



July 12, 2019

Valued Albertsons Companies Supplier:

The safety and quality of the food that we sell and distribute and the services we provide our customers are at the core of who we are and of the Albertsons Companies' mission. Part of that mission sometimes involves the prompt and efficient recall and withdraw of products that do not meet our standards.

The number of product recalls and market withdraws continues to increase. These events create burdens and impose cost on Albertsons Companies and its retail stores, distribution centers and store support centers that are not covered by reimbursement for the cost of goods involved. These costs include handling, shipment, transportation, disposal, environmental, and customer notice expenses (Recall/Withdrawal Logistics Costs), as well as administrative costs.

In the event of a product recall or withdrawal, the supplier of that product will be responsible for: (1) timely notification of the recall to Albertsons Companies, (2) the cost of the goods recalled or withdrawn, (3) the Recall/Withdrawal Logistics Costs (as defined above) incurred, and (4) the applicable Administrative Costs.

Additionally, it is the responsibility of the vendor to pick up all impacted product from Albertsons Companies warehouses. The Retail Labor Fee will be applicable for all stores serviced by the impacted warehouse(s).

Albertsons Companies reserves the right, however, if it incurs actual costs more than the fees described above, to hold the vendor responsible for the additional costs.

Effective June 15, 2016 the following fee schedule will exist:

| <b>Cost of Goods</b>                     |                          |
|--|--------------------------|
| Cost of Goods                            | # of units x cost        |
| <b>Recall/Withdrawal Logistics Costs</b> |                          |
| Retail Labor Fee                         | \$40/store               |
| Reclamation Fee                          | \$0.84/unit              |
| Hazardous Waste Fee                      | \$1.84/unit              |
| Warehouse Recovery Fee                   | \$4.25/case              |
| <b>Administrative Costs</b>              |                          |
| Recall InfoLink Processing Fee           | Event cost x # of stores |
| Division Admin Fee (1-2 divisions)       | \$5,000                  |
| Division Admin Fee (3-4 divisions)       | \$7,500                  |
| Division Admin Fee (5-8 divisions)       | \$10,000                 |
| Division Admin Fee (9-12 divisions)      | \$12,500                 |
| Division Admin Fee (13-16 divisions)     | \$15,000                 |

The Fees shall, at Albertsons Companies option, be paid to Albertsons Companies in immediately available funds or may be credited against vendor invoices, and Albertsons Companies shall have the right to offset or deduct from invoices owed the amount of any Recall or Withdrawal fees not previously paid.

Recall fees are in addition to any other damages and indemnities to which Albertsons Companies may be entitled (without limiting its other rights or exercising any election of remedies). These Recall fees shall be subject to change from time to time, at Albertsons Companies' sole discretion, upon not less than (30) days notice (by posting at our supplier site) .

Albertsons Companies looks forward to continuing to work with you to maintain the highest standards of food safety and product quality.

Jerry Noland

*GVP Food Safety & Quality Assurance*