



## Corporate Reclamation Procedure

Albertson's Corporate Reclamation procedure, as described herein, is based on the 1990 GMA/FMI "Joint Industry Report on Product Reclamation Centers." We endorse the voluntary guidelines contained in the report and have adopted, for the purpose of our day-to-day operations, the unsaleable-responsibility presumptions enunciated in the Report.

In addition, we engage in substantial efforts to reduce retailer-responsible unsaleables.

We follow the Joint Industry Report's approach of identifying the three main cost components for which a distributor of goods is entitled to fair reimbursement, over and above product cost (list price). Thus, suppliers of returned products will, in addition to the list price of returned product, be responsible for pre-damage direct costs, post-damage handling costs, and reclamation center costs.

**Pre-damage costs (DPC)** are those costs we incur from the point Albertsons receives the product to the time it reaches the store. Such costs include warehouse handling and storage, transportation to the store and shelf stocking. We will consider manufacturer supplied values, when reasonably derived. Otherwise, we incorporate a figure for each item based upon a DPP or ABC model which is currently 6% of cost.

**Post-damage handling costs (PDC)** are those expenses to remove the unsalable goods from the shelf and transport them to the reclamation facility. The average value derived by the Joint Industry Report, 12.8 cents, is utilized.

**Reclamation Center Costs (RCC)** are those actual expenses we incur to operate an unsaleables receiving/sorting/disposition facility, or to have one operated for us. We use our actual per item expense paid to the reclamation center operator during each accounting period to derive this figure. For our centers in the U.S., the average value is 12.25 cents per item.

Product Recalls and Withdrawals will be charged a flat \$0.84 per unit due to additional labor and paperwork involved.

In addition to this base reclamation center cost per item are disposition fees as follows:

|                                      |        |
|--------------------------------------|--------|
| Retailer Option                      | \$0.06 |
| Donate                               | \$0.07 |
| Dispose                              | \$0.33 |
| Sort / Hold (Subject to 30day limit) | \$0.17 |

Albertsons strongly encourages suppliers to be directly involved with examining product returned to the centers. We find that suppliers reap the greatest rewards when they inspect product first hand.

Albertsons will have no responsibility for transporting or reclamation of any product that, to Albertson's knowledge, (i) is considered a hazardous material or hazardous waste under EPA or state regulations, (ii) is considered as Hazardous by DOT (other than ORM-D Consumer Commodity or Limited Quantity) (collectively, "Hazardous Materials"), (iii) is a chemical-containing product, or, (iv) within the state of California, is a medication. For purposes hereof, a "chemical containing product" shall include any product not intended for human consumption that contains or consists of a powder, gel, paste or liquid, and includes aerosols, pesticides, products used for lawn and garden, health and beauty, or household cleaning. Albertsons will manage products that are categorized as such at store level using a third party licensed in proper handling and disposing of these products. Hazardous Materials handling will be charged a flat \$0.84 per unit. Suppliers will not have the option to reclaim this product.



Our stores, manufacturing facilities, distribution centers and offices participate in many waste reduction programs that benefit local communities and the environment. To encourage resource conservation and waste reclamation, we have recently adjusted our fee for destruction of goods to more appropriately reflect Actual costs, and have, through efficiencies, been able to lower our fee for donation of damaged goods. We encourage all suppliers to pursue similar efforts.

Payments due to Albertsons under this policy are collected, where possible, via deduction from invoices. We offer payment via draft as an option for discontinued suppliers.

While it is not practical for us to identify product for special handling, each division schedules its regular unsaleable product pick-ups. Albertsons reserves the right, in its sole discretion, to dispose of product that is not picked-up in a timely manner.

For product return notification and detailed deduction invoices, please register on our invoice site at <https://cc.safeway.com/irpi/>

If you have further questions, please contact [prc@safeway.com](mailto:prc@safeway.com)

Please complete the attached Reclamation Disposition Agreement.



## RECLAMATION DISPOSITION AGREEMENT

Please indicate the desired method of disposition for your product. Please note that this disposition and the associated cost are in addition to our current Joint Industry Report handling fees. These options are not available for Hazardous Materials. **This agreement does not apply to Direct Store Delivery (DSD) suppliers.** Suppliers or their representatives may remove product from the Reclamation Center only after cost or greater has been paid.

- |          |                                            | OPTION COST:        |
|----------|--------------------------------------------|---------------------|
| A. _____ | Disposition left up to customer            | <u>.06 per Unit</u> |
| B. _____ | Product donated to charity                 | <u>.07 per Unit</u> |
| C. _____ | Product to be destroyed                    | <u>.33 per Unit</u> |
| D. _____ | Product held and reviewed by supplier only | <u>.17 per Unit</u> |

**(Please fill out following page when selecting this disposition)**

Please indicate your choice, complete your company information, sign and return to:

**Albertsons Companies**

Attn: Todd Price - Corporate Sr. Manager PRC  
250 EAST PARKCENTER BOULEVARD,  
Boise, Idaho 83706

**SUPPLIERS NOT RESPONDING OR COMPLETING THIS FORM IN ITS ENTIRETY  
WITHIN 30 DAYS WILL AUTOMATICALLY HAVE OPTION "A" SELECTED FOR THEM.**

Name and Title of Representative (Please Print)

Signature of Representative

\_\_\_\_\_  
Company

\_\_\_\_\_  
Telephone #

\_\_\_\_\_  
Date

\_\_\_\_\_  
Vendor #

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Contact Phone Number



**Hold for Review Information / Return to Vendor Information  
Must be Completed and Sent with Disposition Form Before Hold Will Begin.  
Please Fax Along with Disposition Agreement**

Company Name

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On Site Inspection  
Information (Please print)

Return to Supplier  
Information (Please print)

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Party Conducting on Site Inspection

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Party Product to Be Returned To

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Contact Name

---

Shipping Address Street

---

Contact Phone Number

---

Shipping Address City, State, Zip

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Shipping Contact Name

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Shipping Contact Phone Number

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Special Instructions

\*Note: Albertsons Companies DOES NOT return any reclamation product to supplier or third party freight pre-paid. Return freight charges are the supplier's responsibility.



## **Albertsons Companies Reclaim Center Helpful Hints and Useful Information**

Please use the following guideline to answer any questions concerning Albertson's Reclaim Center procedures and policies.

### **Virtual Claims**

Deductions with a return ID "Scan Dump" or "HazWst" represent merchandise that is;

- A. Leaking or damaged such that it could leak, therefore making the merchandise unsuitable for transport
- B. Damaged / broken glass that poses a potential for injury to handle
- C. Perishable grocery items that were previously being managed through reclamation (virtual claim allows for department manager to manage merchandise at store level versus rinsing out the contents and shipping empty containers to Reclamation Center for processing)

Virtual Claims will accumulate and be deducted once a period.

Virtual Claim activity can be pulled from the PRC Vendor Invoice Management Site (IMS) at

<https://cc.safeway.com/irpi/>

Should you have a question regarding a virtual claim deduction, please contact: [prc@safeway.com](mailto:prc@safeway.com)

### **PRC Vendor Invoice Management Site (IMS) Reporting and Returns**

By using IMS reporting capabilities, suppliers can track return trends, break down by item level, or even division level.

### **Here are some general guidelines for interpreting IMS data:**

Reclaim Deductions: if the return policy selected on the supplier agreement indicates returns will be sent to the Reclaim Center for processing, this area is where you will see what has been processed at the reclaim center. Returns are typically due to damage, defective, expiration dating (out of code), not in set, or discontinued.

Returns are deducted against supplier at cost plus standard handling fees described in the Corporate Reclamation Procedure.

When developing a report to track return rates, compare Store Reclaim Returns against POS to determine returns as a % to Customer Sales.

### **Reclaim Center Guidelines for Suppliers that Select a disposition of "Return to Supplier":**

**Albertsons Companies DOES NOT return any reclamation product to supplier or third-party freight prepaid. Return freight charges are the supplier's responsibility.**



### **Shipment guidelines;**

- Return volumes will determine shipment intervals. Large volume returns should be shipped at full truckload- 22 to 26 pallets. Lower volume returns can be shipped at LTL quantities (12 pallets and under). Average shipment turn is every two weeks.
- Suppliers with smaller volumes and small cube product can be shipped small parcel.
- Reclaim Centers cannot hold any shipments longer than 30 days.

### **Palletizing\disposition guidelines;**

- Supplier's products will be shipped together on the same pallet.
- If a supplier wants segregation of product to be shipped to a different address or request a disposition change (donation, center option, or recycle/disposal) for a specific subset of items, while other items continue to be shipped, changes must be sent in writing via email detailing ship address or disposition chosen, including item#/UPC's to be segregated. The email can be sent to [prc@safeway.com](mailto:prc@safeway.com)
- Segregation cannot be done after product is already scanned and made ready for shipment and can only be requested for future return shipments/claims once supplier sends notification of segregation needs.
- Number of segregation requests for product that is shipped to the supplier, may be limited due to space limitations, as each segregation, requires a unique processing slot location in the Reclaim Center.

### **Temporary hold or temporary shipments of product:**

- Suppliers that choose not to have their product shipped back have the opportunity to occasionally have product temporarily held at a Reclaim Center for inspection or can have product shipped back to requested ship address for evaluation. This allows opportunity to determine root return causes and if product or packaging improvements are needed.

### **Return Authorizations:**

No return authorization given may be revoked by Supplier. Supplier waives any return authorization requirement if Supplier fails to respond within 2 business days of Company's first attempt to contact Supplier requesting authorization, or if Supplier fails to complete any requested pick-up of Returned Merchandise within 10 days of Company's first attempt to contact Supplier.

Returns held at Company's Reclaim Centers for 30 days will be disposed of at Company's discretion with no recourse for repayment of the total deduction. Any refused by supplier's receiving facility that is sent back to the return center will be liquidated.

### **Request to Update Disposition on File;**

Should Company wish to change return policy, please contact [prc@safeway.com](mailto:prc@safeway.com) to request a return policy addendum for your supplier agreement. The completed/signed document will be used to update the return policy.



**Requesting Aged Items be turned off for defective returns:**

Should a supplier wish to have Albertsons consider turning off returns (no longer selling the item, dropped item, etc.), supplier should request approval to shut off returns by emailing [prc@safeway.com](mailto:prc@safeway.com). The reclaim team will want to know some specific information in order to make an informed decision. Please provide the buyer with the following information:

- Last Activity, or Last Purchase Date
- Last 4 weeks POS sales history
- Last date you shipped us product.

**We're Here to Help!**

For additional information surrounding the topic of the Albertsons reclamation procedures please email [prc@safeway.com](mailto:prc@safeway.com)