



To: Our Valued Suppliers

Subject: ***CORPORATE RECLAMATION POLICY***

We are pleased to announce that effective June 28, 2001, Winn Dixie has established a new Corporate Reclamation Policy that encompasses National Brand Damage / Unsaleable Items, as well as callbacks / continuities / guaranteed sale items / resets and manufacturer recalls. This policy applies to all Grocery, Health and Beauty Care (HBC) and General Merchandise. This policy will apply to all Divisions of Winn Dixie Stores, Inc.

Our objective, when developing this policy, was to stress:

- \* Fairness to all parties.
- \* Total accountability for all unsaleables.
- \* Supplier designated disposition of products.
- \* Thorough, accurate and timely communication with our suppliers.

Your prompt attention to the attached Reclamation Disposition Agreement would be appreciated; please complete and return immediately. On this form you will determine the disposition of your products, and agree to the "Method of Disposition" or "Chute" Options associated with that choice. After the close of each processing period (approximately every four weeks), you will receive a fully documented recap of your products through the **\*\*Winn-Dixie** Web site. You will have 21 days (from the date on the invoice) to review and / or ship products out of our Reclamation Centers, freight collect should you select the Pick up option. Freight will not be routed through any of our Traffic Departments.

**If no response is received by June 1<sup>st</sup>, 2001 you will be assigned to the "Winn Dixie's Discretion Option" Disposition, as explained in the Policy.**

In closing, it is very important to note that this policy supersedes all other prior agreements for both Winn Dixie Stores, Inc. and Winn Dixie Procurement, Inc. All business moving forward will be transacted under the Winn Dixie Corporate Reclamation Policy. Any questions regarding this policy should be directed to Gary Regina, Supply Chain Manager @ 904-370-6351

We look forward to your cooperation as we continue to service our mutual customers, and grow our businesses.

Sincerely,

**\*\* Please note: effective immediately, Winn-Dixie will no longer be mailing Reclaim Invoices.**

**To receive a USERNAME and PASSWORD for Reclaim's via the Internet, please contact Terri Sunderland at (904)370-6253 or email [reclaims@winn-dixie.com](mailto:reclaims@winn-dixie.com). (All new vendors must contact Pam after first payment deduction)**



## Winn Dixie's Corporate Reclamation Policy

This policy is based upon guidelines established in the 1990 Joint Industry Report for Product Reclamation Centers Sponsored by FMI, GMA, NACDS, NAWGA, and NFBA.

This supersedes all prior **Policy** statements and agreements for both Winn Dixie Stores, Inc. and Winn Dixie Procurement, Inc.

### **Mission Statement:**

To offer an equitable and consistent reclamation program that works toward building a partnership with our vendors in a joint effort to present only the highest quality products to our mutual customers.

### **Scope:**

The Winn Dixie Corporate Reclamation policy addresses the processing of damaged/unsaleable product for National Brands that are brought through our distribution system and linked to our Grocery and General Merchandise. The Winn Dixie's Corporate Reclamation program affects all divisions of Winn Dixie Stores, Inc. including all Winn Dixie, Winn Dixie Marketplace and Save Rite.

### **Guidelines:**

- Winn Dixie Stores, Inc is open to accepting manufacturers' national policies if proven to be accepted by other major national retail chains and if the processing factors conform to Joint Industry guidelines.
- Our Winn Dixie's Corporate Reclamation Policy serves as a default program for manufacturer's that cannot prove global conformance to their reclamation policy or do not have a published reclamation Policy.
- The factors contained in the Winn Dixie's default program are in conformance with the Joint Industry study and are aligned to major retailers' defaults. This approach ensures regional consistency while operating **within** the Guidelines of the Joint Industry study.

## **Winn Dixie's Corporate Reclamation Program**

### **1. Damage Program: National Brands**

Invoice Cost: Based on Winn Dixie's vendor list cost.

- **Pre-Damage DPC:** a standard percentage (6%) of vendor list cost.
- **Post Damage Handling PDC:** \$ .111 per unit
- **Reclaim Center Costs RCC:**
  - a) Operations thru Scan. - \$ .127 per item.
  - b) Processing Chute (variable, based upon vendor disposition) (SEE # II below)  
**Note:** If there is no vendor reply to a processing chute, it reverts to "Winn Dixie's Discretion Option" processing chute.  
 The combined total of the Operations Thru Scan and the selected processing chute should not exceed \$.257 per item.

#### **I. Method of Disposition or Processing Chutes:**

Auto Donate \$.050  
 Auto Destroy \$.070  
 Winn Dixie Discretion Option: \$.020 (Winn Dixie's default disposition)

#### **Vendor Review:**

Pickup/Ship \$.120  
 Pick-up \$.100

**Note:** In an effort to address low cost good providers, the total maximum reclamation processing charge, under the Auto Donate or Winn Dixie's Discretion Option processing chutes ONLY, will not exceed 130% of product list cost. In the "Pickup/Ship" chute, all product will be returned in banana boxes unless the vendor provides boxes and all shipments will be freight collect.



**II. Callbacks/Continuities (Guarantee Sale Program):**

Invoice Cost: Based on the vendor list cost.

Reclaim Center Costs: Vendor list cost plus 8% handling fee.

\*The Supply Chain Management group must approve Program with signed agreement listing the items and the vendor responsible for the billing and for product pickup.

**III. Reset Program: (Cosmetics and Sun-care returns)**

Invoice Cost: Based on the vendor list cost.

Reclaim Center Costs: Invoice cost plus 8% handling fee.

\* The Supply Chain Management group must approve Program with signed agreement listing the items and the vendor responsible for the billing and for product pickup.

**IV. Swell Allowances:**

All Swell allowances are replaced by either the manufacturers National Reclamation Policy as outlined above under "Guidelines" or by Winn Dixie's Corporate Reclamation Policy.

Vendors whose national program consists of "swell" or flat %'s will have those monies entered into their promotional fund account. Winn Dixie's Corporate Policy rates will apply to all damaged goods. All products will continue to be processed via the reclaim centers.

**V. Shipping and Warehousing:**

Shipping- All products shipped from the reclamation center for all programs will be at the manufacturers' expense and shipped out freight collect. All products will be returned in boxes supplied by the vendor prior to the beginning of the processing period or banana boxes. Any special handling / shipping containers must be supplied by the vendor. Vendor must call the reclamation center to make arrangements for pickup, assign a preferred carrier and to arrange for pallet exchange at time of pickup.

Warehousing- All product, regardless of the program will be held for a maximum of 21 days from the date on the reclamation invoice. **On the 22nd day, all product will be disposed with no vendor recourse - no exceptions.**

**VI. Third Party Reviews:**

On-site Third Party Reviews are considered disruptive to the operation and are not allowed.

**VII. Definitions:**

**Unsaleables** - Product removed from the primary distribution channel or determined to be **unfit** for the primary channel regardless of the reason. Types of unsaleables included in the Winn Dixie's Corporate Reclamation Policy include:

- Unlabeled or Mislabeled Product
- Improperly Sealed Product
- Over/Short Weight or Partially Filled Product
- Broken Glass
- Crushed, Dented, or Collapsed Product
- Swollen Cans
- Manufacturer Withdrawal
- Moldy Package
- Rusted Can
- Leakers
- Soiled, Stained, Sticky, Etc.
- Defaced
- Expired Product or date sensitive Product such as OTC Drug items.
- Spoiled or Perishable Frozen/Refrigerated Grocery



## **Winn Dixie's Corporate Reclamation Policy (cont.)**

**Pre-Damage Direct Product Costs (DPC)**- Handling and Storage costs that occur before damage is identified as an item moves through retail distribution. They include costs incurred at the warehouse, during transportation to the store, and at the store itself. The DPC is based upon movement, cost and cubic size of the item, therefore this variable is not constant and is calculated at the item level. The DPC averages .08 cents per item. Refer to: The 1990 Joint Industry Report for Product Reclamation Centers

**Post-damage Handling Costs (PDC)**- Costs that typically occur after damage to the item has been identified in the store and before it arrives at the reclamation center. This also includes costs for handling items that have been identified as damaged in the warehouse. Refer to: The 1990 Joint Industry Report for Product Reclamation Centers

**Reclamation Center Processing Costs (RCC)**- Handling and storage costs, which occur as an item, is processed through a reclamation center. Contained in this formula are major variables such as reclamation center efficiency type of product and Method of Disposition or processing chutes. Refer to: The 1990 Joint Industry Report for Product Reclamation Centers

The effective date of our new Winn Dixie's Corporate Reclamation Policy is June 28, 2001. In order to facilitate this effective date, all signed Winn Dixie's Corporate Reclamation Policy Agreements must be returned by June 1, 2001. Please select a specific Method of Disposition or Processing Chute Option for the Damage/Unsaleable program.

If no signed agreement is received by June 1, 2001 product will be automatically defaulted to Winn Dixie's Corporate disposition and the applicable processing charges applied.

Please note that your selection will be utilized by ALL Divisions of Winn Dixie's Stores.

Please see the Winn Dixie's Corporate Reclamation agreement form attached.



**Winn Dixie Stores, Inc Corporate Reclamation Agreement**

The following establishes a set procedure for handling all of your damaged/unsaleable products for All Divisions of Winn Dixie Stores, Inc. Please select a product Method of Disposition or Processing Chute Option for damaged/unsaleable goods, which are processed in our Reclamation Centers.

COMPANY NAME: \_\_\_\_\_ Vendor # \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

**BILLING ADDRESS IF DIFFERENT (BROKER)**

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP: \_\_\_\_\_

**SELECT DAMAGED/UNSALEABLE GOODS METHOD OF DISPOSITION OR CHUTE:**

Winn Dixie Discretion Option: (\$. 338) \_\_\_\_\_

Vendor Review Pick-Up (\$.418) \_\_\_\_\_

Auto Destroy (\$. 388) \_\_\_\_\_

**\*\*Vendor Review Ship back (\$. 438) \_\_\_\_\_**

Auto Donate (\$. 368) \_\_\_\_\_

**\*\*SHIP TO ADDRESS FOR RECLAIM RETURNS: Must assign Permanent RA # for Ship back Returns**

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP: \_\_\_\_\_

**LIST TYPE CARRIER FOR RETURNS:** \_\_\_\_\_

*(If UPS or FEDEX is your carrier, please provide your account # \_\_\_\_\_)*

*\*Total chute charges may vary by item since the average DPC of .08 was used to calculate the totals for individual chute charges.*

Note: All vendor review product will be held for a maximum of 21 days. Vendors who have product shipped from the Reclamation Center will provide boxes prior to the time of shipment or banana boxes will be used. All product will be shipped freight collect. Any changes to a vendor handling or billing policy will take effect one period after approval by Winn Dixie. If you do not return this form your product will be billed and handled according to the defaults in THIS POLICY.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name (Printed)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Title**

**Please complete the agreement and return it to:**

**Winn Dixie Procurement, Inc  
Attn: Gary Regina  
Supply Chain Manager  
5050 Edgewood Court  
Jacksonville, FL 32254  
Fax 904-783-5521**



**To: Winn-Dixie Stores, Inc.**

**From:**

**Manufacturer/Vendor Name** \_\_\_\_\_

**Winn-Dixie Vendor Number** \_\_\_\_\_

**Date** \_\_\_\_\_

**Manufacturer/Broker Rep. (please print)** \_\_\_\_\_

**Manufacturer/Broker Rep Signature** \_\_\_\_\_

We, the above listed Manufacturer/Broker have selected either "**Auto Donate,**" or "**Winn-Dixie Discretion Option,**" as our "**Method-of-Disposition OR CHUTE SELECTION**" for Reclaimed Product.

We agree to indemnify, defend, and hold harmless, Winn-Dixie Stores, Inc., from any third party liability, loss, claim or expense related to, or occurring subsequent to, disposition of our Reclaimed Product.

Winn-Dixie Stores, Inc., is released of all liabilities and claims resulting from disposition of said Product, as well as any liability, loss, claim, or expense related to said Product, occurring subsequent to disposition of same.

**(FORWARD TO SUPPLY CHAIN MANAGER)**