



March 28, 2024

Following our recent announcement of the introduction of the Simplified Supplier Approach (SSA) policy, we have continued to refine how we do business with our suppliers to simplify our approach. Today, we are communicating an important update regarding the harmonization of certain fees across our organization.

These changes will result in complete alignment across our legacy Natural and Conventional distribution centers (DCs), with some fees being combined, removed, or added in both Natural and Conventional. This alignment is crucial in reducing complexity, bringing to life our ONE company approach with our supplier partners.

On the accompanying pages you will find a detailed breakdown of fees that are being harmonized. All changes are effective on **May 1, 2024**, the same date as SSA goes into effect. Key highlights:

- Distribution Center Efficiency (DCE) will be implemented in Natural DCs, to align with the Conventional DCs.
- Certain compliance fees that existed in Conventional will be introduced to Natural and vice versa, while other fees will be eliminated.
- Service Level Assessment (SLA), a compliance fee, will replace Vendor Caused Lost Sales (VCLS) in the Conventional DCs to align with the Natural DCs.
- Repositrak will be implemented for the Natural DCs to align with the Conventional DCs.

As a reminder, **Distribution Center Efficiency (DCE) fees, Compliance fees, and Repositrak fees are all waived as part of the Simplified Supplier Approach (SSA) policy** communicated to suppliers on February 28, 2024.

Please reach out to your supplier relationship manager or regional merchandiser with any questions or concerns.

John Raiche  
Executive Vice President, Supplier Services

Brian Audette  
Chief Retail Merchandising Officer

March 28, 2024  
SUPPLIER-EXT



## Fee Schedule Updates

Effective May 1, 2024

*Note: The fees listed below are waived as part of **Simplified Supplier Approach (SSA)**.*

### Distribution Center Efficiency (DCE) Fee structure in Natural and Conventional DCs

- Grocery, Frozen, Dairy, GMHBC, Wellness, and Prepackaged Meat product categories cases will be charged as follows per DC:
  - Fastest moving 20% of volume in a DC = \$0.09 per case
  - Mid moving 30% of volume in a DC = \$0.15 per case
  - Next 40% of volume in a DC = \$0.20 per case
  - Slowest 10% of volume in a DC = \$0.23 per case
- Pallets and shippers will be administered a separate fee per DC of \$0.50 per pallet per shipper
- Non-specialty 24/28-pack bottled water cases will be administered a separate fee per DC of \$0.34 per case

### Repositrak Fee structure in Natural and Conventional

- \$420 per year fee to supplier to manage supplier certification documents

### Compliance Fee structure in Natural and Conventional DCs

- Below are the only compliance fees that are changing through fee harmonization.

Fee Category	Fee type and description	Harmonized rate across Conventional and Natural
<b>Appointment violation fees</b>	<b>No call no show</b> – Supplier delivered loads that are no call no shows to scheduled appointments	<b>\$500/load</b>
	<b>Unscheduled</b> – Supplier delivered loads that arrive at UNFI DC without delivery appointments	<b>\$300/load</b>
	<b>Rescheduled &lt;24 hrs</b> – Supplier delivered loads that are rescheduled with less than 24 hours' notice	<b>\$300/load</b>
	<b>Late 30+ mins</b> – Supplier delivered loads that are late to scheduled appointments by more than 30 mins	<b>\$250/load</b>
	<b>All appointment fees</b> – Charged to suppliers instead of carriers moving forward (similar to all other fees)	<b>Charged to suppliers</b>
<b>Load Condition Fees</b>	<b>UPC Barcode</b> – UPC Barcodes missing and/or unscannable from product/cases	<b>\$500/PO</b>
	<b>Overship/Overage</b> – Product delivered is above confirmed Purchase Order (PO) quantity	<b>\$400/PO</b>
	<b>Freight damaged/shifted</b> – Product was not adequately secured during transit, resulting in movement/damage	<b>\$300/load</b>

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Fee Category	Fee type and description	Harmonized rate across Conventional and Natural	
<b>Load Condition Fees</b>	<b>Incomplete/Inaccurate Bill of Lading or Packing Slip</b> – Shipping documents including Bill of Lading (BOL), or Packing Slips are incomplete or inaccurate	\$200/load	
	<b>Placard Missing</b> – Pallets must be labeled with DC and PO# on the front and back of pallet	\$50/pallet	
	<b>Pallet Violation Fee</b> – Pallet does not meet standard set by UNFI, failing one or more specifications: Bad Pallet/Unacceptable Pallet, Product overhanging, Items not grouped together, and Restacking	\$30/pallet	
	<b>Wrong product/case pack</b>	Fee eliminated	
	<b>Unsafe/Unclean trailer</b>	Fee eliminated	
	<b>Short Dated Product</b>	Fee eliminated	
<b>Service level fees</b>	<b>Service Level Assessment (SLA)</b> <ul style="list-style-type: none"> <li>Brand purchase order fulfillment rate falls below 90% for three months or more</li> <li>Lack of a specific plan to return UNFI to 95% or greater brand purchase order fulfillment rate by a specific date</li> </ul>	3% of the value of the entirety of shorted product, after applying a 5% out-of-stock grace factor	
	<b>Vendor Caused Lost Sales (VCLS)</b>	Eliminated (replaced by SLA)	
<b>CLF</b>	<b>Costing Letter Fees/Invoice Surcharge</b> – Amount Invoiced by supplier is greater than amount expected by UNFI due to variance in pricing or quantity	\$120/PO	
<b>All other compliance fees</b>	<b>Late Disposition</b> – Supplier does not remove product from UNFI DCs within specified period (14 days)	<b>Late disposition days</b>	<b>Rate</b>
		15-30 days	\$500/item/DC
		31-60 days	\$750/item/DC
		Over 61 days	\$1,000/item/DC
	<b>Late Notice Fee</b> – Supplier does not provide 90-day notice on changes including Pack Change, Cost Change, and Pickup Location change	<b>Days notice</b>	<b>Rate</b>
		60-89 days	\$600/item/DC
		30-59 days	\$800/item/DC
		Fewer than 30 days	\$1,200/item/DC
		No notice	\$2,600/item/DC