



RECLAMATION POLICY PROCEDURE AND GUIDELINES

Effective Nov 11, 2018, Wakefern Food Corporation will be implementing an updated corporate reclamation policy to align ourselves more with industry averages. This policy is based on the guidelines established in the 1990 GMA/FMI “Joint Industry Report for Product Reclamation Centers”.

Wakefern Food Corp. abides by the presumptive allocation of responsibility for product damage described in the Joint Industry Report (JIR). The (JIR) outlines three main cost components that a distributor of goods is entitled to recapture in addition to the list price when processing product returns.

Pre-damage costs (PDC) are any and all costs generated between the time period of receiving the product to the time it reaches an individual store. This includes, warehouse handling and storage, transportation to the store and shelf stocking.

Post-damage costs are those expenses to remove the unsalable goods from the shelf and transport them to the reclamation facility.

Reclaim center costs (RCC) represent the costs associated with the retailers’ responsibility to operate or outsource the operation of a reclaim center, including, but not limited to, transportation to the center, and reclaim handling fees.

****Suppliers will be responsible for pre-damage costs, post-damage handling costs, and reclamation center costs which are in addition to the list price of any returned product.**

Base Reclamation Costs:

| | | |
|-----|----------------------|-----------------|
| PDC | Pre-damage Costs | 6% of list cost |
| DPC | Post-damage Costs | \$0.128 |
| RCC | Reclaim Center Costs | \$0.1225 |

In addition to the base reclamation center cost per item, suppliers can choose between the following methods of disposition:

| | | |
|---------|-------------------------------|--------|
| CHUTE 1 | Center Option: | \$0.06 |
| CHUTE 2 | Donate: | \$0.07 |
| CHUTE 3 | Scan and Hold: | \$0.17 |
| CHUTE 4 | 3 rd Party Review: | \$0.20 |

- **CHUTE 3 and 4:** Product will be sorted and held for 30-days after the invoice date. If items are not reviewed, collected, or shipped back to the vendor within 30-days of the invoice date, the following applies:
 1. If the reclamation center is required to hold your product past the 30-days after invoicing, a \$20 per day per pallet charge will be incurred until disposition is resolved.
 2. Product held past the 30-day period after invoicing without special arrangements or circumstances set up through the reclamation center will be immediately disposed of at MRS's sole discretion.
 3. Product held past the 30-day period that cannot be donated, recycled or repurposed will be destroyed by the reclamation center at an additional fee to the vendor.

- The cost for onsite third-party reviews in the reclamation center will be determined per occurrence and billed separately to the vendor by the reclamation center based on the size and scope of the requested hold.
- Failure to specify your chute preference within 30 days of receipt of this notice will result in automatic assignment to CHUTE 1.

Hazardous Materials and Handling:

Wakefern manages all products categorized as hazardous materials or hazardous waste at the store level using a third-party contractor (Wercsmart) licensed in the proper handling and disposition of these products, We will not take responsibility for reclaiming of any product that, (i) is considered a hazardous material or hazardous waste under EPA or state regulations, (ii) is considered Hazardous by DOT (other than ORM-D Consumer Commodity or Limited Quantity) (collectively, "Hazardous Materials"), (iii) is a chemical-containing product.

- Furthermore, due to transportation restrictions, items that are damaged or leaking need to be handled at the individual store level as waste and will not be sent to reclamation.
- Due to the costs associated with the handling of these items through our waste management program, leaking or damaged items along with hazardous materials handling will be charged a flat rate of \$0.84 per unit and will not be eligible for reclaim.

The handling fee for non-reclaimable/hazardous items is in addition to any fees charged for a product withdrawal or recall in the unlikely event one is required.

All other existing reclamation policies outside of this memo remain unchanged.

Please select your preferred chute, sign and return the form below to your Wakefern representative.

If you have any questions, please call Steve Campbell at (732) 906-5938.

Please select your Chute Option

Date _____

Division _____ P/O Vendor # _____ A/P Vendor # _____

WAKEFERN CATEGORY MGR./BUYER'S NAME _____

Vendor Name _____

Address _____

Contact _____

Broker _____

Address _____

Telephone # _____ Fax # _____

E-Mail Address _____

*Please provide an e-mail address where we can send reclamation invoices to.

Please mark your selected Option:

Chute # 1

Chute # 2

Chute # 3

Chute # 4

_____ Date _____

Authorized Signature

Please return completed form ASAP to:

WAKEFERN FOOD CORPORATION

33 Northfield Avenue, P7-130

Edison, NJ 08818

Attn: Steve Campbell,

Reclamation Administrator