

Dear Valued Vendor Partner,

The current supply chain challenges and inflationary pressures continue to burden the retail industry. DPI Specialty Foods has seen a significant increase in cost change submissions. We would like to take this opportunity to communicate the policies and procedures for submitting a cost change to DPI Specialty Foods.

The current DPI cost change calendar for 2022 – 2024 and the cost change policy is included with this communication. There are a few key factors that you should note:

- All cost change submissions are to be entered in the **DPI Cost Change Portal** (<https://isupplier.dpispecialtyfoods.com>) with submission and effect dates in compliance with the **DPI Cost Change Calendar (current version for 2022 – 2024 attached)**. Approved cost changes will be **effective on any P.O. created on or after the effective date**.
- When entering cost changes into the DPI Cost Change Portal, you will also need to **upload a cost change justification letter (see guidelines below) along with the new price list**. A detailed cost change justification letter is required by our mutual retail customers and failure to provide will result in your cost change being rejected.
- If your cost change will impact product distributed to any Kroger Co. banner, they now require **all submitted Kroger cost changes include a completed “The Kroger Co. Cost Change Form”**. The cost change Form will be available for download on the DPI Cost Change Portal. **A completed “The Kroger Co. Cost Change Form” is to be uploaded in the DPI Cost Change Portal at time of submission or emailed to DPI-MDM-Cost@dpispecialtyfoods.com within 48 hours of cost change submission**.
- Vendor cost changes received after the submission window, as defined in the cost change calendar, will be rejected and will need to be re-submitted for next effective date. Cost change submissions that are out of cycle with the published cost change calendar create an additional administrative burden for both DPI and the Retail Customer. DPI will not process out of cycle cost changes without vendor providing pre-approval of the change from the affected retail customer(s). ***Please be aware that all cost changes that are submitted to DPI that do not meet the attached DPI Cost Change Calendar (out of cycle) will be subject to a rush fee of \$25.00 per item per DPI Division.***
- When submitting cost changes, **please be sure to include all active DPI items that are subject to the increase, including seasonal items.**

Once your cost change is entered, you will receive notification that it is in a review process. No cost change will be considered accepted until we receive acceptance from key customers. If you do not receive an acceptance by 45 days prior to the effective date, it should be considered a denied cost increase. In the event your cost increase is not accepted, your recourse is outlined in the Cost Change Policy included on the Cost Change Calendar.

COST CHANGE JUSTIFICATION REQUIREMENTS

Cost change justification is to be submitted along with the cost change notification. It is to be a written communication on company letterhead clearly explaining the specific factors driving the cost change. The letter should not include item specific detail, but rather a high level overview of the contributing factors (*cost changes that will impact Kroger banners will require the additional Kroger Cost Change Form where item detail information is to be provided*).

- **Date of last cost change**
- **Ingredient Market Changes** – State which market(s) are driving the change and include detail of market level at date of last cost change vs. the submitted change. Indicate the contributing % to overall cost change. Provide market charts when available.
- **Supply and Packaging Material Changes** – State which market(s) are driving the change and include detail of market level at date of last cost change vs. the submitted change. Indicate the contributing % to overall cost change. Provide market charts when available.

*Example: Ingredient – 85% contribution to overall cost change. “XXX” represents XX% of overall product’s cost. The “XXX” market has increased xx% since the last cost change on XX/XX/XXXX.
Supply and Packaging – 15% contribution to overall cost change. . “XXX” represents XX% of overall product’s cost. The price of “XXX” has increased xx% since the last cost change on XX/XX/XXXX.*

DPI Specialty Foods Cost Change Calendar 2022 - 2024

Due Date for New Vendor Cost Submissions (Friday)	Effective date for cost change to take effect (Sunday)
4/15/2022	7/17/2022
5/13/2022	8/14/2022
6/10/2022	9/11/2022
7/8/2022	10/9/2022
10/28/2022	1/29/2023
11/25/2022	2/26/2023
12/23/2022	3/26/2023
1/20/2023	4/23/2023

Due Date for New Vendor Cost Submissions (Friday)	Effective date for cost change to take effect (Sunday)
2/17/2023	5/21/2023
3/17/2023	6/18/2023
4/14/2023	7/16/2023
5/12/2023	8/13/2023
6/9/2023	9/10/2023
7/7/2023	10/8/2023
10/27/2023	1/28/2024
11/24/2023	2/25/2024

Due Date for New Vendor Cost Submissions (Friday)	Effective date for cost change to take effect (Sunday)
12/22/2023	3/24/2024
1/19/2024	4/21/2024
2/16/2024	5/19/2024
3/15/2024	6/16/2024
4/12/2024	7/14/2024
5/10/2024	8/11/2024
6/7/2024	9/8/2024
7/5/2024	10/6/2024

Vendor Cost Change Policy

A. Cost Change Schedule

1. All cost changes will be accepted and implemented based on the current DPI Cost Change Calendar as published on the Vendor Data Management Web Portal (<https://isupplier.dpispecialtyfoods.com/>) or per customer requirements. DPI will reject any cost change that is not properly submitted within the submission date range.
2. Cost changes that are received out-of-cycle of the current DPI Cost Change Calendar or corrections required due to submission error may be charged an Out-of-Cycle "rush" fee in accordance with the DPI Administrative Fee Schedule Exhibit A
3. Cost changes should not conflict with previously presented promotional programs. Cost changes that conflict with scheduled promotions will not go into effect until after the scheduled promotion has ended or will require cost protection of the agreed to promotional net cost.

B. DPI does not accept cost changes by way of P.O. confirmations. If a cost change is not properly submitted within DPI requirements, a claimed cost discrepancy at time of P.O. Confirmation will be denied.

C. Cost changes must be submitted through the Vendor Data Management Web Portal (<https://isupplier.dpispecialtyfoods.com/>). In the event that the Web Portal is not available, cost changes will be submitted to each DPI division using the DPI Cost Change Form provided by the division procurement team.

D. All submitted cost changes must include the following and will not be considered submitted if any item is missing:

1. Completed DPI Cost Change Form
2. Cost change justification letter on Vendor letterhead stating the date of the last cost change and clearly explaining the specific factors driving the cost change with supporting documentation (e.g., market changes tied to ingredients, packaging, etc.).
3. Updated Standard Cost List reflecting new costs and effective date for all Products available for purchase.

E. If customer(s) of DPI refuse to accept a Vendor submitted cost change, Vendor shall determine whether they will (i) rescind the cost change, (ii) provide a chargeback to cover the cost difference for that customer(s), or (iii) discontinue distribution of their Products to that customer(s).

F. Price Protection: "Price Protection" means a credit for the difference between DPI's previous invoice price and the new lower invoice price. DPI requires price protection on all affected products in inventory as of the effective date of any price decrease.