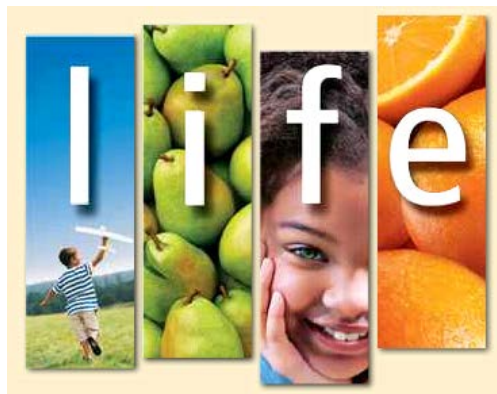


# Safeway

## General Specifications



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# SAFEGWAY GENERAL SPECIFICATIONS

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## **PURPOSE OF GENERAL SPECIFICATIONS**

This document lists the General Specifications referred to in [CCG](#) Section V. The document is separated into two sections, All Suppliers-National including Consumer (Safeway) Brands and Consumer Brands Only.

Safeway reserves the right to amend or update any segments or contents of this handbook when and as it deems necessary or appropriate. This handbook should be used solely for its intended purpose.

## **GENERAL SPECIFICATIONS- ALL SUPPLIERS**

### ***Bills of Lading (BOL)***

Each inbound delivery to a Safeway facility requires a complete and detailed BOL. This includes:

- Shipper (supplier) name and address.
- Consignee (Safeway destination) name and address.
- Case UPC
- Payment terms\*
- Temperature requirements (if applicable)\*\*.
- Quantity and clear description of products.
- Totals of packages.
- Total cube.
- Total gross weight.
- Safeway purchase order number
- Carrier name

BOLs may be handwritten, but must contain all the required information.

\*\*Product temperature at time of loading must be verified by both driver and shipper and must be clearly documented on the BOL.

[Click here](#) for more information regarding Bills of Lading.

### ***Bioterrorism Preparedness and Response Act***

All warehouse suppliers supplying any item covered by the [Bioterrorism Preparedness and Response Act of 2002](#) (the "Bioterrorism Act") must provide the following:

- An affirmative statement of FDA facility registration compliance
- A [sample](#) of completed bill of lading for warehouse delivery that contains, for each covered item, the following pieces of information (as required under Title III Section 306 of the Bioterrorism Act and regulations thereunder):

NOTE: A sample of completed bill of lading must be provided for ALL locations shipping product to Safeway.

- Transporter firm's name; address; telephone; fax number and/or email address
- Type of food, including brand name and specific variety  
(e.g. Brand X cheddar cheese, not just cheese - romaine lettuce, not just lettuce)
- Quantity and type of packaging (e.g., 24 - 12 oz. bottles)

## Corporate Reclamation Policy

Safeway's unsalables policy is derived from the 1990 GMA/FMI document, "Joint Industry Report on Product Reclamation Centers." We endorse the voluntary guidelines contained in the report and have incorporated them as the foundation of our own policy.

Our policy acknowledges our goals:

*To provide high quality products and to present a quality "finished goods" image on the shelf to the consumer.*

*To maintain ongoing efforts toward reduction of unsalable goods.*

*To maximize efficiency and minimize costs of reclamation.*

*To bill for unsalables within the guidelines of the current agreement between Safeway and suppliers.*

*To promote ongoing working relationships with suppliers and to review industry best practices, taking advantage of available unsalable reduction opportunities.*

Safeway abides by the presumptive allocation of responsibility for product damage described in the Joint Industry Report. In addition, we engage in ongoing efforts to reduce unsalable goods. Our efforts have dramatically reduced our reclamation center costs. Because we seek to recover reasonable offsets for these expenses, our invoices incorporate our actual vendor list costs.

We follow the Joint Industry Report's method for identifying the three main components of cost for which a distributor of goods is entitled to fair reimbursement. These components are pre-damage costs, post-damage costs, and reclamation center costs.

*Pre-damage costs* are those costs we incur from the point Safeway receives the product to the time it reaches the store. Such costs include warehouse handling and storage, transportation to the store, and shelf stocking. We will consider manufacturer-supplied values if such values are reasonable. Otherwise, we incorporate a figure for each item based upon a DPP or ABC model.

*Post-damage costs* 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 study, 11.1 cents per consumer package, is used.

*Reclamation center costs* are those actual expenses we incur to have an unsalables receiving/sorting/disposition facility operated for us. We use our actual per-item expense, as paid to the reclamation center operator during each accounting period, to derive this figure. For our centers in the continental U.S., this value ranges from 11.5 to 12.5 cents per item. The following disposition fees are then added, as appropriate, to the base reclamation center cost-per-item fee to determine total Reclamation Center Costs:

Retailer Option	\$0.01	
Donate	\$0.03	
Dispose	\$0.06	
Sort / Hold	\$0.10	
3rd party On-site Review	N/A	(competitive PRC Company)

Safeway strongly encourages manufacturers to be directly involved in examining product returned to the centers. We find that manufacturers reap the greatest rewards when they inspect product first hand.

Payments to Safeway under this policy are generally collected by deduction from accounts payable to supplier (invoices).

While it is not practical for us to identify product for special handling, each Division will designate the timing of its regularly scheduled damaged product pick-ups.

If you have further questions, please contact Michelle Tomy at (925) 469-7197.



Please [click here](#) and complete the Reclamation Disposition Agreement.

### **Cost Changes\***

Safeway requires a thirty (30)-day minimum advance notice for all cost increases. In the event of a cost reduction, Safeway reserves the right to require reimbursement of the cost differential (“price protection”) for all inventory of affected products then in stock.

- Obtain and complete [Cost Change Form](#) and submit to the Categories for approval.

\*For Consumer Brands, please refer to the [Consumer Brands Handbook](#).

### **Direct Store Delivery Authorization**

Suppliers who will be delivering product directly to Safeway retail stores must complete [the DSD Authorization Worksheet](#) when they complete a [New Item Presentation Form \(“eNIF”\)](#). The eNIF application will require this form to be uploaded before the item can be submitted. Completing this worksheet helps to maintain data integrity and to assure proper payment. Please be sure to follow the instructions and sample forms that are included with the downloadable file.

### **Distribution Centers Receiving Times**

[Click here](#) for a list of receiving times for each Safeway Distribution Center.

### **Hazardous Materials**

Hazardous materials must be properly labeled and supplier must provide required paperwork, including material safety data sheets.

### **Item Changes**

Safeway strives to maintain high standards of database integrity while providing superior service to our customers. To avoid potential ordering, service and inventory issues, item changes **must be communicated immediately** to the appropriate Safeway official.

Item Change Type	Requires New Item Set-Up?	Safeway Contact
Consumer Unit U.P.C. Change (Sales portion)	Yes	Consumer Demand/Strategic Sourcing Representative
Product Description Change (change in product formula)	Yes	Consumer Demand/Strategic Sourcing Representative
Case Configuration Change (pack or inner pack)	Yes	Consumer Demand/Strategic Sourcing Representative
Product Size Change (20% or more change)	Yes	Consumer Demand/Strategic Sourcing Representative
Case U.P.C.* (non-uniform across distribution network)	Yes	Consumer Demand/Strategic Sourcing Representative
Consumer Unit U.P.C. Change (Manufacturer portion only)	No	Consumer Demand/Strategic Sourcing Representative
Product Description Change (no change to product formula)	No	Consumer Demand/Strategic Sourcing Representative

Product Size Change (less than 20% change)	No	Consumer Demand/Strategic Sourcing Representative
Case Weight Change	No	Supply Chain Operations Analyst
Case Cube Change	No	Supply Chain Operations Analyst
Pallet Ti/Hi Change	No	Supply Chain Operations Analyst
Case U.P.C.* (uniform across entire distribution network)	No	Supply Chain Operations Analyst
Consumer U.P.C. initially set up incorrectly (i.e. numbers are transposed)	No	Supply Chain Operations Analyst

\*Because the case U.P.C. is critical to proper PO and Invoice transmission as well as warehouse receiving, the new item set-up process must be completed for each change that will not be **uniformly received** across all of Safeway's distribution network.

Items submitted for approval by the Consumer Demand Strategic Sourcing Representative will be treated as "new items." Supplier will be required to fill out Safeway's New Item Presentation Form (["eNIF"](#)), and to follow the requirements detailed under section "Introducing New Item for Approval" in this guide, for each such item.

Listed below are some frequent "item" problem areas that may cause item rejection. Supplier should be vigilant to avoid these mistakes:

- ♦ Using the same U.P.C. case code for product that has changed.
- ♦ Changing the U.P.C. code without notifying Safeway.
- ♦ Changing pack size or carton quantity without notifying Safeway.
- ♦ Barcodes of poor quality that will not scan.
- ♦ U.P.C. not appearing on merchandise (other than random weight).

**Important Note: All product changes must comply with GS1 guidelines.**

\*For Consumer Brands, please refer to the [Consumer Brands Handbook](#) for additional information.

## Labeling Laws

Safeway requires its suppliers to fully comply with all applicable Federal, State and local laws. Specific examples include, but are not limited to: the Federal Food, Drug and Cosmetic Act, the Consumer Product Safety Act, California Proposition 65, Country of Origin Labeling, OSHA, Federal and State EPA, etc.

In addition, because Safeway is reliant on its suppliers for the information necessary to assure compliance with COOL, Safeway requires compliance with certain procedures to assure accurate reporting of countries of origin for covered commodities.

## Minimum Acceptable Shelf Life at Time of Delivery to the Distribution Center

The information contained in this [document](#) is designed to detail minimum shelf life receiving requirements for Safeway division distribution centers. When noted, the receiving requirement for both consolidation and division distribution centers has been provided; however, it is the responsibility of the Supplier to note when a consolidation or forwarding warehouse is to be used and to plan accordingly. Every effort will be made to update the standard operating procedure with specific forwarding/third party warehousing requirements as requested.

## Pallets

Safeway does not participate in any pallet exchange program; however we do accept CHEP rental pallets. Safeway will not provide pallets to drivers or suppliers. All pallets, including pallet pools, are required to meet minimum [specifications](#). Sub-standard pallets and associated goods will be rejected at the receiving dock. Unless otherwise agreed, all pallets must be GMA, 40X48. Cartons must not exceed the dimensions of the pallet (48 X 40). All product, unless authorized by Safeway Supply Chain Strategies, must be palletized; product may not be floor stacked on trailers. Slip sheets must be pre-approved by Safeway Supply Chain Strategies. Exceptions for alternate pallet sizes for firm orders or displays must be authorized through Safeway Supply Chain Strategies. Refer to the purchase order, or contact the buyer, if you have questions regarding pallet configuration (TI x HI).

Safeway continues to review Supply Chain costs and options for goods handling into our Distribution Centers. The following process is an additional requirement to the vendors utilizing CHEP rental pallets on shipments into all Safeway locations. Please read [2012 Inbound Pallet Procedure letter](#).

## ***Perishable Product Temperature Receiving Parameters***

Safeway enforces vendor shipping and receiving temperature requirements described herein for all shipments of products (“Product”) delivered to any company distribution center or store. Product labeled as fresh must not be frozen at any time prior to final sale.

Products that do not meet the required temperature shall be rejected at the point of inspection. [Click here](#) for a copy of Safeway's shipping temperature parameters.

## ***Requirements For Case Labeling***

1. All cases must be of adequate strength to protect the retail package during both warehousing and shipping. Cases shall be sized and packed to prevent undue movement that might scuff or damage product, labels, containers, or closures. Dividers shall be utilized if required for stacking strength or to reduce container-to-container contact. Pallet patterns must be designed to provide stability and to prevent damage to product during shipment. Vendor will be responsible for developing stable case and pallet footprints and will take precautions necessary to minimize movement of product during shipment.
2. All cases **must** display the following:
  - a. Case UPC/Barcode – a barcode must be scan readable from a minimum of four (4) feet away. The only approved GTIN -14 barcode fonts are GS1-128 (previously referred to as UCC/EAN-128 or EAN-128) and ITF-14 (also known as Interleaved 2 of 5 or ITF).
  - b. Product UPC
  - c. Product name (Brand and Varietal copy)
  - d. Pack Count and Size
  - e. Best Before date
  - f. All legally required markings (Country of Origin, Federal Inspection emblems, Est. No., etc.) must be placed on cases and trays. *Country of Origin labeling must comply with the laws of the **destination country** (U.S. or Canada), as well as any applicable laws of the country of origin and any countries across which the product will be transshipped, and must address all covered commodities and imported items.*
3. **The shipping case must be printed with the same date code and distribution clause as the retail package. Items that use a closed code on the retail package instead of a “Best before” date must include the best before date on the outside of the case (e.g. BB NOV 01 09 + closed code).** The “Best Before” date will be useful for warehouse stock rotation. The code print type must be at least 1/2” (1.25 cm) high and legible so as to be easily visible in a warehouse environment (4 feet from product).
4. Pre-printed or print-on-line pressure-sensitive labels may be applied in lieu of direct ink application. Any applied label must meet content, positioning, and legibility requirements set forth in this standard.
5. All Consumer Branded Products must comply with the [Product Dating & Case Coding Requirements for Consumer Brands](#).



## **\*Requirements for New Supplier Set-Up**

1. [General Information for Vendors Form](#) must be completely filled out and signed.

*All new vendors are expected to complete the General Information for Vendors Form. This form gives our suppliers and potential suppliers an opportunity to tell us about their desired payment terms, electronic capabilities, and distribution networks.*

2. A signed [Continuing Commodity Guaranty and Indemnity Agreement/Terms and Conditions form \("CCG"\)](#)

*(We require an "original" signature on this form.)*

3. A signed [Certificate of Liability Insurance](#) ("COI", formerly known as "POI") and [Broad Form Vendor's Endorsement](#) (ISO Form CG 2015).

Suppliers are expected to submit an updated Certificate of Liability Insurance whenever coverage is renewed or materially altered, and must maintain a current copy of the Certificate of Liability Insurance ("COI") and Broad Form Vendor's Endorsement (ISO CG 2015 or industry equivalent) on file with Safeway's Risk Management Department. These can be mailed to Safeway at the following address:

Safeway Inc.  
ATTN: Risk Management  
Mail Stop #A100  
5918 Stoneridge Mall Road  
Pleasanton, CA 94588-3299

Safeway will continuously monitor compliance with its insurance requirements as specified in the [CCG](#), Section XIV, Paragraph A. Failure to meet such requirements will result in serious consequences to our business relationship, including, in Safeway's sole discretion, discontinuation of purchase orders, discontinuation of warehouse receiving, and, potentially, termination of our relationship.

The Certificate of Liability Insurance should reflect at least the following minimum coverage and limits:

- General Liability: Two Million Dollar single limit per occurrence.
- Automobile Liability (if applicable): Two Million Dollar single limit per occurrence.
- Workers Compensation in accordance with all applicable statutes, with Employer's Liability coverage of Two Million Dollars per Accident.
- General Aggregate limit: \$4 Million
- Products & Completed Operations Aggregate limit: \$4 Million

Safeway may require higher limits and/or different coverage for certain products or operations.

4. A sample of your company's invoice form

*In order to ensure that your payments are properly received and processed, Safeway requires a sample invoice that can be passed to our National Accounting Service Center ("NASC"). Please note that while the sample invoice should not detail items or the actual need for payment, it must clearly state your company name, as it should appear on the payment check. Additionally, the sample invoice must have a current "remit to" address. Invoices sent without this information may cause payment delays. Please note that, in order to avoid a fifty dollar per invoice processing fee, invoices should be submitted via our EDS invoicing system.*

5. Completed [Mutual Non-Disclosure Agreement](#).

6. All warehouse suppliers supplying any item covered by the [Bioterrorism Preparedness and Response Act of 2002](#) (the "Bioterrorism Act") must provide the following:

- An affirmative statement of FDA facility registration compliance
- A [sample](#) of completed bill of lading for warehouse delivery that contains, for each covered item, the following pieces of information (as required under Title III Section 306 of the Bioterrorism Act and regulations thereunder):

NOTE: A sample of completed bill of lading must be provided for ALL locations shipping product to Safeway.

- Transporter firm's name; address; telephone; fax number and/or email address
- Type of food, including brand name and specific variety  
(e.g. Brand X cheddar cheese, not just cheese - romaine lettuce, not just lettuce)
- Quantity and type of packaging (e.g., 24 - 12 oz. bottles)

7. A completed [NAFTA](#) certificate.

**Note:**

- The Continuing Commodity Guaranty and Indemnity Agreement ("CCG") and Certificate of Liability Insurance ("COI") are mandatory for all suppliers. In order to complete supplier qualification, these documents must be presented to the Consumer Demand or Strategic Sourcing Representative ("CD/SSR") at or before the time of appointment.
- There may be additional forms required for Direct Delivery Suppliers ("DSD") upon acceptance. Please check with the CD/SSR for other prerequisites.
- An affirmative statement of FDA registration and a sample of completed bill of lading with the required level of detail must be submitted and be on file before items covered by the Bioterrorism Preparedness and Response Act of 2002 will be accepted.
- Suppliers must provide a NAFTA certificate with the harmonized codes for imports / exports within Canada, USA and Mexico. Suppliers must accurately disclose the country of origin for the items.

\*For Consumer Brands, please refer to the [Consumer Brands Handbook](#) .

### ***Safeway Pickup Loads (Backhauls)***

If Safeway assigned drivers pick up backhauls from vendor and the driver is not allowed on the dock to verify counts, such shipment shall be under the condition "Shipper load and count". To avoid that condition, the driver must be allowed to count without detention charges applying; otherwise the load will be conditioned "Shipper load and count".

## **WERCS**

Action Required for Items that Meet any of the Following Criteria:

- Contains chemicals or pesticides
- Packaged in an aerosol can
- Classified as a non-prescription medication, remedy, or supplement
- Contains a battery

[Details](#)

[3/16/2011 Reminder Letter](#)

## ***Vendor Delivery Compliance***

Safeway is introducing a compliance program for all product deliveries to our distribution centers. [Click here](#) for information on program requirements, performance measurements, weights and definitions

## ***GENERAL SPECIFICATIONS- CONSUMER BRANDS ONLY***

Refer to the [Safeway Supplier Handbook Supplemental for Consumer Brands](#) and [Safeway Consumer Brands Vendor Quality Requirements](#) for all Consumer Branded Product Quality Requirements.

