

# **Shaw's Supermarkets, Inc. Vendor Supply Chain Guide:**

*Original Date: Effective February 19, 2006*

*3<sup>rd</sup> Update : Effective March 6, 2011*

These instructions provide key information on our requirements for distribution and transportation to all Shaw's distribution center locations, supersede all previously issued instructions and will continue in effect until cancelled or modified in writing by Shaw's Supermarkets, Inc.

## **PRODUCT QUALITY AND PACKING REQUIREMENTS**

All packaging must meet standards set by Shaw's Supermarkets, Inc.

Packaging must conform to the freight carrier's requirements and be able to withstand the normal hazards of transportation. Claims and costs resulting from poorly packaged merchandise may be charged back to your company along with administrative expenses.

Packaging must withstand normal warehouse storage conditions. Warehouse damages and associated costs resulting from poorly packaged merchandise may be charged back to your company along with administrative expenses.

All corner boards must be 100% cardboard on any load to any Shaw's facility. Failure to follow this requirement will result in a charge back to your company for additional cost to properly dispose on non-compliant corner boards.

Any accessorial charges (i.e., detention, sort and segregate, inside delivery, after hours delivery and notification charges) derived from misrouted freight will result in a charge-back to your company for additional costs, and administrative expenses.

All shipments must be tendered to the carriers in a sorted and segregated manner and the notation "merchandise tendered in a sorted and segregated manner" must also appear in the body of the Bill of Lading.

All product purchased by Shaw's must be delivered with sufficient shelf life to allow for normal distribution and retail activities to occur in selling that product at retail. Any product delivered to Shaw's without sufficient shelf life to allow for these activities may result in refusal of the goods at Shaw's dock and a charge-back to your company for additional costs, and administrative expenses

Sanitation / condition of carrier's equipment is key to quality / condition of the delivered product. All delivering equipment and product must be free of rodent or insect infestation and general debris. Contact Shaw's Inbound Supply Chain Traffic Dept. in the event a Shaw's arranged carrier arrives for pick up with unsanitary equipment.

Perishable and frozen product must be delivered at proper temperature. Failure to meet any of these requirements could result in refusal of the freight at Shaw's dock and/or cargo claims filed against your company account for product loss, additional costs, lost sales, and administrative expenses.

## **MARKING REQUIREMENTS**

Easy identification of your items upon their arrival at Shaw's delivery location is very important to the receiving and distribution of your product. Below please find a list of the types of carton marking that enable our dock workers to expedite the receiving process. Shipping cartons must be identified with the some or all of the following information:

- \*Complete Item Description Including Pack and Size
- \*Easily Readable "Sell by Date", Use by Date, or Pack Date
- \*Case Pack
- \*UPC Code or Vendor Item Code Number
- \*Precautionary markings such as "Glass", "Fragile", "Handle with Care", etc.
- \*Net weight in pounds and open coded "*sell by*", "*use by*", or "*pack dates*" must be prominently displayed on each shipping carton

*\*Sell by date markings for open coded merchandise must be consistent on both the inside and outside of the shipping carton. Note: "Sell by Date" information must be easily readable by dock personnel, and must include the words "sell by date", "use by date", or "pack date".*

- o Your company's goal in regard to case marking should be to assure expedited item identification by Shaw's receiving personnel at the time your product arrives at our Distribution Centers.

We strongly encourage you to follow the recommendations and guidelines published in the FMI, GMA, and FPA Joint Industry Task force Guidelines report published in May 2007

**All exterior product packaging markings for product dating must be consistent with the dating on the retail selling unit.**

### **Mandatory Country of Origin labeling requirements**

The 2002 Farm Bill amended the Agricultural Marketing Act of 1946 to require SUPERVALU and its retail banners, including Shaw's, to inform our customers of the country of origin of all perishable agricultural commodities and peanuts (further amended in 2008 to include ginseng, pecans and macadamia nuts) that we sell in our stores as of September 30<sup>th</sup>, 2008, Under the current law, the country of origin statement for all covered products must be displayed at point of purchase to the consumer. The law thus requires us to provide consumers with information that may only be known to you and your suppliers. Retailers face penalties of up to \$1,000 per violation if the information is missing or inaccurate.

Accordingly, to enable us to comply with the law and to fulfill our responsibility to our customers, the purpose of these instructions is to advise our suppliers of the steps that we expect them to take in fulfillment of the law's requirements. These steps will also help you to fulfill *your* obligations under the law, which, among other things, requires any person engaged in the business of supplying a COOL covered commodity to a retailer – including producers, growers, ranchers, handlers, packers, processors, and importers – to provide the retailer with accurate country of origin information for the covered commodity. *Suppliers who fail to fulfill the law's mandate also face penalties of up to \$1,000 under the law.*

In keeping with the law's requirements, all suppliers must maintain records and a verifiable audit trail to establish the accuracy of the country of origin information that we receive for your covered commodity. These documents will be subject to the audit provisions discussed below. The supplier must maintain records and a verifiable audit trail to establish the accuracy of the country of origin information that we receive for your covered commodity. Audit results should be forwarded to COOL@supervalu.com.

In addition, we fully expect to modify our vendor agreements current and future to require that you take the following additional steps so that the products in our stores will meet the federal requirements. Unless these steps are taken or the law is changed, we will not be able to offer your products to our customers because we will not have adequate assurance of your compliance with the requirements of the law:

**Shipping Containers:** Each shipping container must clearly state the country of origin of its contents. Pallets must be stacked in a manner that allows visibility to all COOL information on each shipping unit.

**Bulk Products:** Sticker (PLU or other) all covered commodities with country of origin information that fully complies with the federal standards set forth in the statute as interpreted by USDA.

**Packaged Products:** Clearly provide on each individual package the country of origin information that fully complies with the federal standards set forth in the statute as interpreted by USDA.

**Invoicing & Bills of Lading:** Country of Origin information must be provided on all current invoices and bills of lading. The origin information must be listed by line item and contain your company's contact information, purchase order number, shipment date, and type and quantity of product supplied. The invoice must identify the complete country of origin and method of production information for each identified product.

**When shipping one item with multiple countries of Origin:** Vendor must contact the Shaw's buyer if they are shipping one item with multiple countries of origin on one order. The Shaw's buyer will then create a separate PO for each country the product originates from. This will allow us to track COOL information to retail. Failure to contact Buyer with this information will be considered a violation of our guidelines and may result in refusal of the goods at Shaw's dock and a charge-back to your company for additional costs, and administrative expenses.

**Returns:** We will require you to provide SUPERVALU with return authorization and full credit value for non-COOL compliant product on-hand at its stores or warehouses or delivered after the required compliance date of August 1, 2008.

**Segregate:** All covered commodities by country of origin throughout the production chain up to delivery to us and maintain documentation verifying the efficacy of your segregation plan.

## **SHIPPING REQUIREMENTS**

Two packing slips/ and or BOL containing an itemized list of all merchandise shipped must be included with each shipment and must include the following information:

- \*Shaw's Purchase Order Number
- \*Item Description to include Pack and Size
- \*UPC Code or Vendor Item Code
- \*Quantity Shipped by Item.
- \*Weight Sheets (Net Weight)
- \*Sell by Dates
- \*Country of Origin information must be provided on all current invoices. The origin information must be listed by line item.

The following must appear in the body of the Bill of Lading as an addition to any other information specified within the instructions found elsewhere in this guide.

- \*Shaw's Purchase Order Number
- \*Number of cartons shipped
- \*"Delivery appointment required"
- \*"Driver required to unload"
- \*Driver Name and Driver Number
- \*Carrier Name
- \*Shipper Number or Load Number
- \*Trailer Number
- \*Pick-up Date
- \*Seal Number
- \*Piece count or Pallet count (as applicable)
- \*Country of Origin information must be provided on all bills of lading. The origin information must be listed by line item.

NOTE: Failure to provide packing slips or properly prepared Bill of Lading may result in a direct charge-back to your company, to cover additional costs, and administrative expenses.

Prepaid shipments must be shipped on a prepaid/F.O.B. destination basis and will not be accepted on a collect basis. Any freight bills resulting from goods shipped under incorrect terms may result in a charge-back to your company for full freight costs, and administrative expenses.

Vendors shipping prepaid /FOB shipment must notify their carriers that all charges for the complete delivery to Shaw's are to be billed to the Vendor. WE WILL NOT ACCEPT ANY CARRIER INVOICES for charges resulting from Vendor prepaid FOB destination shipments. In the event that we receive carrier invoices directly on these types of shipments we will return the invoices to the Carrier and immediately deduct all of our administrative expenses from the Vendor.

All Shipments containing hazardous materials must comply with Department of Transportation regulations.

All shipping documents must be certified stating that the shipment is properly packed, marked and placarded. Failure to do so may result in a charge-back to your company for additional costs, and administrative expenses.

In no event shall Vendor co-mingle non hazardous and hazardous product on the same trailer.

All products must be shipped in case quantities and case pack as specified by Shaw's in the Shaw's Purchase Order. Product shipped in wrong case quantities or case pack may result in refusal of the product at our facilities and/or charge-backs to your company to cover additional costs, and administrative expenses.

Accurate case dimensions, cube, weight must be provided to Shaw's and maintained on all items ordered from your company. Failure to maintain accurate information may result in charge-backs to your company to cover additional costs, and administrative expenses.

Any product not ordered by Shaw's may be refused back to the carrier for shipment back to the shipper on a "Freight Collect" basis and/ or may result in a direct charge-back to your company to cover associated costs, and administrative expenses.

All products must be shipped according to Shaw's instructions. If instructions are to ship palletized, then products must be shipped on either CHEP, PECO, iGPS rental pallets or one-way pallets meeting our current pallet specifications (GMA Grade A, 4-way, 48"x40"). See: SUPERVALU GMA Grade A Pallet Specifications. Shaw's does not participate in any pallet exchange programs at our Distribution Centers.

Pallets must be shrink –wrapped, with no product overhanging on any side of the pallet. Shaw's does not accept Slip-sheets in lieu of pallets for shipments at our Distribution Centers. Also, the following should be noted in the body of the bill of lading, "Carrier: Do not cut shrink-wrap, do not break down pallet".

Shaw's prefers that all products be shipped to Shaw's Ti & Hi specifications. If your company does not have Shaw's Ti & Hi specifications, it is your responsibility to obtain them from your Shaw's procurement representative.

NOTE: Freight not tendered to the carrier on either CHEP, PECO, iGPS or GMA Grade A, 4-way, 48" x 40" pallets in conformance with Shaw's instructions and pallet Ti & Hi specifications, must be segregated by the carrier onto Shaw's supplied pallets at the

shipper's expense and may result in refusal of the shipment at Shaw's dock and/or charge-backs against your company for additional costs, lost sales, and administrative expenses.

Any accessorial charges (i.e., detention, sort and segregate) derived from vendors shipping unpalletized or incorrectly palletized freight may result in a charge-back to your company for full charges, and administrative expenses.

Whenever possible Shaw's will purchase product in full pallet or tier quantities.

Each item shipped to Shaw's must be shipped on its own pallet unless separated by layer using slip-sheets or pallets. Where possible product (single items) should not be "mixed" throughout the trailer, but should be loaded together in order to simplify the receiving process. Failure to adhere to the above rule may result in the goods being refused at Shaw's dock and/or a charge-back against your company for additional costs, lost sales, and administrative expenses.

When shipping multiple Purchase Orders on a single day, each purchase order must be tendered to the carrier on a separate bill of lading, and in a sorted and segregated manner. Two or more Purchase Orders cannot be mixed on one pallet and, the product must be shipped in such a way that the Purchase Orders are clearly, individually identifiable. Failure to ship to these specifications could result in refusal of the freight at Shaw's dock and/or charge-backs to your company account for additional costs, lost sales, and administrative expenses.

**Additional requirements for Vendors shipping fresh produce/floral our Distribution Centers. (Originally published and effective August 2008 now incorporated herein)**

SVU requires that all products have pulp temperatures taken by the vendor with carrier present. SVU also requires that the Vendor must record the published SVU required pulp temperatures on the BOL prior to loading. The pulp temperatures taken prior to loading must conform to the published SVU Product Specifications.

Vendor will allow driver access to verify pulp temperature prior to loading. If driver is not allowed access to verify Pulp temperature Vendor must sign, on the bill of lading that driver was not allowed to verify pulp temperature prior to loading. Subsequently, if the driver is not allowed to verify pulp temperature prior to loading and the driver maintains the transit temperature range as stated on the Bill of Lading, the vendor will be responsible for any product loss or damage.

Vendor shall inform Carrier of the Temperature Range to be maintained on the trailer at time of carrier call to set up pickup. This will allow Carrier to pre-cool trailer to required temperature ranges prior to loading.

Vendor shall pre-cool product in the event that pulp temp falls outside of the pulp temperature requirements prior to loading.

Vendor must record the Temperature Range which the truck must maintain on the BOL in accordance with the SVU Specifications. Product damage or loss resulting from incorrect temperature ranges stated on the Bill of lading will be the responsibility of the Vendor.

Temp Tale recorders are required on 100% of the refrigerated loads secured by SUPERVALU. (SVU Field Buyer or SVU DC Buyer will add the temperature recorder item number to Purchase Orders)

SUPERVALU will only remit payment for approved "Yellow Temp Tale 4" recorder.

The temperature recorder serial number must be recorded on the appropriate Bill of Lading and must be signed for by driver.

On all multiple-pick loads, the vendor at the initial pick-up is required to supply the recorder unless directed otherwise by SUPERVALU. Only one temperature recorder is required for each load.

SUPERVALU will be billed \$11.00 for each Temp Tale recorder.

Without exception, all recorders will be placed on the right hand side (Passenger Side) of trailer wall, 10' from back of trailer, and not lower than 2' from the ceiling.

Failure on the part of a vendor to provide a fully operational approved recorder will result in a \$300 deduction from their invoice and may result in non payment of invoice value for product damage or loss resulting from product quality issues.

Vendor shall identify the lot number and cases shipped per lot number on the bill of lading and provide a load diagram showing the position of each lot within the trailer.

Vendor shall allow Carrier access to the shipping location loading area if the vendor requires the carrier to sign the BOL verifying count, Temp Tale recorder, and to verify that product was properly loaded to withstand normal transportation. In the event that carrier is not allowed access to loading area at time of loading, Vendor will not require carrier to sign BOL for count, Temp Tale recorder, or for the condition of the load. Any loss or damage caused by in-transit load shifting due to improper loading will be the Vendor's responsibility.

## **WHEN TO SHIP**

Shipments should be tendered to carriers in such time as to assure arrival on the date set out in the Shaw's Purchase Order and the specific delivery time as scheduled by your carrier with Shaw's DC appointment scheduling department.

If a Shaw's assigned carrier does not pick-up a shipment at the appointed date and time, immediately contact Shaw's Inbound Supply Chain Traffic Dept. at:

508-313-3520 Inbound Dispatcher  
508-313-5219 Inbound Dispatcher  
508-313-3592 Inbound Dispatcher  
508-313-3527 Expediting Manager

**DELIVERY REQUIREMENTS**

Delivery appointments are required for all shipments.

Shipper or delivering carrier must call to confirm delivery appointments within 24 hours of receipt of the order or by 48 hours prior to order's due date. Failure to do so may result in a charge-back to your company.

Shipper is responsible to instruct carrier to schedule a delivery appointment for the arrival date set out in the Shaw's Purchase Order. Shipments not received by the Shaw's Purchase Order arrival date may result in refusal of the freight at Shaw's dock and/or charge-backs to your company account for additional costs, lost sales, and administrative expenses.

**Delivery appointment or delivery appointment changes must be made by the delivering carrier with the Scheduling Clerk at the locations listed below:**

<b><u>DC Locations:</u></b>	<b><u>Appointment Phone line:</u></b>	<b><u>Receiving hours:</u></b>
Shaw's Supermarkets, Inc. 205 Spencer Drive Wells, ME 04090	207-641-2065 (8am-3pm)	Dry: Sun-Sat 3pm-11pm Freezer: Mon-Sat 10pm- 6am
Shaw's Supermarkets, Inc. 100 Danton Drive Methuen, MA 01844	978-794-9477 (8am-4pm)	M-F 5:30am-12 Noon S-Sun 5:30am-12 Noon

Carriers arriving more than thirty minutes past their scheduled appointment time may result in charge-backs against the vendor's account.

Shippers will be held directly responsible for delivery appointments missed by any carrier on shipments where the Shipper is responsible for delivery. Carrier failure in this regard may result in charge-backs to your company for additional costs, lost sales, and administrative expenses.

Delivery appointment changes made with less than 24 hour notice may result in charge-backs to your company for additional costs, lost sales, and administrative expenses.

Vendor's carrier may choose to unload their freight themselves or to use Shaw's Unloading Service to offload delivery product, however negotiation with the unloading entity and the actual start of the unloading process must take place in such a period of time so as to not negatively impact receiving production on Shaw's dock

A schedule of each Distribution Center's Unloading rates is available on:  
**<http://portal.svharbor.com/svhpublic/content/TradingPartners>**

To arrange for Shaw's Unloading Services Vendor or Carriers should contact:

**For deliveries to Methuen, MA:**

Mark Halliday @ 1-978-681-7602, Extension 2105

**For deliveries to Wells, ME:**

George Lovejoy @ 1-207-646-9616, Extensions 87858 or 87811

Vendors whose carriers cause lost dock production in regard to delayed or lengthy product unloading may incur charge-backs associated with lost dock time, lost sales, and administrative expenses.

**Note: For Methuen Only:** Vendor Carrier Drivers are only authorized to use Hand Jacks for unloading. Powered industrial equipment is not available for use by non Shaw's personnel.

**Note: For Wells Only:** Vendor Carrier Drivers are only authorized to use Hand Jacks for unloading. Powered industrial equipment is not available for use by non Shaw's personnel.

**SCHEDULE OF VENDOR NON COMPLIANCE VIOLATIONS:**

**To review Shaw's schedule of Vendor Non Compliance Violation types and minimum dollar amounts please go to the following website:**

**<http://portal.svharbor.com/svhpublic/content/TradingPartners>**

Upon complete review of the Vendor Supply Chain Guide, please return the following Acknowledgement of receipt page, signed and dated to Shaw's Supermarkets, Inc. Attention: Vendor Compliance Management, PO Box 600, East Bridgewater, MA 02333.

You may also fax this signed acknowledgement to (508) 313-3165 to the attention of Vendor Compliance Management.

**Shaw's Supermarkets, Inc. Vendor Supply Chain Guide:  
Acknowledgement of Receipt**

Return signed copy to:

Shaw's Supermarkets, Inc.  
Attention: Vendor Compliance Management  
Post Office Box 600  
East Bridgewater, MA 02333

Or Fax to:

Shaw's Supermarkets, Inc.  
Attention: Vendor Compliance Management  
Fax Number: (508) 313-3165

Acknowledgement made this \_\_\_\_\_ day of \_\_\_\_\_,  
year \_\_\_\_\_, I \_\_\_\_\_ on  
behalf of the Vendor named below, hereby certify that I have read the Vendor  
Supply Chain Guide, Dated: \_\_\_\_\_. A copy of this policy has  
been retained for future reference.

Vendor Name:

By:

\_\_\_\_\_

\_\_\_\_\_

Title:

\_\_\_\_\_