A vendor list price change form is utilized to update prices in the master price file. *Each Category Manager* is responsible for reviewing and signing the vendor price change form. The price change form includes the following information: item code, item description, new price and effective date. The *Category Manager* will forward the vendor price change form to the Procurement Manager for review, approval and signature. Forms not properly completed, will be returned for correction and may delay the acceptance of any list price change.
- In the Perishable divisions, the list price changes are updated via the RAPID "PW80" vendor item cost maintenance screen and/or at the time the purchase order is written. Each Category Manager is responsible for approving the vendor price change and entering the information: item code, item description, new price and effective date.

**DISCONTINUATION OF ITEM** Wakefern requires notification from the vendor 90 days prior to the discontinuation of the item. Wakefern requires a 50% markdown of retail price for eight (8) weeks as exit strategy for items that the vendor or Wakefern discontinue. Wakefern will supply POS data on markdown out retail. **NOTICE OF PROMOTION ALLOWANCE** Wakefern strives to maintain long planning horizons. Wakefern requires a 90-day minimum advance notice of allowances and trade funds. All allowances and trade funds should be communicated to the appropriate Category Manager. Non Perishable & Perishable allowances should be communicated via our Internet Vendor Contract Entry application. If you do not already have access, your Category Manager can provide your company with the respective documentation to enable your organization to utilize this application (Also refer to: Section 8: Internet Vendor Contract Entry Procedures). DSD allowances and all trade funds inclusive of advertising should be submitted to the respective Category Manager in hard copy format (see Appendix #14). **WAKEFERN'S POLICY ON STORE "TEST"** Suppliers may, on occasion, be permitted by Wakefern to conduct marketing tests within our stores. Such testing is subject to the following rules and procedures:

- The manufacturer's "Wakefern specific" representative must contact their appropriate Category Manager at least sixty days before commencement of the proposed test.

- If the proposed test meets Wakefern's requirements\* and is otherwise acceptable to Wakefern, the Test Request will be forwarded to the appropriate Wakefern officials for their approval.
- At any point in this process, Wakefern may request modification, including expansion or limitation, of the proposed test, or may condition approval of the proposed test upon such modification.
- If the proposed test is approved by Wakefern, the Division Vice President or appropriate Procurement Manager will set up the implementation and tracking of the proposed test with supplier's representative.
- At the conclusion of the test, a determination will be made by Wakefern, in the exercise of its sole discretion, as to the implications of the test results for Wakefern's business processes, and whether such results indicate that the product(s) tested represents a business opportunity that Wakefern should pursue.

**Company Requirement:** All category tests that are "externally" generated must provide some defined significant value to Wakefern or to the categories for which they apply. **PRODUCT RECALL OR WITHDRAWAL** Please review our Trading Partners Terms and Conditions, Section XXVI (see Appendix #6) for our policy regarding Product Recall or Withdrawal. Effective January 1, 2004, Wakefern Food Corp. will establish a point of contact for vendors to use when it becomes necessary to recall or withdrawal a product from the market. To report all recalls or withdrawals, please e-mail or phone the QA Hotline: **EMAIL:** william.sweeney@Wakefern.com **Phone:** 908-527-3339 Your product action information must include the following (see Appendix #19 Product Withdrawal Procedures):

- Type of action - withdrawal or recall with classification
- Manufacturer's name
- Product name as it appears on the consumer package
- Package size
- UPC#
- Code(s) or date(s) and the location on package
- Reason for the withdrawal/recall
- Where the product was distributed within the Wakefern Food Corp (if known)
- Action to be taken (there are only two options);
  - Destroy at store level or
  - Hold for vendor pick- up at the Reclamation Center

**CORPORATE RECLAMATION POLICY** Wakefern Food Corp.'s unsaleables policy is derived from the 1990 GMA/FMI document, "Joint Industry Report on Product Reclamation Centers." We endorse the voluntary guidelines contained in the report and have incorporated them as the foundation of our own policy. Our invoice format and internal policy acknowledges our goals: *To develop and maintain a system designed to reinforce ongoing efforts toward reduction of retailer-responsible damage every time an item is touched. To bill for damage within the guidelines of the current agreement between Wakefern Food Corp. and the manufacturer, reflecting actual costs.. To provide products of the highest quality and present a quality "finished goods" image on the shelf to the consumer. To utilize the most efficient, low-cost reclaim centers possible. To continue an ongoing working relationship with the*

*manufacturers and review industry best practices, taking advantage of available unsaleable reduction opportunities.* Wakefern Food Corp. abides by the presumptive allocation of responsibility for product damage described in the Joint Industry Report. In addition, we engage in ongoing efforts to reduce retailer-responsible damage. Our efforts have dramatically helped some vendors reduce the reclamation invoices received by us. Because we seek to recover reasonable offsets for our expenses, our invoices consist of the cost of the product plus the three charges recommended by the Joint Industry Report. The three main components identified by the Joint Industry Report are pre-damage direct costs (DPC), post damage handling costs (PDC), and reclamation center processing costs (RCC). Pre-damage costs are those costs we incur from the point Wakefern Food Corp. receives the product to the time it reaches the store. Such costs include warehouse handling and storage, transportation to the store, and shelf stocking. We will consider manufacturer-supplied values if such values are reasonable. Otherwise we incorporate 11.5 cents, per unit based upon the JIR. Post-damage costs are those expenses to remove the unsaleable goods from the shelf and transport them to the reclamation facility. The average value derived by the Joint Industry Report study, 10.98 cents, is derived. Reclamation center costs are those expenses we incur to have an unsaleables receiving / sorting / disposition facility operated for us. The fee is based upon the expense incurred plus any additional options. The RCC costs for the various chute options by Division are listed below: GROCERY 1. Chute 1 Scan & dispose - .090 cents per unit 2. Chute 2 Scan & donate - .108 cents per unit 3. Chute 3 Scan & hold for Vendor Review - .197 cents per unit 4. Chute 4 Scan & hold for Third Party Review - .250 cents per unit 5. Chute 5 Scan & hold for Vendor Review & Disposal - .219 cents per unit DAIRY/FROZEN/PRODUCE 1. Chute 1 Scan & dispose - .094 cents per unit 2. Chute 2 Scan & donate - Not Available 3. Chute 3 Scan & hold for Vendor Review - .167 cents per unit 4. Chute 4 Scan & hold for Third Party Review - Not Available 5. Chute 5 Scan & hold for Vendor Review & Disposal - Not Available HABA/NON-FOODS 1. Chute 1 Scan & dispose - .100 cents per unit 2. Chute 2 Scan & donate - .118 cents per unit 3. Chute 3 Scan & hold for Vendor Review - .202 cents per unit 4. Chute 4 Scan & hold for Third Party Review - .250 cents per unit 5. Chute 5 Scan & hold for Vendor Review & Disposal - .229 cents per unit Wakefern Food Corp. strongly encourages manufacturers to be directly involved with examining product returned to the centers. We find that manufacturers reap the greatest rewards when they inspect product first hand. Payments to Wakefern Food Corp. under this policy are collected via check payment (21 day terms) or a deduction is applied to the account. Product Withdrawals are billed at Retail plus 25%. Special billing items are established by Wakefern Food Corp. and a representative of the manufacturer when removing discontinued product or introducing a new product line. The cost associated with this type of billing is the cost plus 15% unless otherwise negotiated. If you have further questions, please contact Mark Fredericks at 732-906-5986. Please complete Reclamation Disposition Agreement (see Appendix #15). **COUPONS AND PRICE PLUS FSI Coupons** ShopRite Stores ship FSI manufacturer coupons weekly to the clearinghouse. The FSI coupons are received at the clearinghouse where they are processed and invoiced to the manufacturer community. The invoice is generated and shipped along with the weekly FSI coupon batch to each manufacturer. Wakefern Food Corp is due payment 30 days from the date of the clearinghouse invoice. All invoices state the following guidelines:

- Payment is due 30 days from invoicing.
- Total settlement (subsequent chargebacks, disputes, etc.) in 60 days as recommended by industry guidelines; offsets after settlement are not permissible.

- Payment by a manufacturer or its agent will constitute acceptance of the validity of the coupons and value submitted.
- Non-payment for coupons must be based on individual inspection of each coupon; black listing, red lining and other blanket denials are not acceptable.
- Deductions based upon differences on free value coupons are unacceptable.
- Unpaid balances which have not been explained and agreed to will be considered open.
- Coupons denied due to "Out Of Area" and over redemption must be returned or kept for subsequent review.
- For count differences to be considered, manufacturer's agent must be subject to independent quarterly audits and obtain and maintain ISO 9001 certification.
- Suppliers must notify Wakefern 90 days in advance of FSI coupons or face an administrative fee of \$10,000.

If full payment is not received by the 30th day, Wakefern Food Corp will deduct from the manufacturer as follows: Invoice amount Handling Fee \$.01- \$2.50 none \$2.51 - \$29.99 full face value of amount outstanding \$30.00 & up \$30.00 **Price Plus Promotions** The Procurement division and vendor, via a PPC submission sheet, set up Price Plus promotions for a specific time period. (Ex: 09/22-10/04/03). All Price plus submission sheet require a sales representative signature. Any promotion that is setup as a Manufacturer redeemed coupon will be billed on a weekly basis (the promotion is billed directly to the manufacturer by Retail Financial Services). For example - a promotion runs from 09/22/03 - 10/04/03(2 weeks). The manufacturer will be invoiced for each week of the promotion separately, (i.e. one invoice for each week, 09/22/03 - 09/27/03 and 09/28/03 -10/04/03). At the end of each week the Retail Financial Services department performs a reconciliation of all Price Plus promotions. Example:

- The promotion week ends on 09/27/03.
- Ten days after the end of the promotion, invoices are mailed to the broker or manufacturer designated on the contract/submission sheet.
- If a payment is not received in the Retail Financial Services department a deduction is taken two weeks after the backup is mailed, therefore it is ultimately four weeks from the end of a promotional week that a deduction is taken.

Examples of the invoice numbers:

- PPC912345-092703 for the week 09/22-09/27/03
- PPC912345-100403 for the week 09/28-10/04/03

**NOTIFICATION OF SUPPLIER CHANGES Merger, Acquisition and Divestiture of Product Procedure** Wakefern Food Corporation requires 60 days advance notice if there are changes to supplier corporate name, address, broker, representative or legal structure changes (such as company mergers, company acquisition, bankruptcy, or discontinuance of operations). In order that proper ownership of brand and company prefix are maintained, it is highly recommended that all merger changes be notified to GS1 US as soon as possible. These changes must be communicated to Wakefern in writing on vendor's company letterhead and must be signed by a senior officer of your company. The letter must contain the following and must be mailed to the address set forth below:



- Your Company Name and Tax ID or DUNS number
- Old Company Name and New Company Name
- Old Company Address and New Company Address
- Change to Remit-To Address
- Statement of what is transpiring and when

**Important Note:**

- No changes can be made in Wakefern's system until written notification is received.
- Failure to provide the required written notification will result in delayed payment.

Written notification of changes of this nature must be mailed to the Category Manager.

<b>Grocery</b> 505 Division Street Elizabeth, NJ 07207 908-527-3411	<b>Dairy/Deli</b> 5000 Industrial Avenue Keasbey, NJ 08832 732-512-6736	<b>Meats</b> 5000 Industrial Avenue Keasbey, NJ 08832 732-512-6753
<b>Frozen Foods</b> 5000 Industrial Avenue Keasbey, NJ 08832 732-512-6736	<b>Seafood</b> 505 Division Street Elizabeth, NJ 07207 908-527-7522	<b>Produce</b> 505 Division Street Elizabeth, NJ 07207 908-527-7587
<b>Fresh Bake</b> 5000 Industrial Avenue Keasbey, NJ 08832 732-512-6700	<b>Floral</b> 505 Division Street Elizabeth, NJ 07207 908-527-3454	<b>Commercial Bakery</b> 505 Division Street Elizabeth, NJ 07207 908-527-3838
<b>Appy/Food Service</b> 505 Division Street Elizabeth, NJ 07207 908-527-3425	<b>Specialty Grocery</b> 355 Davidsons Mill Road Jamesburg, NJ 08831 732-521-8645	<b>Quality Assurance</b> 505 Division Street Elizabeth, NJ 07207 908-527-3849
<b>General Merchandise</b> 355 Davidsons Mill Road Jamesburg, NJ 08831 Non Foods 732-521-8416 HBC 732-521-8688 Pharmacy 732-521-8504	<b>Transportation</b> 505 Division Street Elizabeth, NJ 07207 908-527-7719	<b>Corp./Retail Purchasing</b> 33 Northfield Avenue Edison, NJ 08818 732-906-5271
<b>Data Integrity</b> 33 Northfield Avenue Edison, NJ 08818 732-906-5050		

If there is a change in ownership and the new owner is not an approved Wakefern supplier, your company will be treated as a new supplier. You will therefore be required to complete the new vendor and item set-up process, as previously set forth, to gain "approved vendor" status.

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