



12/02/2024

Greetings,

Today's retail and transportation markets demand constant innovation and change to remain competitive and create value for our customers. To drive continued success, Kroger is updating our supplier compliance program to enhance our ability to provide fresh, full products to our customers.

Highlights of our program updates are below, and you can find all changes detailed in our "Kroger Policies" document in Appendix A and on Supplier Hub.

- **Effective January 1<sup>st</sup>, 2025, our ORAD compliance threshold will increase from 90% to 93%.** This policy will be reviewed annually and is subject to change. On-time and in-full deliveries are critical to meeting our customer needs effectively.
- **Effective January 1<sup>st</sup>, 2025, an updated enterprise-wide, compliance fee schedule for inbound deliveries to all DCs will be implemented.** This schedule includes but is not limited to pallet quality, load quality, proper documentation, shipping accuracy, and EDI data connections.
- **Effective May 1<sup>st</sup>, 2025, Kroger will require near real-time location updates on all inbound deliveries to Kroger DCs.** Details of this inbound visibility requirement can be found in Appendix B. Kroger is responsible for location data on Kroger managed loads.
- **Effective November 1<sup>st</sup>, 2025, Kroger will require near real-time temperature updates on all inbound deliveries to Kroger DCs.** Details of this inbound visibility requirement can be found in Appendix B. Kroger is responsible for temperature data on Kroger managed loads.

Please note, many of these fees will not apply if Kroger manages your inbound lanes. We strive to be a partner of your choice and look forward to your continued support of our customer-focused efforts.

To address any supplier questions, Kroger will host two webinars in December. Invites to these webinars will follow closely after the distribution of this letter. The point of contact regarding this matter is [vendorcompliance@kroger.com](mailto:vendorcompliance@kroger.com).

Thank you for your help and support.

Sincerely,

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Ken Braunbach, VP, Logistics & Transportation

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Benjamin Hamilton, VP, Supply Chain Planning & Logistics

# Appendix A

## KROGER POLICIES

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**Capitalized terms not otherwise defined in this document will have the meanings assigned to them in the Standard Vendor Agreement.**

## KROGER MANUFACTURING DIVISION VENDOR CERTIFICATION POLICY

The following must be met to gain and maintain approval as a supplier of Product to Kroger:

1. Vendor Approval. Vendors are subject to review and approval by Kroger. Vendor will provide to Kroger any financial reports and information requested and must notify Kroger in the case of a change of control in ownership. Vendor may not assign or otherwise transfer any of its rights or delegate any of its obligations.

2. Facility Approval.

a. New Vendor: All facilities used by Vendor to manufacture Product must pass a facility audit conducted by a Kroger representative or an approved outside agent. Facilities must comply with all applicable laws, regulatory requirements, Kroger specifications and FDA Good Manufacturing Practices. Costs associated with the inspection are the responsibility of Vendor.

b. Product Line Extension: Kroger, at its discretion, will determine whether a facility audit will be necessary for a line extension. If a facility audit is required, Vendor is responsible for costs of the inspection.

3. Non-Compliant Vendors. Kroger may designate Vendor as a Problem Supplier based on poor quality Product, an unsatisfactory facility audit, excessive customer complaints, regulatory problems, lack of adherence to Kroger specifications, or other problems determined by Kroger in its sole discretion. Kroger will provide Vendor with written notice providing the reasons for designation as a Problem Supplier. The cost of added inspections, testing or reformulation necessary to correct the problem to Kroger's satisfaction will be at Vendor's expense. Vendor's refusal to pay these charges or to correct the problem to Kroger's satisfaction will be grounds for terminating Vendor as a supplier to Kroger.

4. Approved Vendor Evaluations. Kroger from time to time may deem it necessary to conduct subsequent plant evaluations, product audits, and/or grading trips at Vendor's expense.

## PRE-PRINTED TERMS AND CONDITIONS – GOVERNING LAW

In the event of a dispute between the parties, unless otherwise agreed to in writing by Kroger, Kroger shall not be subject to any pre-printed terms and conditions contained on any of Vendor's forms or systems, including without limitation purchase orders and invoices. Unless the parties have otherwise agreed in writing, Ohio law shall govern any such disputes.

## EMPLOYEE CONDUCT – ACTIVE SHOOTER TRAINING

Vendors with employees who provide services in or regularly work in any Kroger facilities, including but not limited to warehouses, manufacturing plants, or store locations, must: (i) provide active shooter training to/for those employees; (ii) instruct those employees to be aware of all exits in a facility (including but not limited to emergency exits) and to follow all posted signs in the event of an emergency; (iii) continually conduct appropriate due diligence with respect to the backgrounds, behavior, and service/work performance of those employees; and (iv) instruct those employees to follow general conduct expectations as posted or established in each of Kroger's facilities.

## PRICE INCREASE/DECREASE POLICY

Unless a price for a specified term has been agreed, the following price increase/decrease notification policy shall apply:

### Notification of Proposed Price Increases:

Vendor must deliver to its Kroger Representative written notice of any proposed price increases, excluding commodity products (*e.g.*, perishable products and live goods), 1) a minimum of ninety (90) days prior to the effective date of such price increase with respect to general merchandise items, 2) a minimum of forty-five (45) days' prior to the effective date of such price increases with respect to Our Brand items, and 3) sixty (60) days prior to the effective date of such price increase with respect to all other items. Kroger may establish additional price change notices and other procedures from time to time upon written notice to Vendor. Kroger will not be obligated to pay such price increase for any Products for which Vendor did not timely deliver such written notice.

### Notification of Price Decreases:

Vendor must deliver to its Kroger Representative written notice of any proposed price decreases, excluding those for commodity products (*e.g.*, perishable products, live goods, and some food products), a minimum of thirty (30) days prior to the effective date of such price decrease. Price decreases received without proper notification will be subject to a price support charge.

## ACCOUNTING OFFICE POLICIES

Vendor must provide a separate invoice via Oracle A/P for each Kroger Purchase Order shipped. Each invoice must include the following:

- Unique invoice number.
- Valid Kroger Purchase Order number.
- Vendor name and "remit to address".
- Complete address to which the product was shipped.
- Net payment before cash discount.
- Payment terms.
- Total shipped quantity and total invoiced quantity. (Food product: Case count, Non-food product: Eaches).
- Invoice date on or after the ship date.

Unless otherwise agreed in writing, terms of payment for the Products ordered will begin on the date the product was ordered, scheduled for delivery, or received at Kroger designated location, whichever is later. Discounts will be calculated on the gross amount.

If Vendor ships Products prior to the date shown on the Kroger Purchase Order, payment will be made based upon the scheduled receiving date, increasing the original terms by the number of days early. All early shipment requests must be in writing and signed by the Kroger Representative. Kroger initiates payments on the due date. For due dates that fall on a weekend or holiday, payments will be initiated on the next business day.

Vendor must reference a Kroger Purchase Order number and Vendor's invoice number when making inquiries or initiating correspondence.

### Invoice Discrepancies:

#### Legacy

Kroger will notify Vendor of invoice payment discrepancies by advice messages on check stubs. Separate debit memos will not be issued. The deadline for inquiries regarding advice messages is one hundred and eighty (180) days following issuance.

### Modernized

Kroger will create a separate debit memo for cost and unit discrepancies. Vendor can access these debit memos on the Lavante portal. Each memo begins with DMQ or DMC followed by the Vendor's original invoice number.

Vendor shall maintain complete and accurate accounting records in accordance with generally accepted accounting practices, to substantiate its charges to Kroger hereunder, during the Term of this Agreement for a period of three (3) years from the date of final payment made under this Agreement. Such records shall include, but not be limited to, invoices, freight charges, payroll records, time cards, attendance cards, and job summaries. Vendor shall allow access by Kroger, Kroger's employees or agents, including a third party of Kroger's choosing, to review Vendor's books and records for a period of up to five (5) years, at a date, time, and location agreed upon by the parties; provided, however, that (i) Kroger provides Vendor with at least thirty (30) days' notice of its intent to conduct such a review; (ii) any third party Kroger chooses to perform such review shall not be a known competitor of Vendor; and (iii) such third party will be obligated to confidentiality obligations at least as protective as those imposed on Kroger hereunder. Kroger will notify Vendor if any review finds that Vendor owes payment to Kroger within thirty (30) days of review closeout. Vendor shall make any payment owed to Kroger in a timeframe consistent with the payment terms set forth hereunder."

Kroger reserves the right to deduct, set-off or withhold payments determined by Kroger to be due and owing by Vendor, whether determined by Kroger during any audit conducted on behalf of Kroger or otherwise. Kroger will not be responsible for any late charges, penalties or assessments in connection with the assertion of its rights to deduct, set-off or withhold such amounts.

Vendor promotional offers and allowances will be administered and implemented by Kroger pursuant to Kroger and its division's current guidelines.

For Fred Meyer store's non-food purchases including Health and Beauty Aids and Candy, a New Store Allowance deduction will be taken on all net new stores, not including remodels or replacements. The amount of the new store-opening allowance will be a percentage of the Vendor's initial inventory shipments to the store or is based on a weight average of shipments from a Fred Meyer warehouse for a period of thirty (30) days prior to and after the new store opens, whichever is applicable. Seasonal goods or first-time buys received during the first full year of operation will be deducted at the time of receipt of goods. If a Vendor does not allow a New Store Allowance, an officer or executive of the Vendor must sign a certification stating this fact prior to payback of the allowance to the Vendor.

Vendor will pay to Kroger the amounts set forth in the [Noncompliance Fee Schedule](#) for any noncompliance. The amounts set forth below are in addition to and not in lieu of Vendor's Indemnification and other obligations under its agreements with Kroger.

### NON-COMPLIANCE FEE SCHEDULE

Purchase Orders ("POs") that are late because of issues caused by Vendor, including prior to and/or during pickup, will be subject to a fee of 3% of the invoiced amount (the "ORAD Compliance Fee"). Fees will be assessed via invoice deductions.

- For "Vendor-managed loads" or loads where Vendor is responsible for hiring a carrier to bring the Products to a Kroger DC, Vendor or its designated carrier will make appointments at all applicable Kroger receiving distribution centers (DCs) within sufficient lead time to meet the Original Requested Day of Arrival (ORAD).
- For "Kroger-managed loads" or loads where Kroger is responsible for hiring a carrier to pick up the Products at a Vendor location, Vendor shall provide Kroger or its designated carrier pick-up appointments within sufficient lead time to meet ORAD. If the final pickup appointment provided by the Vendor is not within sufficient lead time to meet ORAD, Vendor will be charged the ORAD Compliance Fee.

- Vendors are expected to have product ready for pickup at the scheduled pickup appointment time. If the Vendor fails to have the product ready for pickup and the resulting POs miss ORAD, the Vendor will be charged the ORAD compliance fee.
- All applicable Vendor-driven accessorial fees (e.g., carrier detention, truck order not used) will be charged back to Vendor via invoice deductions, in addition to any ORAD Compliance Fees.

Any supplier that achieves a 93% or better “On-Time Delivery” (as defined below) percentage for the then-current 4- week period will be exempt from ORAD Compliance Fees for that period. This exemption will be assessed at the end of the current period for the prior 4-week period.

“On-Time Delivery” means that a PO is gated-in at the applicable Kroger DC on the ORAD.

Loads that arrive after midnight of the ORAD, but that are still within the Kroger distribution centers’ receiving hours for the previous day will be considered on time. The non-compliant fees program only applies to POs that are compliant with the supplier’s stated lead time.

“Case Fill Rate” is defined as the percentage of a PO that is fulfilled. Any order that is filled at less than 95% will be subject to a fee of 3% of the value of the missing items. POs that are filled at greater than 95% will not be subject to fees.

Flat Fee	Rate	Description
3% of PO value	Per PO	ORAD Compliance Fees for late Pos (i.e., gate-in after ORAD) that are found to be a result of Vendor-caused issues, including prior to and/or during pickup
3% of PO value	Per PO	On-Time Delivery Fees where Case Fill is less than 95%
<b>Fee Collection</b> Kroger will deduct the amount(s) due from any outstanding invoice. If there are monies due to Kroger that have not been deducted within sixty (60) days, Vendor must pay by check. <b>These amounts are in addition to, and not in lieu of, Vendor’s indemnification and other obligations to Kroger. Vendor agrees that all amounts set forth in this fee table are reasonable liquidated damages and do not constitute a penalty.</b>		

**KROGER NON-COMPLIANCE FEE SCHEDULE**

Fee	Rate	Description
\$100	Per PO, \$10,000 CAP	90% of POs must send Location data every 15 minutes to Kroger via One Network (Effective May 1, 2025)
\$100	Per PO, \$10,000 CAP	90% of POs must send Temperature data every 15 minutes to Kroger via One Network (Effective Nov 1, 2025)
\$200	Per Shipment	No Packing List, No BOL, NO POs on BOL, or Packing List & BOL errors
\$ 500.00	Per PO	Case Labeling Errors
\$ 500.00	Per PO	Case Pack Errors
\$500.00	Per PO	UPC not on Product, Incorrect UPC, UPC scan not legible, UPC not on file
\$ 500.00	Per PO	Not Provided or Improper Hazardous Material Labels or Shipping Papers

\$500.00	Per PO, plus handling costs	Short Dated Product or Mixed dates on a pallet
\$500.00	Per PO, plus handling costs	Shipping Overage or Wrong Product
\$500.00	Per PO, plus handling costs	Freight Shifted/Damaged or Product Overhanging over Side of Pallet
\$500.00	Per Load, plus handling costs	Pest/Odor/Hazardous Material Spill
\$ 100.00	Per pallet, plus handling costs	Damaged, Poor Quality or Incorrect Pallets
\$200.00	Per shipment	Late to a scheduled delivery appointment by more than 30 minutes (Gate-in)
\$200	Per Shipment	No Scheduled Delivery Appt
<b>Additional Fred Meyer Requirements</b>		
\$ 500.00	Per Shipment	ASN not provided, incorrect, or non-confirming/not legible GS1-128 Labels
\$ 500.00	Per Shipment Plus all extra inbound and outbound transportation costs, and any applicable Traffic Department Service charge(s)	<b>For Clackamas and Chehalis General Merchandise only-</b> GM shipped before ship window / late (shipped before ship on extra inbound and date or shipped after cancel date as specified on purchase order. or received early / late before first requested arrival date, or received after requested arrival date)
\$ 500.00		Improper Application of Hangers
\$1,000.00	Per item per division	Items discontinued without 60 days written notice
\$ 1,000.00	Plus all extra outbound transportation costs, and applicable Traffic Department service charge(s)	Late or Incorrect products for Ad Merchandise
1% of total invoice amount or \$250 (whichever is greater)	Per PO / Invoice	Should Vendor not conduct the transactions via EDI within ninety (90) days required, an additional fee will be deducted by Kroger from payment to help offset the cost of manual processing.
\$ 250.00	Plus extra freight costs	Not following Traffic Department routing instructions (collect shipments), or shipping an order Collect that was Supposed to be prepaid
<b>Fee Collection</b>		
Kroger will deduct the amount due from any outstanding invoice. If there are monies due Kroger that have not been deducted within sixty (60) days, Vendor must pay by check. <b>These amounts are in addition to, and not in lieu of, Vendor's indemnification and other obligations to Kroger. Vendor agrees that all amounts set forth in this fee schedule are reasonable liquidated damages and do not constitute a penalty.</b>		

#### STORE VISITS, MERCHANDISE DELIVERIES AND PICKUP REQUIREMENTS

Vendors will comply with the following requirements regarding store visits, deliveries, and credits unless have an exception outlined by another agreement:

#### Vendor Code of Conduct

Kroger suppliers are expected to follow the "Vendor Code of Conduct" posted in each location's DSD Receiving Station. The "Vendor Code of Conduct" defines the basic behavioral policies to be followed while servicing the location.

#### Vendor/Supplier Representative Entering and Exiting Store

All vendor representatives (Sales, Merchandising, Delivery) MUST sign in on the Vendor store log located at the Customer Information Desk or Receiving Area. Check attaché-type case at the Customer Information Desk. If there is a need to use items

in the case while in the store, the Vendor/Supplier representative may be requested to open the case for examination prior to entering and leaving the department.

All vendor representatives (Sales, Merchandising, Delivery) MUST sign out on the Vendor store log when leaving the store. Open attaché case for inspection by the person in charge when leaving the store.

### **Vendor Delivering Merchandise**

Make all deliveries and credits through designated receiving doors only. The only exceptions are pharmacy merchandise, fine jewelry, bulky garden and building materials, garden live goods, fresh kitchen, sushi, ice and processed film. Request approval of the Receiving Clerk to remove Products from the location.

Unload Products and place in designated receiving area. If load is too large to fit in designated area, the Receiving Clerk will select an alternate staging site.

Enter Products delivered into Kroger's Direct Store Delivery ("**DSD**") system. Unauthorized items will be refused.

Receiving Clerk will count all Products delivered to ensure delivery corresponds with items and quantities listed on the invoice and compare dollar totals to the invoice.

**All Product deliveries must be accompanied with an authentic invoice**, which includes an itemized list (UPC, Description, Quantity, List Cost, Allowance and Extended Cost) of the product delivered and their accurate costs. The invoice must be unique and easily identified by an invoice number with Kroger approved UPC numbers. **(Unauthorized items will not be considered for payment)**. The invoice must reflect the total amount due. Kroger stores cannot pay off alternate documents such as packing lists, statements, or bill of ladings.

All merchandise must be verified through the DSD Receiving Station (through the back door). The Vendor must invoice Kroger electronically (EDI) via ASN, DEX, or NEX. For Suppliers that deliver outside of normal receiving hours, invoices will be electronically received and closed the next day and a "ticket" will be produced and retained for the Supplier at the store for fourteen (14) days. **It is the Suppliers' responsibility to obtain this ticket as their valid proof of delivery within the fourteen-day window.**

The Supplier is responsible for checking the store "Receiving Invoice Report" for accuracy before leaving the store. Invoice discrepancies must be corrected at that time. Pricing issues (List cost and allowances) are considered out of the control of the receiving clerk. The Supplier's pricing department should contact the appropriate Kroger Category Manager for cost discrepancies. **Store personnel will not sign any invoices unless required by state law.**

The following "Exception Vendor" deliveries must provide an electronic invoice (EDI):

- Third Party Delivery Services (e.g. UPS or FedEx)
- Cross Dock Delivery
- Outside Window Exception Vendors (Off-Hours)

If product is delivered via UPS/FedEx or cross-docked through a Kroger Distribution Center, it also must be delivered through the DSD Receiving Dock (the back receiving door) and the carrier's signed deliver notification tracking document, or the DC documentation must accompany the original invoice as that is Suppliers' proof of delivery. All third party or cross dock deliveries are "**Subject to Count**": meaning:

- i. In the case of UPS/FedEx and cross dock suppliers, this documentation does not guarantee that all products on the invoice are authorized or that the product delivered is accurate to the product invoices. If product is missing, mis-picked, or not authorized, those lines on the invoice may not be paid.
- ii. In the case of outside window exception (off-hours) vendors, the same rules apply for missing, mis-picked or not authorized items.

### **Vendor Credit Policy**



Kroger requires all Suppliers to ensure item credits are given upon the day of discovery. Item credits will be credited through Kroger's backdoor receiving system by each. Item credits must not be held in the supplier's designated backstock area. Kroger associates will use dedicated racks for product determined to be credit eligible. Suppliers must also issue credit for this product upon each service day, product must not be allowed to accumulate. Kroger reserves the right to bill the Supplier for credits not issued within 7 days of discovery. A service charge/disposal fee will be applied when Kroger must scan the Supplier's credits. Kroger will dispose of the product after scanning.

#### Warehouse & DSD Supplier Billing Inquiries

Stores are not to be contacted regarding billing issues older than 28 days. Prior to 28 days stores can be contacted to resolve skipped invoices and quantity issues. They have been instructed to discard any billing discrepancies sent to the store older than 28 days.

- i. Supplier will submit all such billing inquiries to the Kroger invoice research site: Lavante. If you do not have access to Lavante, please send an email to [krogercorrespondence@prgx.com](mailto:krogercorrespondence@prgx.com)
- ii. Kroger will only research invoices from 60 – 180 days past the original invoice date. Any billing inquiries must be resolved within 180 days of the original invoice date.
- iii. Billing inquiries must have a copy of the original invoice accompanied by verified proof of delivery.

Do not submit requests before your payment terms have been met. If a Supplier continually submits requests for open receivables too early and Kroger finds that the payments have been made during the payment terms, Kroger may choose to discontinue researching invoices for these Suppliers or charge the Vendor for the unnecessary research.

## EDI TRANSACTIONS

### Use of EDI

Electronic Data Interchange (“EDI”) enables Kroger and trading partners to share information electronically. Maximizing the use of EDI is a key priority at Kroger. Cooperative efforts through the use of EDI have resulted in increased accuracy, improved timeliness, and reduced operating expenses. Kroger supports a variety of different EDI Transactions, some of which are mandated through an “**EDI Non-Compliance**” program. Information relative to available transactions sets, Kroger's requirements, and supply chain programs leveraged through EDI can be found on the Kroger EDI web site: <https://edi.kroger.com/EDIPortal/EDICompliance.html>. Each Vendor is required to comply with the EDI Technical Requirements, as set forth below.

All Vendors are expected to visit the site regularly as it is updated frequently without written communication. For new Vendors, the site provides valuable information on how to “Get Started” with Kroger. If a Vendor does not have an EDI solution, a list of recommended third party EDI providers is available on the site.

### EDI Non-Compliance Program (DC Purchase Orders)

Vendors who accept product orders that require shipment to any Kroger distribution center (“DC”) are required to receive the issued purchase order via EDI as well as to return the associated invoice via EDI. Vendors are given ninety (90) days to comply. If a Vendor does not conduct the transactions via EDI within the ninety (90) days, Kroger will assess an EDI Non-Compliance fee of 1% of total invoice amount or \$250, whichever is greater, to offset the cost of manual processing.

### Standards

Kroger utilizes the standards of ANSI X12 EDI standard. ANSI X12 covers a wide range of industries ranging from healthcare to retail and includes industry guidelines of UCS, VIC, and Motor. Kroger may change these standards from time to time.

### Transmissions

Documents are transmitted electronically to each Vendor using (1) a value-added network, or (2) directly to/from Kroger. Either party may contract with the value-added network of its choice, but thirty (30) days' notice must be given to the other party if there is a change to the chosen preferred value-added network. Each party is responsible for value-added network expenses resulting from the EDI data sent or picked up from its own mailbox.

### **Acknowledgments**

Vendor will acknowledge the receipt of transactions as facilitated through the 997 Functional Acknowledgment or alternative acknowledgment approved in writing by Kroger. Kroger will monitor these acknowledgments and take appropriate action if the expected acknowledgments have not been received within the time specified by the standard and version being used, or within twenty-four (24) hours, whichever is the shorter period.

Transactions sent to Kroger by Vendor will be acknowledged according to the guidelines for standard versions being traded. As the sender, it is Vendor's responsibility to verify that Kroger acknowledges the transmissions sent. It is Vendor's responsibility to take appropriate action if the expected acknowledgments have not been forthcoming within the time specified by the standard and version being used or twenty-four (24) hours, whichever is the shorter period.

### **Garbled Transmissions**

If any transmitted document is received in an unintelligible or garbled form, the receiving party must promptly notify the originating party in a reasonable manner.

### **Termination**

Kroger reserves the right to revoke an EDI partnership at any time and to revert to the comparable paper process exchange.

### **EDI 856 ADVANCED SHIPMENT NOTIFICATION ("ASN") TECHNICAL REQUIREMENTS**

The primary purpose of Advanced Shipment Notification (ASN) is to facilitate automated receiving at Kroger's Distribution Centers.

1. An EDI 856 ASN transaction must be generated for Kroger for every purchase order a Vendor accepts to fulfill for Kroger.
2. An EDI 856 ASN must be generated and transmitted to Kroger, no later than 1-hour after the truck leaves Vendor's facility.
3. An EDI 856 ASN must be received and processed before the shipment arrives at Kroger distribution center(s) and/or store(s).
4. An EDI 856 ASN must comply with **Transaction Data Hierarchy Requirements**.

### **EDI 856 ASN Transaction Data Hierarchy Requirements**

1. Each shipment requires a unique shipment identifier issued by the Vendor.
2. When a shipment is comprised of one or more orders, Vendor must provide 856 Ship Notice/Manifest transaction with Shipment, Order, Tare, Pack, Item data transmission hierarchy.
  - a. Shipment Level
    - i. Information pertaining to the entire shipment as it moves from origin location to a receiving location. Includes Truck, Trailer, Ship To DUNS + 4, Ship From DUNS +4
  - b. Order Level
    - i. Data related to the buyers purchase order(s) and estimated delivery date of said purchase order.
  - c. Tare Level

- i. EDI 856 standard pack structure where each pallet is labeled with a GS1-128 label. **Serial Shipping Container Code (SSCC) on the pallet is required.**
    - ii. *SSCC in the ASN must correspond to the SSCC on the products received at the dock.*
  - d. Package Level
    - i. Data related to shipping cartons, bags, etc.
    - ii. Must contain GTIN-14, Code Date (Pack Date, Best Before Date, Expiration Date, etc.), Lot Number, Quantity, Unit of Measure, Product Description
    - iii. *Package level information in the ASN must correspond to Package labels on all products received at the dock.*
  - e. Item Level
    - i. The 'lowest level' of a product, and may represent an individual item with the Pack or Batch
    - ii. Used when there is a need to identify an item with shipment information

### Key Data Elements (KDEs) Requirements

KDEs provide essential information about time and place of the event, the party reporting the event, and the identification of the product involved. In addition, KDEs include related essential information about the transformation, transportation, or depletion of a traceable product.

Below are some REQUIRED Key Data Elements (KDEs) and where they are represented in the 856 EDI transaction.

KDE	EDI Hierarchy	Segment	Position	Value Code
Carrier Name	Shipment	TD	TD05	*Transportation Name*
Standard Carrier Alpha Code (SCAC)	Shipment	TD	TD503	SCAC
Transportation Method/Type	Shipment	TD	TD504	Code specifying the method or type of transportation for the shipment
Routing	Shipment	TD	TD505	Free-form description of the routing or requested routing for shipment, or the originating carrier's identity
Trailer	Shipment	TD	TD303	Sequencing or serial part of an equipment unit's identifying number (pure numeric form for equipment number is preferred)
Ship From	Shipment	N1*SF*Ship From location name*UL*	N102	*Ship From location name*
Ship From DUNS + 4 Suffix	Shipment	*SF* DUNS + 4	N104	
Supplier	Shipment	N1*SU*Supplier Name*UL*	N102	*Supplier/Manufacturer name*
Ship To location	Shipment	N1*ST*Ship From location name*UL*	N102	*Ship To location name*
Ship To DUNS + 4 Suffix	Shipment	*ST* DUNS + 4	N104	
Transaction set purpose code	Shipment	BSN	BSN01	<u>Code Name</u>

				00 Original 01 Cancellation 05 Replace
Shipment Identification	Shipment	BSN	BSN02	ASN Number
Shipment Date	Shipment	BSN	BSN03	Ship Date (CCYYMMDD)
Shipment Time	Shipment	BSN	BSN04	Ship Time (HH:MM:SS)
Hierarchical structure code	Shipment	BSN	BSN05	Code indicating the hierarchical application structure of a transaction set that utilizes the HL segment to define the structure of the transaction set An ASN must contain hierarchy structure code as "0009". Hierarchy should be Shipment, Order, Tare, Pack, Item.
Bill of Lading Number	Shipment	REF	REF02	User "BM" qualifier in REF01
Purchase Order Number	Order	PRF	PRF01	Identifying number for Purchase Order assigned by the orderer/purchaser
Purchase Order Date	Order	PRF	PRF04	Date expressed as CCYYMMDD where CC represents the first two digits of the calendar year
Estimated Delivery Date	Order	DTM	DTM02	User "017" qualifier in DTM01
Pallet ID or Serial Shipping Container Code (SSCC)	Tare or Pallet	MAN	MAN02	User "GM" qualifier in MAN01 in the Tare hierarchy.
Global Trade Item Number (GTIN-14)	Pack	LIN	LIN03	User "UK" qualifier in LIN02 in the Pack hierarchy.
Vendor's Item Number	Pack	LIN	LIN03	In addition to "UK" qualifier, user can also add "VN" qualifier for Vendor's item number
Batch/Lot or Serial Number	Pack	LIN	LIN07	User "LT" qualifier in LIN06
Serial Number	Pack	REF	REF02	*Serial Number*
Quantity	Pack	TD1	TD102	*Quantity*
Unit of Measure (UOM)	Pack	TD1	TD101	Case
Production Date (AI 11)	Pack	DTM *405*	DTM02	*Production Date* Use "405" qualifier in DTM01 in the Pack hierarchy. [Production Date on the ASN must correspond to label barcode using Application Identifier (AI) 11.]
Packing Date (AI 13)	Pack	DTM *510*	DTM02	*Packed Date* Use "510" qualifier in DTM01 in the Pack hierarchy. [Pack Date on the ASN must correspond to label

				barcode using Application Identifier (AI) 13.]
Sell By Date (AI 16)	Pack	DTM *511*	DTM02	*Shelf Life Expiration Date* Use "511" qualifier in DTM01 in the Pack hierarchy. [Sell by Date on the ASN must correspond to label barcode using Application Identifier (AI) 16.]
Expiration Date (AI 17)	Pack	DTM *036*	DTM02	*Expiration Date* Use "036" qualifier in DTM01 in the Pack hierarchy. [Expiration Date on the ASN must correspond to label barcode using Application Identifier (AI) 17.]
Item Number	Item	LIN	LIN02, LIN04, LIN06	<u>Code Name</u> PI Purchaser's Item Code UD U.P.C./EAN Consumer Package Code (2-5-5) UK GTIN 14-digit Data Structure UP UCC - 12 VN Vendor's (Seller's) Item Number
Number of units shipped	Item	SN1	SN103	EA
Pack Size	Item	PO4	PO402	
Product Change Notice Number	Item	REF	REF02	Indicates bioengineering product

Refer to <https://edi.kroger.com/EDIPortal/EDICompliance.html> for Fred Meyer EDI requirements and additional details and requirements for Kroger EDI.

Kroger's Peyton Distribution Center does not require ASNs.

#### SUPPLY CHAIN/LOGISTICS REQUIREMENTS

##### Vendor will comply with the following logistics requirements:

<b>Case Fill Rate</b>	Orders will be subject to a Case Fill Rate metric, measured as the percentage of items on a purchase order that were filled in full. Orders that do not meet these requirements will be subject to a non-compliance fee.
<b>ORAD Compliance</b>	Purchase orders arriving after the original requested arrival date (ORAD) will be subject to a non-compliance fee.
<b>On Time Compliance</b>	Purchase orders arriving more than thirty minutes after the appointment will be subject to a non-compliance fee.
<b>Long Term Product Unavailable</b>	If product becomes unavailable (ex. ingredient or packaging issues, production problems, recalls, forecasting errors, etc.), it is critical that the supplier provides Kroger with accurate recovery information so that we can decide how best to manage the issue. If Planograms must be reset

	due to long-term product unavailability, a service charge will be assessed based on the KOMPASS Policy.
<b>Product Policy</b>	<p><b>UPC/GTIN</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> All Products sold to Kroger in consumer units for the purpose of resale must have a readable UPC or GTIN (“UPC”) barcode affixed to the Product or the Product’s “sellable” packing. The exceptions are items that have been declared exempt, such as newspapers, bulk items, produce, etc. All produce sold to Kroger must have a PLU code affixed to the Product. See your Kroger Representative for further clarification.</li> <li><input type="checkbox"/> Vendor must adhere to the GS1 US specifications for the UPC barcode for format, size, color, location, and clarity. Case barcodes must contain GTIN-14 (“Case UPC”) affixed to each case. <input type="checkbox"/> Bar codes must be clear, legible, scannable and represent the human readable numeric code located beneath the barcode.</li> <li><input type="checkbox"/> Vendor must e-mail its Kroger Representative for authorization prior to making substitutions for the Products appearing on the Kroger Purchase Order.</li> <li><input type="checkbox"/> Vendor must communicate to its Kroger Representative, in writing, all changes to current UPC numbers, as well as the addition of new numbers, no less than ninety (90) days prior to shipment of Products to Kroger.</li> <li><input type="checkbox"/> Vendor covenants that: 1) the UPC on the labels or packaging for all Products will be imprinted in an accurately scannable manner; and 2) the UPC information will be correctly assigned to the Products. For the breach of either or both covenants, Kroger will charge the Vendor in accordance with the Non-Compliance Fee Schedule.</li> <li><input type="checkbox"/> As technology changes, Vendor agrees to adhere to any additional labeling or identification standards that Kroger requires.</li> </ul>
<b>Product Requirements</b>	<p><b>Regulatory</b></p> <p>Kroger utilizes WERCSmart by Underwriters Laboratory (UL) to manage regulatory compliance requirements for all chemical-containing products, aerosols, batteries, battery-containing products, electronics, pesticides, over-the-counter pharmaceuticals, personal care products, and other potentially hazardous products. Our suppliers must carefully read the Kroger <a href="#">WERCs’ Supplier Letter</a> and register affected products, including private label products, in WERCSmart. Contact <a href="mailto:wercsinfo@kroger.com">wercsinfo@kroger.com</a> with any questions.</p>
<b>Pallet Labeling</b>	<p>Kroger utilizes GS1 US Serial Shipping Container Code (SSCC) to identify a logistic unit. A logistic unit can be any combination of units put together for transport and/or storage where the specific unit load needs to be managed throughout the supply chain. Some examples of logistics units are cases, pallets, or air cargo containers. SSCC barcode acts as a license plate number to track a shipment of logistic units through the supply chain.</p> <p><b>Data Element Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> GS1 Serial Shipping Container Code (SSCC)</li> <li><input type="checkbox"/> Supplier Name &amp; Ship From Address – DUNs &amp; 4 Suffix</li> <li><input type="checkbox"/> Ship To Name &amp; Address – Include DUNs &amp; 4 Suffix</li> <li><input type="checkbox"/> Carrier Name</li> <li><input type="checkbox"/> SCAC</li> <li><input type="checkbox"/> Expected Delivery Date</li> <li><input type="checkbox"/> Bill of Lading</li> <li><input type="checkbox"/> Purchase Order Number</li> </ul> <p><b>Physical Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> One piece of wood or slip-sheet for every load of product is required.</li> <li><input type="checkbox"/> SSCC barcode on each pallet in the shipment must correspond to the pallet contents and destination reflected in the ASN. <a href="#">GS1 US Specifications</a></li> <li><input type="checkbox"/> The label must be placed on the outside of the shrink-wrap.</li> </ul>

	<ul style="list-style-type: none"> <li><input type="checkbox"/> The label must be temperature sensitive (to prevent smearing in freezing conditions), clear, legible, and scannable</li> <li><input type="checkbox"/> Each homogeneous pallet should have at least one barcode. It is recommended, however, that a pallet should contain an additional identical SSCC barcode on the adjacent side. This is especially helpful when the pallet is turned sideways in the truck or on the rack in the warehouse.</li> <li><input type="checkbox"/> Each layer of a mixed pallet or heterogeneous pallet is considered to be an independent logistic unit. Therefore, each layer of the heterogeneous pallet must be identified with its own SSCC label.</li> <li><input type="checkbox"/> The SSCC should appear on the upper right half side of the pallet. Labels with barcodes should appear on the side of the pallet, 16-32 inches from the base of the pallet and at least 2 inches from vertical edge.</li> </ul>
<p><b>Case Labeling for Groceries</b></p>	<p>Minimum requirements for case labeling may differ, depending on the following factors:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Product category</li> <li><input type="checkbox"/> Sourcing (domestic vs. import)</li> <li><input type="checkbox"/> Facility shipped to</li> <li><input type="checkbox"/> Usage of carton level GS1-128 label with approved ASN transaction data hierarchy printing must be legible, and easily visible in a warehouse environment (at least 4 feet from the product). Preprinted or pressure sensitive labels may be used in lieu of direct ink application. Position case labels so they are visible from the outside of the finished pallet. Any applied label must meet content, positioning, and legibility requirements set forth in this standard.</li> </ul> <p><b>Case label for groceries must include the following data elements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Global Trade Item Number or GTIN-14</li> <li><input type="checkbox"/> Code Date (Pack Date, Best Before Date, Expiration Date, etc.)</li> <li><input type="checkbox"/> Lot/Batch or Serial Number</li> <li><input type="checkbox"/> Product Name &amp; Description</li> <li><input type="checkbox"/> Supplier Name and Address</li> <li><input type="checkbox"/> Pack Count and Size</li> <li><input type="checkbox"/> Voice Pick Code</li> <li><input type="checkbox"/> Country of Origin or Entry Number, if product is imported</li> <li><input type="checkbox"/> Item Level UPC barcode</li> </ul> <p><b>Note:</b> Code date may vary depending on commodity (production date or pick date, pack date, best before date, sell by date, expiration date, etc.)</p>
<p><b>Case Labeling for Pharmaceuticals</b></p>	<p>All cases must contain homogenous products (same item with same NDC, batch/lot number, and expiration date).</p> <p><b>Data Element Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Manufacturer Name and Address</li> <li><input type="checkbox"/> Global Trade Item or GTIN-14</li> <li><input type="checkbox"/> Product Name &amp; Description</li> <li><input type="checkbox"/> National Drug Code (NDC)</li> <li><input type="checkbox"/> Serial Number</li> <li><input type="checkbox"/> Lot Number</li> <li><input type="checkbox"/> Expiration Date</li> </ul> <p><b>Physical Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> GS1 2D data matrix barcode label</li> </ul>

<p><b>Case Labeling for Produce</b></p>	<p><input type="checkbox"/> Each case should at minimum have one 2D data matrix barcode label</p> <p>Minimum case-level traceability is best satisfied by a combination of the GTIN and a batch/lot number. Additional case information may be exchanged between trading partners. The list below provides a summary of machine readable and human readable traceability attributes. For more information on produce labeling requirements, see <a href="http://www.producetraceability.org">www.producetraceability.org</a>.</p> <p><b>Data Element Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Supplier Company Name</li> <li><input type="checkbox"/> Produce Name, Variety, Size, Count</li> <li><input type="checkbox"/> Global Trade Item or GTIN-14</li> <li><input type="checkbox"/> Batch/Lot Number</li> <li><input type="checkbox"/> Voice Pick Code</li> <li><input type="checkbox"/> Pack Date or Best Before Date</li> <li><input type="checkbox"/> Country of Origin or Entry Number if Product is imported</li> </ul> <p><b>Physical Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> GS1-128 barcode label, encoding GTIN-14, Pack Date or Best Before Date, Batch/Lot No.</li> <li><input type="checkbox"/> Each case should at minimum have one GS1-128 barcode label</li> </ul>
<p><b>Case Labeling for Meat, Poultry, and Seafood</b></p>	<p><b>Data Element Requirements</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Supplier Company Name</li> <li><input type="checkbox"/> Supplier Product Number/Item Reference</li> <li><input type="checkbox"/> Case level Product Description</li> <li><input type="checkbox"/> Global Trade Item or GTIN-14</li> <li><input type="checkbox"/> Batch/Lot Number</li> <li><input type="checkbox"/> Serialized Case Code</li> <li><input type="checkbox"/> Various Date(s) – Production, Packing, Sell By, or Expiration</li> <li><input type="checkbox"/> Net Weight</li> <li><input type="checkbox"/> Country of Origin</li> <li><input type="checkbox"/> USDA Establishment number (as required for products traded in the US)</li> </ul> <p><b>Physical Requirements:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> GS1-128 barcode label, encoding GTIN-14,</li> <li><input type="checkbox"/> Each case should at minimum have one GS1-128 barcode label</li> </ul>



**Case Labeling for General Merchandise and Apparel**

The following case labeling is required unless a GSI-128 carton label meeting Kroger specifications is used with an approved ASN transmission. Label cases legibly, as required, to include the following information:

- Kroger name, address and Kroger Purchase Order number.
- Vendor name and invoice number.
- Vendor style/stock number (list all styles in mixed cases).
- Case-pack information by style, size breakdown, color, quantity, and lot code.
- For Soft goods Products, mark the carton number and the total number of cartons on each carton in multiple carton shipments. (For example: 1 of 26, 2 of 26, etc.).

**Note:** If Products are one full pallet of the same item (all the same SKU), only one case label per pallet is required, unless shipping to the Chehalis Retail Service Center. Label hazardous substances in compliance with the Federal Hazardous Substance Labeling Act and transportation method; I.D.T.A., DOT CRF-49, I.M.D.G. as may apply. Vendors shipping Product to other Distribution Centers should contact their Kroger representative for the appropriate case labeling requirements for that DC.

**KROGER IMPORTED VENDORS**

For products imported by Kroger please see specific information in the Import Shipping Manual, located on-line at <https://www.thekrogerco.com/vendors-suppliers/import-vendors/>

**DOMESTIC VENDORS**

Shipping to Fred Meyer Retail Service Center, Chehalis, WA:

“Conveyable, store-ready cartons”

Minimum: 3” H x 6” W x 9” L, at least 2 lb

Do not mix SKU’s in cartons without following EDI 856 transaction hierarchy requirements.

Carton labels must be placed on the long side of the carton, ensuring that the barcode does not wrap around a corner or cross any seams.

With approved carton level ASN transaction hierarchy/GS1-128 label

- Packed and marked for stores
- Full case marked for DC

**Note:** Only purchase orders transmitted with SDQ segments indicate ASN and GS1-128 approval. Email [EDIBIZ@fredmeyer.com](mailto:EDIBIZ@fredmeyer.com) for testing and approval of ASNs and GS1-128 labels. Mapping, program descriptions and GS1-128 label specs at <https://edi.kroger.com> (EDI Requirements & Guidelines, Fred Meyer Group)

Without approved carton level ASN transaction hierarchy/GS1-128 Basic carton marks:

- Ship to name and address
- Kroger Purchase Order number
- Vendor name and invoice number
- Vendor style/stock number
- Case-pack information by style, size breakdown, color, quantity and lot code.
- Mark the carton number and the total number of cartons on each carton in multiple carton shipments. (For example: 1 of 26, 2 of 26, etc.)
- UPC/GTIN or Fred Meyer SKU Barcode (from the EDI PO)
  - Barcodes must be at least 2cm tall and 4cm across

- Encode in either UPC-A, Interleaved 2 of 5, Code 128, or UCC/EAN 128
- Barcodes must be unobscured, and printed clearly enough to scan consistently

For approval and information, please email [EDIBIZ@fredmeyer.com](mailto:EDIBIZ@fredmeyer.com)

Non-conveyable goods, master packs with non-conveyable inner packs, includes Product shipping to 226 or 234 Maurin Road addresses:

- All inner packs must have scannable UPC/GTIN or SKU barcode
- Ship-to name and address
- Kroger Purchase Order number
- Vendor name and invoice number
- Vendor name and Product description
  - Vendor stock/style number (DO NOT mix SKUs in the case)
  - Product description, size breakdown, color, quantity, and lot code, as applicable
- Carton Count – include carton number as a function of the total cartons shipped against the Purchase Order. (For example: 1 of 26, 2 of 26, etc.)
- Label hazardous substances in compliance with the Federal Hazardous Substance Labeling Act and transportation method; I.D.T.A., DOT CRF-49, I.M.D.G. as may apply.

Shipping to Fred Meyer Clackamas General Merchandise Distribution Center Basic Carton Marks:

- Ship to name and address
- Kroger Purchase Order number
- Vendor name and invoice number
- Vendor style/stock number (list all styles in mixed cases)
- All inner packs must have scannable UPC/GTIN or SKU barcode.
- Case-pack information by style, size breakdown, color, quantity, and lot code.
- Mark the carton number and the total number of cartons on each carton in multiple carton shipments. (For example: 1 of 26, 2 of 26, etc.)
- Case UPC/GTIN Barcode
  - Barcodes must be at least 2cm tall and 4cm across
  - Barcodes must be unobscured, and printed clearly enough to scan consistently
- Label hazardous substances in compliance with the Federal Hazardous Substance Labeling Act and transportation method; I.D.T.A., DOT CRF-49, I.M.D.G. as may apply.

**Note:** If Products are one full pallet of the same item (all the same SKU) only one case label per pallet is required.

**Note:** FedEx or UPS shipments must include either a packing slip for the contents of each package or an approved GSI-128 label on each package, along with the EDI transmission of an approved **ASN**.

Shipping to Fred Meyer Store Locations

**Basic Carton Marks:**

- Kroger/Fred Meyer ship-to name, address, and store number
- Vendor ship-from name and address
- Kroger/Fred Meyer Purchase Order number
- Vendor Invoice Number

	<ul style="list-style-type: none"> <li><input type="checkbox"/> Vendor style/stock number (list all styles in mixed cases)</li> <li><input type="checkbox"/> Case-pack information by style, size breakdown, color, quantity, and lot code as applicable.</li> <li><input type="checkbox"/> Any relevant special handling instructions (code dates, temperature requirements, hazardous materials warnings, etc.)</li> </ul> <p><u>Shipping to all other General Merchandise Distribution Centers</u></p> <p><b>Basic Carton Marks:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Case UPC or GTIN Barcode. The barcode must be scan-readable according to GS1 standards.</li> <li><input type="checkbox"/> Product GTIN number in human readable format</li> <li><input type="checkbox"/> Ship-to name and address</li> <li><input type="checkbox"/> Kroger Purchase Order number</li> <li><input type="checkbox"/> Vendor name and Product description <ul style="list-style-type: none"> <li>• Vendor stock/style number (list all styles in mixed cases)</li> <li>• Product description, size breakdown, color, quantity, and lot code, as applicable</li> </ul> </li> <li><input type="checkbox"/> Label hazardous substances in compliance with the Federal Hazardous Substance Labeling Act and transportation method; I.D.T.A., DOT CRF-49, I.M.D.G. as may apply.</li> </ul>
<p><b>Product Preparation</b></p>	<p>Vendor must prepare Products for shipment as specified by the Kroger Purchase Order instructions, I.D.T.A., DOT CRF-49, I.M.D.G. requirements, and in accordance with the Terms and Conditions of the National Motor Freight Classification as it pertains to specifications for packages and the rules portion of the tariff.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Apply tickets to product in accordance with the Kroger Purchase Order, including any specific ticketing provisions and cost thereof: <ul style="list-style-type: none"> <li>▪ Print the correct information on the ticket (e.g., price, SKU, Class, UPC).</li> <li>▪ Place ticket on the correct Products.</li> <li>▪ Place ticket in the correct location on the Products.</li> </ul> </li> <li><input type="checkbox"/> Apply hangers as specified by the Kroger Purchase Order, per the Hanger Requirements information found at <a href="https://www.thekrogerco.com/vendors-suppliers/general-merchandise-document-library/">Kroger</a> General Merchandise Document Library at <a href="https://www.thekrogerco.com/vendors-suppliers/general-merchandise-document-library/">https://www.thekrogerco.com/vendors-suppliers/general-merchandise-document-library/</a>: <ul style="list-style-type: none"> <li>▪ Proper color.</li> <li>▪ Proper size and type.</li> <li>▪ Size indicator properly applied.</li> </ul> </li> <li><input type="checkbox"/> Custom pre-pack and package Products as specified by the purchase order: <ul style="list-style-type: none"> <li>▪ Case quantity and inner pack quantity as specified.</li> <li>▪ Correct number of units.</li> <li>▪ Pre-assorted as specified.</li> <li>▪ Do not ship partial cases.</li> </ul> </li> <li><input type="checkbox"/> A/B packed SKUs should be submitted for item setup as separate items. <ul style="list-style-type: none"> <li>▪ For exceptions, contact your Kroger representative for packing and labeling requirements specific to the ship-to facility and product</li> </ul> </li> </ul>

<p><b>Packing Lists</b></p>	<p>Vendors are required to prepare packing lists as specified below:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Prepare a packing list for each Kroger Purchase Order to include the Kroger Purchase Order number, Vendor style/stock number, UPC, quantity ordered, quantity shipped, and customer address. <ul style="list-style-type: none"> <li><b>Note:</b> Softgoods Products packing lists must also include the UPC/SKU number, color, size, and the total quantity shipped by style.</li> </ul> </li> <li><input type="checkbox"/> Clearly indicate which carton contains the packing list. <ul style="list-style-type: none"> <li><b>Note:</b> If agreed upon, prepare individual store packing lists and a consolidated packing list when shipment is specified for multiple stores. Attach paperwork to the lead carton.</li> </ul> </li> <li><input type="checkbox"/> Indicate the quantity and cost of pallets if Products are delivered on pallets for which Kroger will be charged.</li> </ul>
<p><b>Code Date Guidelines</b></p>	<p>Minimum shelf life and Code Date requirements are required for all Grocery, HBC/Natural Foods, packaged Produce, packaged Deli/Bakery and packaged Meat/Seafood products entering our Distribution Centers. Minimum and maximum shelf life is required on all New Item forms. Code Date Requirements are shown below:</p> <p><b><u>The Code Date (item and case) guidelines for all products &amp; net weight items include:</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Type of Code Date <ul style="list-style-type: none"> <li>▪ Open date (Production/Harvest, Packing, Sell by, Best Before, Expiration, Use By)</li> </ul> </li> <li><input type="checkbox"/> Location <ul style="list-style-type: none"> <li>▪ Perishable items (&lt;60 days) should have the code date printed on the Primary Display Panel (ideally top right quadrant) depending upon space.</li> <li>▪ Code Date for non-perishable items should be printed on an easily viewable location (consistent with category norms)</li> </ul> </li> <li><input type="checkbox"/> Text <ul style="list-style-type: none"> <li>▪ <b><u>EASILY</u> readable</b></li> <li>▪ Same size as panel text (package graphics) depending upon packaging and label limitations</li> <li>▪ Minimum of 12-point font depending upon packaging and label limitations</li> <li>▪ Contrast between text color; background must be legible</li> <li>▪ Case Pack printing must be legible, and easily visible in a warehouse environment (at least 4 feet from the product)</li> </ul> </li> <li><input type="checkbox"/> Shelf Ready Packaging <ul style="list-style-type: none"> <li>▪ Code Date on the front of the package and on the product</li> </ul> </li> <li><input type="checkbox"/> Multi-use Items <ul style="list-style-type: none"> <li>▪ Code Date should not be printed on packaging that is removed when the product is opened (lid or tear strip). Code Date should be printed on the inner packs and consumer units</li> </ul> </li> <li><input type="checkbox"/> Single-use Items (i.e. single serve yogurt) <ul style="list-style-type: none"> <li>▪ Code Date on lid is acceptable placement</li> </ul> </li> </ul>
<p><b>Product Packaging</b></p>	<p>Vendor will comply with all reasonable ergonomic requirements established by Kroger and provided to Vendor, including but not limited to those pertaining to packaging weights, carton dimensions and handhold requirements. Vendor will utilize secure clamshell packaging to better protect high theft Products if requested by Kroger.</p>

<p><b>Case Packaging</b></p>	<p>Kroger uses advanced automated technology systems where pallets are received and inducted into the system in a uniform manner. Subsequently, each case flows through the same standardized processes throughout the system. The system’s output is a mixed SKU pallet, ready for delivery to retail stores. Both pallets of Products and case units supplied by Vendor must be able to flow through this system without causing any errors or interruptions to the system process. If errors occur routinely with specific SKUs, packaging or pallet configuration changes may need to be made by Vendor.</p> <p>Vendor must comply with the pallet, case and slip-sheet/tie-sheet specifications established by Kroger for Products handled by its Case Handling Automation System. A copy of these specifications can be found at <a href="https://www.thekrogerco.com/vendors-suppliers/document-library/">https://www.thekrogerco.com/vendors-suppliers/document-library/</a></p>
<p><b>Display Guidelines</b></p>	<p>Vendor must comply with the Kroger Display Guide parameters, a copy of the Kroger Display Guide can be found at <a href="https://www.thekrogerco.com/vendors-suppliers/document-library/">https://www.thekrogerco.com/vendors-suppliers/document-library/</a></p>
<p><b>Routing and Shipping Instructions</b></p>	<p>A Bill of Lading must be provided with each load. Vendor will list all Kroger Purchase Order numbers on the Bill of Lading. (This service may be performed by the carrier on the freight bill.)</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Mark all cartons and Bills of Lading with <i>complete</i> shipping address. Pack, mark and describe shipment on Bill of Lading in accordance with the National Motor Freight classifications, including I.D.T.A., DOT CRF-49, I.M.D.G.</li> <li><input type="checkbox"/> Call Kroger’s Logistics Department for correct routing instructions on FOB origin shipments when the shipping point will be other than that shown on the Kroger Purchase Order. Any excess charges due to Vendor’s failure to do so will be charged to Vendor.</li> <li><input type="checkbox"/> Provide Kroger with a contact name, address, and phone number, for each of Vendor’s ship points, to receive updates to standard routing instructions.</li> <li><input type="checkbox"/> Follow the Kroger Logistics Department standard routing instructions for all collect shipments. <ul style="list-style-type: none"> <li>▪ Kroger routing instructions: <a href="http://www.thekrogerco.com/vendors-suppliers/document-library">http://www.thekrogerco.com/vendors-suppliers/document-library</a></li> <li>▪ Fred Meyer routing instructions: <a href="http://www.fmroutinginstructions.com/general.htm?">http://www.fmroutinginstructions.com/general.htm?</a></li> </ul> </li> <li><input type="checkbox"/> Ship Products according to the date(s) specified on the Purchase Order. Prepaid orders are expected to arrive on the ship-to-arrive date and collect orders must be delivered to our nominated carrier between the Requested Ship and Cancel After dates specified on the Purchase Order. Products shipped to arrive after the Arrival Date or shipped after the cancel date (without written prior-approval by the Kroger Representative) are considered non-compliant and are subject to a non-compliance base fee charge. Products shipped to Peyton that arrive before the “due on” date are also non-compliant and subject to the non-compliance fee.</li> <li><input type="checkbox"/> Ship Kroger Purchase Orders complete in one departure – backorders are not allowed unless the Kroger Representative gives prior written approval. Failure to do so will result in a chargeback for shipping costs associated with a backorder.</li> <li><input type="checkbox"/> Ship pre-approved backorders prepaid, FOB our dock at FOB Vendor expense plus applicable off invoice amounts.</li> </ul> <p>Kroger covers marine insurance under its open marine policy on FOB origin shipments only. Any added costs caused by Vendor not following Kroger’s instructions will be charged to Vendor.</p>
<p><b>Appointment Scheduling &amp; Delivery</b></p>	<p>A delivery appointment is required to deliver prepaid Vendor shipments into the distribution center. Vendor name, Kroger Purchase Order number, delivery address, carrier name and pertinent load information is required for appointment and delivery. This includes number of cases, weight, number of pallets and cube, if available. Load type should be identified i.e. floor</p>

	<p>stacked, slip sheets or pallets. It is the Vendors' responsibility to schedule a delivery appointment with enough time to meet the Original Requested Arrival Date (ORAD).</p> <p>To facilitate scheduling of inbound delivery appointments, Vendor and its shippers and carriers must use One Network Enterprise's online web-based scheduling <a href="http://www.onenetwork.com">www.onenetwork.com</a>. Delivery appointments can be scheduled offline at a Kroger scheduling center. Kroger reserves the right to impose a fee for any manual scheduling. The facility in Chehalis, WA and the General Merchandise facility in Clackamas, OR are currently unable to use One Network; appointments must be made by phone for these locations. Fees will not be imposed for these appointments. See the <a href="#">General Routing Instructions</a> for more details.</p> <p>The Auto-scheduling functionality within One Network is turned on at ONLY the two Dillon's DCs. If the inbound PO is greater than 14 pallets, your shipment number will have an Auto-scheduled appointment that must be confirmed within the One Network UI. The auto-scheduled appt must be confirmed 72 hours prior to appt time. If you do not confirm or reschedule the appt 72 hours prior, the soft appt will cancel/expire and fall off the calendar.</p> <p>Scheduling and delivery contact information can be found at: <a href="http://www.thekrogerco.com/vendors-suppliers/document-library">http://www.thekrogerco.com/vendors-suppliers/document-library</a>.</p>
<p><b>Unloading and Pallet Requirements</b></p>	<p>Unloading and Ti-hi configuration for any type of shipment (floor stacked, slip sheets, pallets) will be based on Kroger's specifications and at Vendor's expense.</p> <ul style="list-style-type: none"> <li>▪ Palletized loads must be on 48x40 4-way entry pallets.</li> <li>▪ Peyton Regional Sites require 48x40 full entry block pallets.</li> <li>▪ Kroger will not participate in pallet exchange programs or pallet bank programs. Pallets are considered part of the cost of goods.</li> <li>▪ Kroger participates in pallet pooling programs like CHEP.</li> <li>▪ If Products are not shipped on a pool pallet, like CHEP, then ONLY- #1 Grade A quality pallets will be accepted.</li> <li>▪ Vendor is responsible for ensuring that imported wooden pallets are treated and marked in accordance with US and IPPC regulations.</li> <li>▪ Kroger reserves the right to refuse Products shipped on pallets that do not meet minimum standards of quality, safety or sanitation.</li> <li>▪ Kroger may require Products to be converted to acceptable pallets at the Vendor's or carrier's expense.</li> </ul>
<p><b>Customer Pickup Fuel Allowance Policy</b></p>	<p>Kroger requires all Vendors to provide a 'fair and equitable' market-based Customer Pickup ("CPU") diesel fuel allowance on all Kroger managed shipments of Products. This allowance should be applied to each individual Kroger Purchase Order invoice. In the event Vendor is unable to reflect applicable fuel surcharge either as an additional line item or as part of the agreed upon customer pick-up allowance on the individual Kroger Purchase Order Invoice, the total allowance amount will be based on the U.S. Government's weekly Department of Energy's ("DOE") National Diesel Fuel Index. Calculation logic is as follows:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Miles are calculated between origin and delivery location zip codes using PC Miler.</li> <li><input type="checkbox"/> The Kroger Purchase Order pickup date will be cross-referenced to the U.S. Government's D.O.E. Weekly National Diesel Fuel Index to pinpoint the price of diesel fuel for each individual backhaul shipment.</li> </ul> <p style="text-align: center;"><a href="http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report.asp">http://tonto.eia.doe.gov/oog/info/wohdp/diesel_detail_report.asp</a></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The D.O.E. Weekly Diesel Fuel Index price per gallon is then cross referenced to Kroger's CPU Fuel Index Scale to determine the weekly fuel subsidy per mile.</li> </ul>

	<p><input type="checkbox"/> Kroger’s DOE fuel index scale’s “neutral zone” is \$1.15--\$1.1999. Every +/- \$.05 change in the National DOE Index will equate to +/- \$.01/mile vendor fuel allowance per backhaul shipment. Kroger’s scale is uncapped.</p> <p><input type="checkbox"/> The Kroger Fuel Index Scale will be multiplied by each Kroger Purchase Order’s total mileage to determine total \$\$ subsidy applied to each Kroger Purchase Order invoice.</p>
<b>Returns</b>	Shipping terms for returned Products are FOB Kroger’s designated location, freight collect.
<b>Salvage Terms</b>	<p>Vendor must sign and return a Reclamation Agreement to its Kroger Representative. Vendor must update this agreement when major line changes occur, but no less than annually. Current agreements will remain in effect until changed in writing. Vendor will comply with the terms of the <a href="#">Kroger’s Reclamation Policy</a>.</p> <p>In addition, Fred Meyer stores will conduct a bi-annual Reclamation True-up for non-food products including HBC. This process will compare the Vendor’s actual product processed through the Fred Meyer Reclamation Center compared to the monies collected from the Vendor as a Reclamation Allowance. If the Vendor’s Reclamation Allowance is less than the product processed through Fred Meyer’s Reclamation Center, then Fred Meyer is entitled to claim the variance, via an Accounts Receivable invoice or a deduction.</p>
<b>Fulfillment Center (“FC”) Requirements</b>	<p>FCs receive direct deliveries under the same standard as brick and mortar stores and are not subject to additional less than truckload shipping fees (“LTL”), split load fees, or similar charges.</p> <p><input type="checkbox"/> <b>Arrival:</b> Driver granted access through the guard shack</p> <p><input type="checkbox"/> <b>Assigned Dock Door:</b> Driver is directed to a dock door either through the phone at the shack or by a guard with radio to inbound office</p> <ul style="list-style-type: none"> <li>• At some sites, Driver must stop in staging area, then walk into inbound office for assignment</li> </ul> <p><b>Note:</b> If the Driver does not arrive within their 2-hour scheduled delivery, unload time will be delayed until a dock door is available.</p> <p><input type="checkbox"/> <b>Paperwork Sent to Inbound Office:</b> Driver brings BOL to Inbound Office. Proof of delivery is NOT signed</p> <ul style="list-style-type: none"> <li>• Paperwork MUST include a full list of all POs contained in current delivery, not a past or future delivery</li> </ul> <p><input type="checkbox"/> <b>Delivery Unloaded:</b> Inbound office gives signal to operations team to unload trailer. All pallets are brought to staging lanes and are pre-received (all pallets assigned a FC LPN)</p> <p><input type="checkbox"/> <b>Pallet Verification:</b> Driver and receiving team (tipper) both verify pallet count, matching total pallet count on paperwork to physical pallet count on the dock</p> <ul style="list-style-type: none"> <li>• Any pallets from BOL that are NOT physically delivered are removed from BOL</li> <li>• Any pallets physically delivered that are NOT on BOL are reloaded onto the trailer and returned</li> </ul> <p><input type="checkbox"/> <b>BOL Signed / Driver Release:</b> After pallet verification, Driver returns to the Inbound Office to pick up signed BOL, and is released from the dock. Only Inbound Office personnel can sign BOL.</p> <p><input type="checkbox"/> <b>Receiving:</b> Line-level quantities are logged, and all payments are subject to count at decant</p> <ul style="list-style-type: none"> <li>• <i>Authorization required to destroy damaged or short-dated product during decant. Damaged or short-dated product will not be included in payment, but option is available to hold product for the Vendor to pick up at next delivery</i></li> </ul>
<b>Location/Temperature Data Requirements</b>	a. Starting May 1, 2025, Kroger will charge fees for a lack of compliance in sending location data.

	<ul style="list-style-type: none"> <li>b. Starting November 1, 2025, Kroger will charge fees for a lack of compliance in sending temperature data.</li> <li>c. In-Scope: <ul style="list-style-type: none"> <li>i. Any Kroger or Vendor managed PO tendered through One Network or Itrade, that exceeds 10,000 lbs or 750 cube, must send location &amp; temperature data every 15 minutes to One Network.</li> </ul> </li> <li>d. Out-of-Scope: <ul style="list-style-type: none"> <li>i. All- Direct Store Deliveries &amp; Small Parcel</li> <li>ii. All produce/floral and meat suppliers are not required to send <u>temperature</u> data due to the DeltaTrak project. They are still required to send location data.</li> <li>iii. Ambient loads are not required to send temperature data.</li> </ul> </li> </ul>
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**KROGER BILLING POLICY FOR RECALLS AND WITHDRAWALS**

In the event of any and all Product recalls that are either (i) agreed upon between Vendor and Kroger, or (ii) that are required (either by law or in the commercially reasonable judgment of Kroger) because Kroger has reason to believe the Products are defective, dangerous, incomplete, infringe upon intellectual pr. Any exceptions to this policy must be in writing and signed by the Kroger Representative prior to the return.

NOTE: The handling fee is in addition to, and does not alter in any way, any other fees suppliers may incur in connection with a product withdrawal, recall or disposal in the event required by law.

Kroger will charge the amounts listed below to Vendors of recalled or withdrawn Products (1) when Product is removed from sale, returned for refund, or used in the preparation of other products, or (2) where use of the Product may have resulted in potential contamination of other Products on display:

Delivered Cost of Products	Cost of Products will be billed using the most recent FCB cost, multiplied by the number of retail units submitted through the Quick Recall application. Products used in additional in-store preparations will be billed at the finished product cost. Product costs for cases pulled from Distribution Centers will be billed separately by each DC.
Administrative Cost	<p><u>Divisions</u> Administrative costs will be based on the number of stores included in the recall multiplied by 20% of the average hourly pay rate plus fringes established by each Kroger Division. Class I recalls are calculated using a 30% rate to reflect the more intense follow-up required for those recalls.</p> <p><u>Distribution Centers</u> Class I Recall - \$500 per recall Class II Recall - \$300 per recall Class III/Recalls/Withdrawals - \$200 per recall/withdrawal</p> <p><u>General Office Administrative Costs</u> In addition, any General Office administrative costs associated with IVR and register tape messaging will be billed to Vendor on a cost per occasion basis.</p>
Store Handling Cost	Store labor costs will be based on the time each store spends on the recall/withdrawal (one hour minimum) multiplied by the average hourly pay rate plus fringes established by each Kroger Division. Time includes receiving the recall/withdrawal, checking shelves, back stock, markdowns, online orders waiting for pickup or delivery, incoming shipments, posting signs, notifying front desk personnel, responding to the recall/withdrawal through the application, scanning out product to adjust inventory, etc.



Warehouse Handling Cost	Use average warehouse rate, including fringes, multiplied by the total number of hours involved.
Shipping Cost to Stores	If Kroger Division is requested to return products, use cents per cwt. cost for shipping that product category times cwt. shipped to and from stores.
Actual Freight for Products Returned	Charge the actual freight cost for the products returned to Vendor, if Kroger has to arrange.
Disposal Cost	Charge any identifiable disposal costs.
Special Handling Cost	Charge any identifiable special handling costs.
Customer Refunds	Charge any customer refunds for returned Products.
Hazmat Fee	If Vendor fails to pick up recalled Product, Kroger will charge a Hazmat Fee of \$3.00 per item.

A record of each transaction is necessary to charge the handling and Product costs back to Vendor. Vendor must bill any replacement merchandise to the Operating Division as new merchandise. ***(Trading merchandise without a charge or credit in the store or in the warehouse is not permissible.)***

## NATIONAL RECLAMATION POLICY

It is Kroger's goal to minimize waste and the use of landfills to the greatest extent possible. To facilitate these goals, **Kroger will no longer destroy unsaleable product except in extraordinary circumstances and only when advance approval is received from Kroger.** In circumstances where Product destruction is required, Kroger will work with the Vendor to mitigate costs to Kroger and the Vendor.

### REIMBURSEMENT GUIDELINES

Reimbursements for damaged or otherwise unsaleable product will be calculated based on each item's FCB cost plus the costs incurred in handling each item as it moves through the distribution supply chain. These costs are partially dependent upon the disposition option (processing chute) chosen by the supplier. Higher costs are incurred when additional handling and storage is required at the Reclamation Center.

Costs incurred as Product moves through the supply chain include the following:

**Pre-Damage Direct Product Costs (DPC)** – Handling and storage costs that occur before damage is identified as an item moves through retail distribution. They include costs incurred at the warehouse, during transportation to the store, and at the store itself. PDC cost is calculated at 6% of the product cost.

**Post Damage Handling Costs (PDC)**—Costs incurred after damage to the item in the store and before it arrives at the Reclamation Center.

**Reclamation Center Costs (RCC)**—Costs incurred as an item is processed through the Reclamation Center. These costs are dependent upon the processing chute chosen by the supplier for the handling and disposition of its Product.

### HAZARDOUS MATERIAL COSTS

Products that are deemed to be state or federally regulated hazardous waste (as identified in Kroger's Hazardous Product Compliance System and the UL WERC Smart database) will be subject to an additional charge of up to \$3.00 per item when disposal is required. Kroger will deduct such fees monthly. Kroger will notify Vendor (via invoice) of the total number of units processed for disposal as federal or state hazardous waste and the total cost to process each item. Kroger will add this fee to the selected fees. It is intended to offset the higher cost of handling, storage,

transport, and disposal of hazardous wastes.

FEEDING AMERICA

Kroger partners with Feeding America to donate Products sent through the reclaim channel in support of our Zero Hunger/Zero Waste initiative. Vendors are encouraged to collaborate with Kroger on this important objective.

PROCESSING CHUTES

Processing Chute	Average Direct Product Cost (DPC)	Post Damage Cost (PDC)	Reclamation Center Cost (RCC)	Total Cost
Scan & Center Option	\$0.060	\$0.128	\$0.120	\$0.308
Scan & Donate	\$0.060	\$0.128	\$0.180	\$0.368
Scan & Hold For Review	\$0.060	\$0.128	\$0.250	\$0.438

NOTE:

1. Chute Option Fees are based on a product cost of \$1.00
2. If one of the last options is selected, applicable freight charges will be the responsibility of the vendor.

ATTENTION:

In the absence of either a SWELL allowance contract, or a reclaim agreement per FMI-GMA guidelines, Kroger defaults the Vendor to a billable reclaim agreement.

To request or send a completed agreement: Email: ReclamationAgreement@kroger.com. Once reviewed and approved the Kroger Reclamation system will be updated.

NATIONAL GENERAL MERCHANDISE RECLAMATION POLICY:

Kroger’s National General Merchandise Reclamation Policy serves as a default program for manufacturers who do not have a published reclamation policy and is subject to review no longer than 24 months from its contracted date. This policy supersedes any and all formal or informal agreements with respect to the disposition of unsalable items.

REIMBURSEMENT GUIDELINES

Reimbursements for damaged, customer returns, or otherwise unsalable product will be calculated based on each item’s cost plus the costs incurred in handling each item as it moves through the supply chain of distribution. These costs are partially dependent upon the agreement chosen by the supplier. Higher costs are incurred when additional handling and storage is required at the Reclamation Center.

UNALABLE AGREEMENT OPTIONS

- Automatic Disposition –

Product will be scanned, billed at full cost plus 9% handling and then released to Kroger for disposition determination.

- Hold for Automatic Return to Vendor –

Product will be scanned and billed at full cost plus 10% handling. Product will be by Vendor and held for automatic return to Vendor once invoiced by Kroger.

- Off-Invoice Disposition –

Kroger will bill vendor for full cost plus 10% handling for unsalable product that is processed over and above the agreed on

off-invoice percentage. Product will be then released to Kroger for disposition determination.

- Hold for Return to Vendor-Return Authorization from Vendor Required –

Product will be scanned, billed at full cost plus 12% handling, sorted by Vendor, and held for return to Vendor. Once invoiced by Kroger, Vendor will issue a return authorization. Kroger must receive the return authorization within 21 days of first communication. After 21 days product will be released to Kroger for disposition determination.

**NOTE: If either Hold option is selected, applicable freight charges will be the responsibility of the Vendor.** In light of our commitment to Zero Hunger Zero Waste, Suppliers that want their product destroyed should select one of the Hold for Review options above that include returning the Product to Vendor for destruction.

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#### HAZARDOUS MATERIAL COSTS

Products that are deemed to be state or federally regulated hazardous waste (as identified in Kroger’s Hazardous Product Compliance System and the UL WERCSmart database) will be subject to an additional charge of up to \$3.00 per item when disposal is required. Kroger will deduct such fees monthly. Kroger will notify Vendor (via invoice) of the total number of units processed for disposal as federal or state hazardous waste and the total cost to process each item. Kroger will add this fee to the selected fees. It is intended to offset the higher cost of handling, storage, transport, and disposal of hazardous wastes.

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#### ATTENTION:

In the absence of either a SWELL allowance contract, or a reclaim agreement per FMI-GMA guidelines, Kroger defaults the Vendor to a billable reclaim agreement.

To request or send a completed agreement: Email: ReclamationAgreement@kroger.com. Once reviewed and approved the Kroger Reclamation system will be updated.

### KOMPASS BILLING MODEL, SERVICE CHARGE BILLING MODEL AND CLOSEOUT POLICY

#### BILLING MODEL

We are committed to our Customer 1st strategy and are constantly seeking opportunities to enhance our overall value proposition to our customers. We understand that to deliver this value we must continue our pursuit for operational efficiencies that enable us to invest in areas that matter most to our customers. We believe that our merchandising execution program KOMPASS is best in class and gives us a tremendous advantage over our competition.

We believe that this model has been able to enhance our sales and profitability as we continue to find ways to put the customer first. Services included:

- Planogram Center of Excellence (PCOE)
- Store Planogram sets and maintenance
- New and remodeled store support for set teams

Kroger uses the flat rate billing model. Advantages to this model:

- Simplified billing model
- Consistent budgeting expectations
- Better supplier visibility to future spend

We will continue to plan the work that we do in stores to maximize the amount of work that we can get done consistently over time.

Harris Teeter will continue to operate and bill separately.

Based on current expectations (as of 2023), the flat billed rate will remain at an annual rate of 0.70% of COGS (Cost of Goods Sold) at Kroger. The COGS will be calculated for items that are on a Planogram. As in the past we will refresh the model twice a year to update COGS by supplier. The billings will be done a period at a time. The billing rate will be reviewed periodically and adjusted to meet the needs of our business.

## SERVICE CHARGE BILLING MODEL

Our customers are evolving in the way they obtain information about your products and shop, and our business must change with them. Today, the information about your product is almost as important as the product itself. To provide our customers and our business teams with the most accurate item information possible, we need (and must have) accurate and timely information from you. In addition to customer impact, accurate and timely information directly impacts our KOMPASS program and several other business processes. It is imperative that we receive accurate and timely information as it relates to new and discontinued items, item changes, and product availability. The following policy is intended to enhance the sharing of this information between Kroger and our suppliers:

- **Change in Declared Net Content (Weight, Count or Volume) without GTIN change:** The ability to flow through product changes are extremely compromised when an item changes declared net content without changing GTIN. We have many systems that require unique weights and measure by GTIN. When a manufacturer changes the weight or size of a product or case and does not change the GTIN, the ability for our systems to function properly is in jeopardy. A few of the systems that require accurate unique GTIN level information are POS/U-Scan, Warehousing Systems, and SATH (store item authorization). If a supplier does not change GTIN, a service charge of \$50 per store per item will be assessed.
- **Different consumer unit flavor variations should have unique GTINs as per the recommended GS1 GTIN Allocation guidelines.** Without different GTINs, it is impossible to track consumption at the point-of-sale for each variety as well as provide the correct product information to consumers when they choose to shop online. Additionally, it becomes impossible to communicate the accurate ingredient and nutritional information to shoppers without the specific variety identified. If a supplier does not use unique GTINs per the GS1 guidelines, a service charge of \$50 per store per item will be assessed.

The complete GS1 GTIN Allocation Rules can be found at the following URL: [www.gs1.org/1/gtinrules](http://www.gs1.org/1/gtinrules)

- **Inaccurate Information received from a Manufacturer/Supplier:** 25% of our Planogram errors are caused by missing or wrong item setup information. In order for Kroger systems to work properly, we must receive accurate item set-up information. If we receive inaccurate information for new or changing items, a service charge of \$50 per store per item will be assessed.
- **Warehouse Product Availability:** It is imperative that The Kroger Co. is given accurate information regarding availability of new items. It is crucial that your company supply us with firm dates regarding shipments of new items. Our KOMPASS program allows us to determine if we need to move an update, or schedule the update for a certain week within a Kroger period. In general, we ask that all new items be available to ship to our distribution facilities 14 days prior to the KOMPASS update. If you have a supplier that will not stock a new item once it has been presented, we must have that information at least 60 days prior to the KOMPASS reset period. We will assess a service charge of \$50 per item per store for any item that does not have inventory in our distribution centers after the product availability date.
- **DSD Product Availability:** It is equally imperative that The Kroger Co. is given accurate information regarding availability of new and existing items within your distributor network. If you have a distributor that will not stock a new item you have presented, we must have that information at least 60 days prior to the KOMPASS reset period. Also, assortment and item changes cannot be made 60 days prior to or after a scheduled maintenance, NII or KOMPASS update. Sixty days prior to and following KOMPASS updates is needed to update, post POG's and execute assortment changes at store level. A service charge of \$50 per item per

store serviced by that distributor will be levied for non-compliance. Likewise, if you have a distributor that decides to no longer stock an item that is currently planogrammed into our stores, we must have 60 days written notice so that we can rework planograms and post for our divisions. This notification must be outside the 120 day 'window' of any KOMPASS activity. A service charge of \$50 per store per item will be assessed for non-compliance.

- Long-Term Product Unavailability:** If product becomes unavailable (ex. ingredient or packaging issues, production problems, recalls, forecasting errors, etc.), it is critical that the supplier provides Kroger with accurate recovery information so that we can decide how best to manage the issue. In the event that Planograms have to be reset due to long-term product unavailability, a service charge of \$50 per item per store will be assessed to cover our labor expense. If the recovery information provided by the supplier is inaccurate, and therefore causes us to avoid a necessary Planogram reset, a \$50 per item per store service charge will be assessed.
- Item Changes:** It is imperative that Kroger is given timely accurate information regarding item attribute changes. If your company changes the attributes (GTIN, Case GTIN, case pack, size, dimensions, description, product images, etc.) of any item without providing 120 days notification, a service charge of \$50 per store per item will be assessed.
- Discontinued Items:** Similar to item changes if your company elects to discontinue an item and we are not provided with at least a 120 days notification, there will be a service charge of \$50 per store per item. Failure to report discontinued items within an active KOMPASS update window, a service charge of \$50 per store per item will be assessed.

#### CLOSEOUT POLICY:

The Closeout policy (and related processes) standardizes the handling of discontinued items and reduces associated operating costs (i.e. reclamation). The Closeout Policy covers three business processes. Any differences by department or source of product are called out below:

1) **Host System Maintenance (PID):** The Closeout process will systematically discontinue items from the host systems based on the delete information supplied by our Category Managers. This occurs for all items regardless of whether the item is DSD or Warehouse, with one difference. There is a limitation within our DSD system that requires the item to be discontinued after the KOMPASS reset. In other words, we delete warehouse items prior to the KOMPASS reset while the DSD item deletes are delayed until 6 weeks after the scheduled KOMPASS reset. This delay ensures store teams can process credit invoices (if needed) for DSD supplied product.

2) **Retail Reduction with Closeout Tag:** The Closeout process will systematically create retail reductions using the closeout tag (example available in the appendix). The depth of the retail reduction is determined by store by item, based on historical sell-through data and falls between 5% and 75% of the regular retail. The retail reductions typically start 5-6 weeks prior to the scheduled KOMPASS reset.

3) **Scan-Down Allowance (SDA) Promotional Contract:** The Closeout process will systematically generate an SDA contract with an allowance equal to a percentage of the average retail reduction. The actual percentage shared between Kroger and the supplier varies by department and whether the item is DSD or Warehouse. The SDA contract is effective at the start of the retail reduction period and terminates three weeks following the scheduled KOMPASS reset. As previously stated, the SDA amount is dependent on the retail reduction which will likely result in additional contracts generated to cover the additional markdown levels.

**a. Warehouse Supplier Percent of Retail Markdown (by Department):**

- i. Grocery = 50%
- ii. HBC/GM = 60%
- iii. Natural Foods = 50%

**b. DSD Supplier Percent of Retail Markdown:**

- i. All Departments = 100%
- ii. Note: Scanned Based Trading (SBT) suppliers are not exempt from this process and will be subject to the SDA markdown.

**c. Examples:**

**i. Grocery Warehouse Item:**

- 1. Current Retail = \$1.99
- 2. Calculated Markdown Rate = 40%
- 3. Retail Reduction =  $\$1.99 * 40\% = \$0.80$
- 4. Closeout Retail = \$1.19
- 5. SDA Contract = 50% of Retail Reduction \$0.80 or \$0.40 per unit

**ii. Grocery DSD Item:**

- 1. Current Retail = \$1.99
- 2. Calculated Markdown Rate = 40%
- 3. Retail Reduction =  $\$1.99 * 40\% = \$0.80$
- 4. Closeout Retail = \$1.19
- 5. SDA Contract = 100% of Retail Reduction \$0.80 or \$0.80 per unit

**iii. HBC Warehouse Item:**

- 1. Current Retail = \$1.99
- 2. Calculated Markdown Rate = 40%
- 3. Retail Reduction =  $\$1.99 * 40\% = \$0.80$
- 4. Closeout Retail = \$1.19
- 5. SDA Contract = 60% of Retail Reduction \$0.80 or \$0.48 per unit

The policy and procedures described above cover all manufacturer discontinued items, as well as any items Kroger has determined should either be: a) removed from all Divisions; b) removed from some Divisions; or c) removed from some locations within a particular Division or store segment.

Our goal is to sell down or out of all discontinued items rather than handle through reclamation(warehouse) or have them picked up at the store (DSD Note: All residual inventory must be picked up @ 100% cost credit). We want to do this in the most efficient manner as possible with minimum impact to our stores. Your support will be critical to the success of the process.

**PRODUCE SHIPPER/LOAD BEST PRACTICES**

**Goal: Reducing shortages**

A best practice to be implemented will be to have the shipping function (whoever is responsible for loading the product onto our trucks) input the actual number of cases of each product loaded, into the iTrade Network system at the actual time of loading.

Using the iTrade Network system at the time of loading will help in reducing shortages, since our receiving function defines a shortage as the difference between the quantity received and the quantity entered into the iTrade Network system at the actual time of loading.

**Goal: Temperature Tracking**

All produce, floral, and meat suppliers are required to have one DeltraTrak Temperature monitor per inbound load to Kroger DCs.

**Goal: Reducing Damaged Product**

There are two best practices to be implemented during the palletization and loading process:

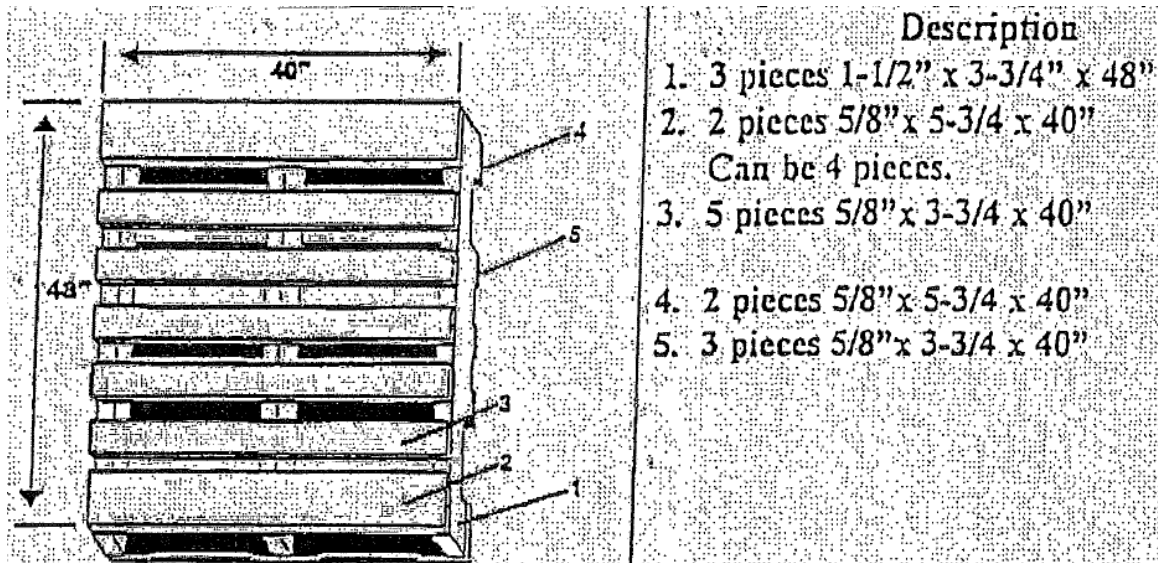
- Palletization**

"CHEP" pallets are the preferred pallets to be used on all palletized Product. If "CHEP" pallets are not available, then #1 grade-a quality pallets are required. "CHEP" pallets will help in reducing damages due to the fact that each pallet is put together based on consistent specs for the wood strength and placement of the top, bottom and stringer boards. Many times, product that is placed on a non-CHEP pallet arrives damaged due to the pallet boards breaking in transit or the space between the top boards is too great thus allowing cases of Product to fall between the boards.

**Pallet Specifications:**

1. 4-way full entry pallets, 48" X 40" parts and side of parts must be identical to descriptions in picture provided.
  - Material-Group III or Group IV hardwood clean saw
  - Grade-to be good sound material free of Knots larger than 1/3 the width of the board. Boards are to be free of serious imperfection which would result in total pallet failure.
  - Nailing-Nail item #2 and #4 to item #1 with three 8-D 2-1/2" driver screw nails well staggered at each nailing joint. Nail item #3, #5, to item #1 with two 8-D 2-1/2" driver screw nails well staggered at each nailing joint.
  - Notching-All three stringers to be notched in two places 1-1/2" deep X 9" long with a 3/4 "curved corner radius.
2. No Missing or Broken Boards on top or bottom
3. No double stringers, patched boards or metal repair plates
4. All stringers to be solid, not broken and/or have cracks visible from three sides and longer in run than one inch. Weathering cracks which are not continuous and not visible from three sides are allowable.
5. Pallets are not required to be bleached white but should be clean and odor free. Clean pallets are free of debris and satins. Discoloration due to aging is acceptable.
6. No cracks on top or bottom boards greater than 1/8" wide and 15 inches in length.
7. No exposed splinters greater than 3 inches in length.
8. No Tapered breaks with a depth of greater than 1 inch along a ten inch or more run. If at the ten- inch distance the depth is less than one inch, the pallet is good. If the one-inch depth runs the entire length of board the pallet is unacceptable.
9. Must have chamfered bottom boards.





**Loading Methods**

The "side by side" pallet loading method will be used for all commodities, except strawberries and variety berries. The side by side method is accomplished by loading each pallet on the 48" front on each side of the trailer, rather than the 40" front. Loading the product "side by side" will prevent the side to side shifting of Product thus reducing damaged cases upon arrival.

All berries will be loaded based on the "pinwheel" loading method. The pinwheel method is accomplished by loading one pallet on the 48" front and the next pallet loaded on the 40" front.

A minimum of two "ratchet" type load locks should be used to help secure the last two pallets. One Load Lock should be positioned horizontally near the top layer of Product and the other load lock should be placed approximately two feet



lower.



“Side by Side”



“Pinwheel”

## Appendix B



12/02/2024

Greetings,

Over the past ten months, Kroger has appreciated the constant communication with its carrier and vendor partners regarding the process change to receive real-time location and temperature data and the enablement of Auto-scheduling functionality. Through this letter, we hope to reiterate the importance of this change and clarify the scope.

### **Kroger & One Network Scope**

- a. **Location and Temperature Data-** Effective May 1<sup>st</sup>, 2025, Kroger will require real-time location data for all inbound deliveries to our DCs. Effective November 1<sup>st</sup>, 2025, Kroger will require real-time temperature data for all inbound deliveries to our DCs.
  - i. In-Scope:
    1. Any Kroger or Vendor managed PO tendered through One Network or I-Trade, that exceeds 10,000 lbs. or 750 cube, must send location & temperature data every 15 minutes to One Network.
  - ii. Out-of-Scope:
    1. All Direct Store Deliveries & Small Parcel
    2. Produce, floral and all meat suppliers are not required to send temperature data to One Network.
    3. Ambient loads are not required to send temperature data.
  - iii. Compliance fees will be charged for loads not providing required real-time temperature or location data.
- b. **One Network Auto-scheduling and Rescheduling:**
  - i. Since June, we have piloted Auto-scheduling at our Goddard and Hutchinson distribution centers.
  - ii. All inbound loads greater than 14 pallets will be assigned an "Auto-Scheduled" appointment time.
  - iii. If you are responsible for scheduling, you must "confirm" or "reschedule" your auto-scheduled appointment 72 hours prior to the appointment. Failure to do so will result in your appointment cancelling and the inability to deliver at the pre-assigned time. Detention will not be authorized.
  - iv. Kroger plans to roll-out Auto-Scheduling to the remaining, centralized scheduling DCs once adaption to this process change increases.

The point of contact regarding this matter is [contractssupplychain@kroger.com](mailto:contractssupplychain@kroger.com).

Thank you for your help and support.

Sincerely,

X

A handwritten signature in black ink, appearing to read "Keith Braunbach", is written over a horizontal line.

Ken Braunbach, VP, Logistics & Transportation