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I. **General Guidelines**

Any change to these guidelines requires written VP approval. These guidelines are intended to be directional in nature and would not preclude using good business sense.

A. **Claim Minimum**

Delhaize America (DA) will not process Post Audit claims under $100, except for duplicate or erroneous payments, freight, cash discount, and statement credits.

B. **Claims Process**

Claims are submitted to the supplier for a 30-day (calendar) review. If no response by the end of the end of the 30-day time period, the claim will be processed. Any disputes will be responded to within five (5) business days or prior to deduction whichever comes first. Once a response is provided to the Supplier for the dispute and the claim follows the prescribed set of guidelines for the claim type, the claim may be processed without Supplier approval.
C. Claim Approvals

All claims greater than $10K require Category Manager (CM) or Assistant Category Manager (ACM) approval prior to being uploaded into the payables system. Claims are submitted to the CM or ACM for a 15-day review. The 15-day Category review will occur simultaneous with the Supplier 30-day review. If no response by the end of the end of the 15-day time period, the claim will be processed. Monthly recaps are to be supplied to the CM and Director group to ensure visibility of less than $10K billings.

<table>
<thead>
<tr>
<th>Claim Approval Limits</th>
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<tbody>
<tr>
<td>$ Range</td>
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<tr>
<td></td>
</tr>
<tr>
<td>&lt; 10,000</td>
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<tr>
<td>&gt;10,000 &lt; 100,000</td>
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<tr>
<td>&gt;100,000 &lt; 250,000</td>
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<td>250,000</td>
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</tbody>
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X = Required
Y = Either Team Lead or Vendor Signature Required

D. System Documentation

Files containing historical pricing/rebate/scan or other allowance information will be considered sufficient support for post audit claims and will be supplied to the vendor when claim is submitted.

E. Current Marketing Funds

Allocation of current or future Supplier promotional funds are not to be impacted by the resolution of post audit claims.

F. Statement Reviews

We will make regular requests for supplier statements to review open items on Delhaize America’s accounts with the supplier. Credits will be collected immediately and open invoices will be processed as normal through Accounts Payable (AP). The supplier will pre-approve all statement claims. The claim minimum is $5.00 per supplier.

G. Post Audit Timeline

Every effort will be made to minimize the time needed for a post audit review. This effort will normally conclude within two years from the date of the transaction. Delhaize America reserves the right to audit up to the statutory limit of four years in accordance with the Uniform Commercial Code.

U.C.C. - ARTICLE 2 -§2-725.

H. Private Label

Current private label supplier will not be responsible for audit claims relating to the former supplier unless the current supplier acquired the former supplier and assumed its debt.
II. Payment Practices

A. Cash Discount
Cash discount will be calculated on the gross item amount based on Manufacturers List Price (MLP), prior to any allowances or discounts unless alternative cash discount has been negotiated with the vendor and appropriately loaded in our system. Cash discount dating will be calculated from the receipt of goods. In the event that the invoice has superior dating/terms, we will calculate the cash discount using the superior terms.

B. Payment Terms
Backorders are entitled to the same extended terms whether shipped against the original purchase order or subsequent order.

(Excludes Produce and Fresh Meat/Seafood.)

C. Vendor Inquires
Post Audit Supplier disputes are required to be submitted to the contact listed on the claim cover sheet within twelve (12) months of the deduction. Disputes after this time will not be considered. In addition, all correspondence received within the twelve (12) month time period will be responded to within eight (8) working days.

III. Forms/Orders

A. Late Notifications of Cost Changes and Promotional Allowances
Cost changes and Promotional Allowances should be communicated 30 days in advance of the effective date. If a cost change or Promotional Allowance is presented less than 30 days prior to the actual effective date the Supplier is responsible for the difference in net cost for the 30-day time period. All commodity items and Private Label items will be questioned and reviewed by category prior to processing.

(Excludes Produce, Fresh Meat/Seafood, Deli/Bakery, and Cigarettes.)

B. Late Notifications of Cost Increases/Decreases and Promotional Allowances
Cost increases shall be communicated 30 days in advance of the effective date. If a cost increase is presented less than 30 days prior to the actual effective date the Supplier is responsible for the difference in net cost for the 30-day time period.

(Excludes Produce, Fresh Meat/Seafood, Deli/Bakery, Dairy, and Cigarettes unless negotiated with the vendor.)

Cost decrease and Promotional Allowances shall be processed immediately. Private Label items will be questioned and reviewed by category prior to processing.
Cost decreases will be based upon order date and cost increases will be based upon invoice date. Cost changes that qualify are those that are permanent in nature. We define as permanent a cost change that remains in effect for greater than sixty (60) days.

(Excludes Produce, Fresh Meat/Seafood, Deli/Bakery, Dairy, and Cigarettes unless negotiated with the vendor.)

C. New Item Introductory Allowances
Introductory allowances are in effect for the first 90 days of an item introduction no matter when it occurs. If the new item experiences a cost decline within the 90-day introductory period the decline is applied retroactively to the first order.

(Excludes Produce, Fresh Meat/Seafood, Deli/Bakery, Cigarettes, and Private Brand due to Private Label Agreement (PLA).

D. Promotional Allowances
Claims will be written for the promotional monies on all orders seven (7) days prior to the beginning of the deal period.

Claims will also be written for promotional monies on all orders two (2) days after the end of the promotional deal.

Any order placed or received within the deal dates will receive all allowances unless otherwise specified.

(Excludes Produce, Fresh Meat/Seafood, Deli/Bakery, Cigarettes, and Private Brand due to Private Label Agreement (PLA).

E. Scan Promotions
Delhaize America will reconcile all scan promotions to ensure that all product sold during the promotion was billed to the Supplier. In addition, if product is sold at the promotional price, before or after the scan promotion, the Supplier will be billed for those units. If scan totals are greater than purchase totals, Delhaize America will apply the promotional deal to existing inventory cost.

F. Rebates/Volume
Volume rebates may be offered as a result of volume growth or purchase volume that shall be calculated on gross purchases. Gross purchases are defined as the sum of all receipts in the calendar year using the list cost prior to discounts and allowances. Any adjustments to price (i.e. price protection) will reduce volume. All items for all departments will qualify for the rebate offered. Tiered rebates will go back to $1 if the volume tier is met. Should volume reach 95% of the next rebate tier, the next tier will be considered as reached. Free goods will count toward any purchase targets. Rebates will be applied to original and back orders. No cap on allowances is permitted and there will be no reduction to volume for any type of previously paid rebate or promotional allowance. The rebate offered will be applied on a calendar year basis.
IV. Pricing

A. Same Day Pricing
All warehouses are to receive the same Free On board (FOB) net cost (pricing, allowances, and assuming product ships from the same origination) for merchandise shipped or invoiced during the same week. The lowest valid price for such an item will be paid whether it is derived from an invoice, purchase order or pricing program. Same Day Pricing would apply in all cases except where separate deal documentation is available for a special promotion.

B. “Like Item” Pricing
All colors/flavors etc. (“family of items”) of the same product will be included in a promotional or pricing event.

C. Floor Stock Price Protection
Allowance for reduction in cost will be two (2) cases per store plus DC inventory on hand at the date of the decline will be protected for the difference in allowance/cost. (GM and HBC will be six (6) pieces per store) or purchases 30 days prior to price/deal change.

(Excluding Private Label, Produce, Fresh Meat/Seafood, Deli/Bakery, Cigarettes and DSD.)

D. Short Shipments
Any short shipment that occurs for a given item is reviewed to insure that the net price (including allowances) is received on subsequent receipt quantities up to the amount shorted. Delhaize America will apply backhaul allowance to all cases that should have been shipped to eliminate the possible loss on a backhaul.

E. Shipper/Pallet Pricing
A Shipper/Pallet made up of standard/everyday items purchased by Delhaize America should receive at least the combined everyday net cost of the items within the Shipper/Pallet.

F. Discontinued/Markdown Items
Discontinued items may be returned or sold at a significant discount to normal retail. Suppliers are to provide funding support for the markdown, where agreements exist.

G. Free Goods
Claims written for Free Goods due will be billed at gross/list cost prior to discounts and allowances.

H. Grand Opening
New Store and Warehouse allowances are provided on new stores and remodeled stores that close and re-open. Allowances are based either on a fixed amount per new store or on a percentage of the cost of merchandise shipped during a defined period. "Tie-in" grand opening stores are not eligible new stores.
I. Bracket Pricing
If a shipment is backhauled and is shorted by the Supplier, the backhaul amount will be based on the quantity ordered and not the quantity shipped. For Vendor Managed Inventory (VMI) vendors, Delhaize America will qualify for a bracket price if the order meets at least 95% of the tier criteria. Also all merchandise shipped from a single Supplier to a single Delhaize America destination within a 48-hour window will be combined to determine the best bracket price.

J. Returns/Discontinued Merchandise
Normal returns or discontinued merchandise will be calculated at purchase price (list cost less any off-invoice allowances).

K. Damaged/Defective/Destroyed in Field Product
Damaged product that is destroyed in the field or returned to the Supplier will be reviewed for the correct cost. The cost of a damaged/defective item includes the cost of the item itself as well as any costs associated with the returning or destroying the damaged/defective item. Returns or collections for items destroyed in the field will account for the gross/list cost of the item prior to any allowances or discounts. If an allowance is provided to cover defective goods, the allowance will be calculated on gross/list cost and applied to invoice/ship dates beginning on the effective date of the allowance. If the value of the defective merchandise exceeds the designated allowance for defectives, the difference will be billed to the Supplier.

L. Product Recalls
Recalled product will be charged to the Supplier at cost plus –

- a Corporate Fee of $350.00, plus
- a Retail Labor Charge per store per the tiered fee schedule below:
  - $25.00 – for 5 or fewer SKUs per recall,
  - $35.00 – for 6 to 10 SKUs per recall, or
  - $45.00 – for 11 or more SKUs per recall.

V. Pharmacy
A. Price Protection
Inventory protection will be calculated for all permanent price declines. The inventory levels used for determining price protection will represent a total of 60 days movement: 30 days of inventory at the warehouse and 30 day’s movement at retail. Backup for both warehouse and store level inventory will be created at the time of the price protection claim and will be available upon supplying partner request.
B. Contract Price Differential
Delhaize America will give contractual preference to each Pharmaceutical Manufacturer that will provide a pricing adjustment called the "differential" on indirect purchases of that National Drug Code (NDC) that will match the direct contract price. The "differential" then is the difference between the Direct Contract Price and the price paid to the indirect source times the number of units purchased. The Direct Contract Price will be established with an offer, bid, contract, direct price list or by direct purchase. The "differential" will be calculated as of the date the Direct Contract Price is established. Should the supplying partner choose not to provide a full indirect price differential to Delhaize America, then they need to be explicit when bidding on an item if they are not offering any indirect price differential or what the final landed cost of product purchased from the wholesaler will be upon their initial bid submission.

C. Product Sourcing
Should a manufacturer of a given NDC be unable to fulfill orders of a contracted item, an alternative source will be identified to satisfy the order fulfillment process. Should the price from the alternative source be greater than the original manufacturer's price, the difference will be charged back to the original manufacturer if Delhaize America elects to stay with original manufacturer. Should a manufacturer be unable to keep Delhaize America pharmacy warehouses in stock due to their own supply issues, Delhaize America Pharmacy Procurement reserves the right to source product elsewhere without a Right of First Refusal (ROFR) being initiated.

D. Late notification of price change or deal
Thirty (30) days advance notice is required for all net price increases (30-day buy-in). Should the notice be shorter, the pricing difference will be collected from the Supplier. The difference between the old lower cost and the new higher cost will be charged back up to thirty (30) days prior to the increase.

E. New Item
Upon awarding a new item to a manufacturing partner, Delhaize America will assess a five (5%) Off Invoice chargeback on the initial warehouse stocking order of 30 days to offset slotting fees and costs at retail associated with adding or transitioning NDC’s.

F. Allowances
Allowances will be calculated using the gross purchase price prior to any allowances or discounts.