

**FOOD LION, LLC**  
**DSD SUPPLIER**  
**CODE OF CONDUCT**

This Code of Conduct serves as a guideline for all direct store deliveries (“DSD”) from suppliers (each, a “Supplier”) and their employees, agents and other representatives (collectively, “Personnel”) providing product and services in Food Lion, LLC (the “Brand” or “Food Lion”) stores (each, a “Store”). Unless otherwise agreed to by the Brand in writing, DSD Suppliers shall, and shall cause their Personnel to, comply with this Code of Conduct.

**DSD SUPPLIER EXPECTATIONS**

- 1) All Supplier Personnel are expected to treat everyone in the Store with respect and to exemplify integrity. Remember that both the store associates and the Store’s customers are the Supplier’s customers.
- 2) All Suppliers Personnel shall dress professionally and maintain proper grooming and appearance while servicing the Stores
- 3) Delivery and shelf merchandising frequency expectations will be set by the Brand Category team and all Suppliers are expected to meet or exceed these requirements
- 4) Suppliers must maintain at least a 98% in stock rate every day. All out of stock (“OOS”) holes are to remain empty until the product is available -- no spreading or over facing is allowed. All Suppliers should notify Store leadership of OOS and when they are expected to be available.
- 5) It is the Supplier’s responsibility to ensure that all code-dated product is properly rotated and all out of date product is removed from the sales floor and proper credit issued accordingly.
- 6) No product or equipment is to be brought into or removed from the Store without Store approval. The Brand reserves the right to inspect all cartons and containers exiting the Store.
- 7) Suppliers may not use store equipment without permission from the Store Receiver or other Member of the Store Management Team. This includes but is not limited to pricing guns, signs, tags, and jacks. Store stamps, handheld scanning units, and or computer equipment are prohibited from Supplier use.
- 8) The Supplier is expected to maintain backroom conditions and backstock levels as defined by the Store Management team.
- 9) The Supplier is responsible for maintaining its allotted shelf space (including compliance with planogram (“POG”) assignments), and shelf cleanliness and for ensuring items are tagged properly. Suppliers are not allowed to remove shelf tags.
- 10) Suppliers are responsible for ensuring proper housekeeping by its Personnel, including without limitation proper disposal of shipping materials (cardboard, plastic, etc.) that result from the verification process. The Supplier must properly remove, consolidate, and dispose of product shipping materials (e.g. cardboard, plastic).
- 11) Suppliers and their Personnel shall refrain from presenting, offering or otherwise giving gifts or gratuities of any kind, regardless of the monetary value, to any Store associate and shall comply with the Brand’s *Code of Business Conduct for Suppliers and Service Providers*. This includes tickets, shirts, samples, etc.
- 12) All Suppliers shall abide by the Store’s non- smoking policy.

- 13) **SBT Vendors.** Scan-based trading (“SBT”) Suppliers are expected to comply with each of the requirements stated above. However, SBT Suppliers are not required to go through the standard receiving processes specified below, except that all outgoing items must be inspected prior to being removed from the Store.

## **RECEIVING**

- 1) DSD deliveries shall be made during the Store’s posted receiving hours, except in the case of emergencies such as snowstorms.
- 2) Suppliers shall make all DSD deliveries at the back of the Store through the receiving doors.
- 3) Warehouse deliveries from the Brand’s distribution centers will receive priority.
- 4) The Store Receiver is only permitted to receive one DSD Supplier at a time. With the Receiver’s permission, other Suppliers may stage their product in the receiving area.
- 5) Suppliers shall prepare delivery for validation, including without limitation opening all cases of product. Individual varieties or flavors must be scanned separately, even if the same cost. **No product may be taken to the sales floor until the receiving process is complete.**
- 6) Suppliers shall verify that all invoiced items are physically accounted for prior to check in. If necessary, Suppliers shall make the appropriate adjustments to the invoice(s) prior to check in.
- 7) A delivery “discrepancy” is defined as the difference between the actual received and invoiced product. It is not considered a discrepancy if the Supplier makes an adjustment prior to beginning the verification process. All discrepancies will be reported to Asset Protection by the Receiver.
- 8) Suppliers shall provide appropriate credit for all damaged and/or returned products and shall ensure that such products are picked up before the next delivery is accepted.
- 9) Credits for damaged and/or returned products must be processed on a separate invoice, and removed from the Store, prior to any deliveries being made.
- 10) Use of Scan Sheets in the receiving process is prohibited.
- 11) Green Light Vendors must provide delivery invoices for ASN matching purposes, put away/stage product as directed by the Receiver and retrieve the DSD ticket before exiting.
- 12) All Suppliers must check out with the Receiver before exiting the Store through the receiving area. The Receiver will check all empty boxes, trays, or other items being removed from the Store by the Supplier at this time.

### **Food Lion has a zero-tolerance policy for theft and all other acts of dishonesty.**

*The Brand will consider appropriate accommodations where this Code of Conduct conflicts with a Supplier’s procedures. Absent the Brand’s written agreement to the contrary, however, Supplier and its Personnel may be barred from servicing the Brand’s stores if they fail to comply with this Code of Conduct. This Code of Conduct does not limit or restrict the rights or remedies of the Brand under any written agreement with the Supplier, which rights and remedies are expressly reserved.*