



1014 VINE STREET · CINCINNATI, OHIO 45202-1100

To Our Valued Suppliers,

Our customers are evolving in the way they obtain information about your products and shop, and our business must change with them. Today, the information about your product is almost as important as the product itself. To provide our customers and our business teams with the most accurate item information possible, we need (and must have) accurate and timely information from you. In addition to customer impact, accurate and timely information directly impacts our KOMPASS program and several other business processes. It is imperative that we receive accurate and timely information as it relates to new and discontinued items, item changes, and product availability. The following policy is intended to enhance the sharing of this information between Kroger and our suppliers:

- **Change in Declared Net Content (Weight, Count or Volume) without GTIN change:** The ability to flow through product changes are extremely compromised when an item changes declared net content without changing GTIN. We have many systems that require unique weights and measure by GTIN. When a manufacturer changes the weight or size of a product or case and does not change the GTIN, the ability for our systems to function properly is in jeopardy. A few of the systems that require accurate unique GTIN level information are POS/U-Scan, Warehousing Systems, and SATH (store item authorization). If a supplier does not change GTIN, a service charge of \$50 per store per item will be assessed.
- **Different consumer unit flavor variations should have unique GTINs as per the recommended GS1 GTIN Allocation guidelines.** Without different GTINs, it is impossible to track consumption at the point-of-sale for each variety as well as provide the correct product information to consumers when they choose to shop online. Additionally, it becomes impossible to communicate the accurate ingredient and nutritional information to shoppers without the specific variety identified. If a supplier does not use unique GTINs per the GS1 guidelines, a service charge of \$50 per store per item will be assessed.
 - The complete GS1 GTIN Allocation Rules can be found at the following URL:
www.gs1.org/1/gtinrules/
- **Inaccurate Information received from a Manufacturer/Supplier:** 25% of our Planogram errors are caused by missing or wrong item setup information. In order for Kroger systems to work properly, we must receive accurate item set-up information. If we receive inaccurate information for new or changing items, a service charge of \$50 per store per item will be assessed.
- **Warehouse Product Availability:** It is imperative that The Kroger Co. is given accurate information regarding availability of new items. It is crucial that your company supply us with firm dates regarding shipments of new items. Our KOMPASS program allows us to determine if we need to move an update, or schedule the update for a certain week within a Kroger period. In general, we ask that all new items be available to ship to our distribution facilities 14 days prior to the KOMPASS update. If you have a supplier that will not stock a new item once it has been presented, we must have that information at least 60 days prior to the KOMPASS reset period. We will assess a service charge of \$50 per item per store for any item that does not have inventory in our distribution centers after the product availability date.
- **DSD Product Availability:** It is equally imperative that The Kroger Co. is given accurate information regarding availability of new and existing items within your distributor network. If you have a distributor that will not stock a new item you have presented, we must have that information at least 60 days prior to the KOMPASS reset period. Also, assortment and item changes cannot be made 60 days prior to or after a scheduled maintenance, NII or KOMPASS update. Sixty days prior to and following KOMPASS updates is needed to update, post POG's and execute assortment changes at store level. A service charge of \$50 per

item per store serviced by that distributor will be levied for non-compliance. Likewise, if you have a distributor that decides to no longer stock an item that is currently planogrammed into our stores, we must have 60 days written notice so that we can rework planograms and post for our divisions. This notification must be outside the 120 day 'window' of any KOMPASS activity. A service charge of \$50 per store per item will be assessed for non-compliance.

- **Long-Term Product Unavailability:** If product becomes unavailable (ex. ingredient or packaging issues, production problems, recalls, forecasting errors, etc.), it is critical that the supplier provides Kroger with accurate recovery information so that we can decide how best to manage the issue. In the event that Planograms have to be reset due to long-term product unavailability, a service charge of \$50 per item per store will be assessed to cover our labor expense. If the recovery information provided by the supplier is inaccurate, and therefore causes us to avoid a necessary Planogram reset, a \$50 per item per store service charge will be assessed.
- **Item Changes:** It is imperative that The Kroger Co. is given timely accurate information regarding item attribute changes. If your company changes the attributes (GTIN, Case GTIN, case pack, size, dimensions, description, product images, etc...) of any item without providing 60 days notification, a service charge of \$50 per store per item will be assessed.
- **Discontinued Items:** Similar to item changes if your company elects to discontinue an item and we are not provided with at least a 60 day notification, there will be a service charge of \$50 per store per item. Failure to report discontinued items within an active KOMPASS update window, a service charge of \$50 per store per item will be assessed.

Your support of our policies and the entire KOMPASS program is crucial and appreciated. If you have any questions, please contact your category management team.