



To: KROGER DSD (Direct Store Delivery) vendors

Re: KROGER DSD compliance

DSD Operations has created the DSD Center of Excellence (COE) as a single point of contact for all DSD billing inquiries. Although it is our goal to pay a vendor for the product they are delivering correctly at that time of delivery, there are instances when disputes arise. This documentation outlines how to best achieve the goal of being paid correctly at the time of delivery, and how/where to submit invoice disputes for further research.

It will be required of all DSD Vendors that Kroger has this signed documentation on file for research to be conducted. Kroger wants to ensure that all vendors understand the DSD COE's policies and procedures for proper receiving and accurate invoice research.

The following must be abided by:

1. **All product deliveries must be accompanied with an authentic invoice**, which includes an itemized list (UPC, Description, Quantity, List Cost, allowance and extended cost) of the product delivered and their accurate costs. The invoice must be unique and easily identified by its invoice number with Kroger approved UPC numbers (**Unauthorized items will not be considered for payment**). The invoice must reflect the total amount due. Kroger Stores cannot pay off of alternate documents such as packing lists, statements or bill of ladings.
2. All merchandise must be entered through the DSD Receiving Station (“through the Back Door”) and the DSD system via ASN, DEX, NEX or vendor scanning the invoices item by item (line item receiving). In such cases line item receiving is not possible; the receiving clerk will use an alternate entry method to produce a store invoice document or “ticket”. This is mandatory for all credit and charge invoices. Scan Based Trading (SBT) is also an option for most DSD vendors.
3. The following “**Exception Vendor**” deliveries must provide electronic invoicing:
 - Third Party Delivery Services (e.g. UPS or FedEx)
 - Cross Dock deliveries
 - Outside Window Exception Vendors (Off-Hours)

Acceptable invoicing methods:

- **ASN** – Advanced Shipping Notice: Information at <http://edi.kroger.com>.
 - **NEX** - Find NEX EDI information at <http://edi.kroger.com>.
 - **DEX** – Direct Exchange
 - **SBT** - Allows the vendor to be paid for product based on what scans across the register. These systems will prevent the loss of invoices and delayed payments. For scan based trading solutions please contact the Kroger SBT Manager.
4. When the receiving clerk has completed the invoice check-in, they will provide the supplier with a “Receiving Invoice Report” as the proof of delivery. This is also commonly known as a “ticket”. The ticket must accurately reflect the supplier’s invoice number and products actually delivered. It must also have a status of “closed”. **Store personnel will not sign any invoices. The closed “ticket” is the only valid proof of delivery for any disputed invoice issues.**



5. If your product is delivered via UPS or cross-docked through a Kroger Distribution Center, it also must be delivered through the DSD Receiving Dock (“through the Back door”) and the carrier’s signed delivery notification tracking document or the DC documentation must accompany the original invoice as that supplier’s proof of delivery. All third party or cross dock deliveries are “**Subject to Count**” meaning:
 - In the case of UPS and cross dock suppliers, this documentation does not guarantee that all products on the invoice are authorized or that the product delivered is accurate to the product invoiced. If product is missing, mispicked or not authorized those lines on the invoice may not be paid.
 - In the case of Outside Window Exception Vendors (Off-Hours) vendors, the same rules apply for missing, mispicked or not authorized items.

6. The supplier is responsible for checking the store “Receiving Invoice Report” for accuracy before leaving the store. Invoice discrepancies must be corrected at that time. Pricing issues (List cost and allowances) are considered out of the control of the receiving clerk and adjustments to make costs match must not be attempted. The supplier’s pricing department should contact the appropriate Kroger Category Manager for cost discrepancies.

7. In the case of suppliers, which deliver outside of our normal receiving hours, they also need to deliver through the DSD Receiving Dock (“through the Back Door). The product and invoice must be verified for accuracy by store management or department head and logged on the “Off-Hours Receiving Log”. Any discrepancies are to be noted on the invoice and initialed by the supplier and the store management person. The vendor must enter the invoice electronically into the store systems using one of the methods listed in section 2. The invoice will be electronically received and closed the next day, and a “ticket” will be produced and retained for the supplier at the store for fourteen days. **It’s the supplier’s responsibility to obtain this ticket as their valid proof of delivery within the fourteen-day window.** If the store will not provide a supplier with this document and they are within the fourteen-day window, immediately contact Kroger DSD Operations (email below).

Effective April 25, 2010, all Outside Window Exception Vendors (Off-Hours) as well as UPS type and cross-dock vendors will be required to invoice in an Electronic Data Interchange (EDI) format. The acceptable types of EDI format are:

- DEX Invoicing Not for cross-dock
 - NEX Invoicing
 - ASN Advanced Ship Notice EDI Form 857
 - Scan Based Trading (SBT)
8. **STORES ARE NOT TO BE CONTACTED REGARDING BILLING ISSUES** older than 28 days. Prior to 28 days stores can be contacted to resolve skipped invoices and quantity issues. They have been instructed to discard any billing discrepancies sent to the store older than 28 days. They will not forward these issues to Kroger.
 - **Suppliers are to submit all such billing inquiries to Kroger Accounting research team via CorpDSDCOE@kroger.com with appropriate documentation outlined in section 9.**

 9. Billing inquiries must have a copy of the original invoice accompanied by a closed “Receiving Invoice Report” or UPS documentation as proof of delivery. Kroger will not consider any invoice without the proper documentation (no BOL, manifest without invoices). Please send all cost discrepancies to Kroger Category Manager. Unauthorized items will not be considered for payment.



- 10. Kroger will only research delivery invoices from 60 – 180 days past the original invoice date. This allows ample time for the supplier’s terms to have passed before they start the research process. Any billing inquiries must be resolved within 180 days of the original invoice date.
- 11. Do not submit these requests before your payment terms have been met. If a supplier continually submits request for open receivables and Kroger finds that the payments have been made but the request was made too early, Kroger may choose to discontinue researching invoices for these suppliers or charge the vendor for the unnecessary research.

Any questions concerning this, or any other DSD receiving policies and/or procedures should be directed to the CorpDSDCOE@kroger.com email address.

**KROGER DSD Compliance
Signature Page**

Vendor: _____ Db: _____
(Legal name of entity)

By: _____
Printed Name (Signature)

Date: _____ Phone: _____

Email: _____

Name as Printed on Kroger checks: _____

All Kroger Payee Number(s): _____
(Payee Numbers are listed on your Kroger check – it is called “Vnd No”)

RETURN SIGNED ORIGINAL OF THIS PAGE TO:

KROGER DSD Accounting or Email: CorpDSDCOE@Kroger.com
Kroger RASC
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