

# **SUPPLIER GUIDELINES FOODSTUFFS (AUCKLAND) LIMITED**

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# Foodstuffs (Auckland) Limited

*“We are the buying agents for our consumers –  
we make no apology for demanding your very best price at all times...”*

Foodstuffs (Auckland) Ltd, the parent company of the organisation, is a retailer owned co-operative operating in the northern half of the North Island and accounts for more than 50% of the grocery business in that area.

The organisation operates through some 200 retail members ranging from full service supermarkets (New World), major one stop shop retail food warehouses (PAKnSAVE) and convenience stores (Four Square) to a number of dairies and convenience stores not identified with any particular banner group.

Foodstuffs (Auckland) Ltd has a number of subsidiary companies, the two most important being the Foodstuffs Own Brands Limited and James Gilmour & Co Ltd.

In conjunction with its sister companies, Foodstuffs (Wellington) Co-op Society Ltd and Foodstuffs (South Island) Ltd, Foodstuffs (Auckland) Ltd markets an extensive private label range, mainly under the “Pams” and “Budget” brands. FOB Limited welcomes the opportunity to discuss trading arrangements with potential new suppliers.

Foodstuffs (Auckland) Limited is currently in the process of developing HACCP based safety programmes in all of its retail stores. Suppliers should be aware that they will be required in the future to demonstrate their compliance with these programmes.

Outlined on the following pages are our requirements for trading successfully with Foodstuffs (Auckland) Ltd.

The Company reserves the right to vary these “Supplier Guidelines and Policies” at any time.

# Trading Terms

These Trading Terms override any other terms implied or expressed by the supplier.

## **Trading Terms:**

The terms by which all trading groups operate. These form a contract that may not be changed unilaterally and must be discussed and authorised by the Trade Terms Committee of Foodstuffs (Auckland) Ltd which comprises the **Chief Executive Officer**, the **General Manager – Supply Chain** and any other co-opted party.

NB: Foodstuffs (Auckland) Ltd reserves the right to review its trading terms with its suppliers on an annual basis.

## **Ownership of Goods:**

Suppliers must acknowledge that ownership of goods transfers at the time of delivery. Any terms or conditions of sale to the contrary are expressly excluded. Subject to individual negotiation, exceptions to this policy could include, for example, consignment stock or vendor owned inventory.

A mandatory requirement for all goods delivered to Foodstuffs Auckland Warehouses or Retail Stores is a **Priced Packing Slip (PPS)** which must accompany each delivery

## **Trade Spend:**

This is the promotional spend allocated to each trading group. These funds should be allocated as a percentage of sales and reviewed annually and adjusted to cater for any changes in market shares. We will not accept less than our fair share calculated in this manner.

## **Ordinary Terms Settlements Discount:**

These consist of 2 ½% paid by way of a settlement discount and includes the components of settlement discount and the “del credere” risk. These form an integral part of trade term negotiations and underpin the basis of trading with Foodstuffs (Auckland) Ltd. See “Finance and Administration Requirements” for further details.

**Central Distribution:**

Foodstuffs (Auckland) Ltd reserves the right to select those suppliers whose products will be centrally distributed. This selection process reflects Foodstuffs (Auckland) Ltd's intent to supply product to consumers in the most cost effective manner.

**Barcode Symbology:**

Foodstuffs (Auckland) Ltd, as a member of GS1 New Zealand, fully endorses the use of appropriate barcode symbology on all retail and distribution units.

Should a supplier, for any reason whatsoever, place a use by/best before date on a retail unit and such date is within 90 days of manufacture then this information must also be placed on the distribution unit in a "machine readable" and "man readable" manner.

Should a supplier, for any reason whatsoever, place a use by/best before date on a retail unit and such date is greater than 90 days of manufacture then a Serial Shipping Container Code (SSCC) should be used. This SSCC should be affixed to the container (normally a pallet but could be a shipper) and suppliers must ensure that only one SKU with a common use by/best before date is used for each container bearing an SSCC.

Standards for the above symbology are maintained by GS1 New Zealand.

**Functional Discounts:**

Foodstuffs (Auckland) Ltd does not acknowledge Functional Discounts, such as a "warehouse or distribution allowance", but accepts Volumetric Terms that reflect the true economic efficiencies of trading. Typically these would take the form of discounts for picking (layer & pallet), shipping (load size & multiple), ordering (large & direct) and apply to all distribution points irrespective of their functional nature. The amount of each discount component should represent the actual costs incurred by the supplier in respect of each quantity/volume break.

Generally in regard to all Terms of Trade, Foodstuffs (Auckland) Ltd demand they are fully disclosed and transparent across all market participants.

**Dangerous/  
Hazardous Goods:**

All suppliers must comply with all requirements as laid down by the LTSA with regard to the transport and delivery of the product to Foodstuffs (Auckland) Ltd distribution centres and retail outlets.

## New World

The New World stores are the dominant group in the full service supermarkets segment. They offer a full promotional range of fresh foods, grocery, health and beauty, liquor, general merchandise, chilled and frozen product. The group is positioned as the price leader within its segment.

Ranging and promotional decisions are made by the relevant **Retail Category Manager** and/or **Fresh Foods Merchandise Manager**.

### **Promotions:**

The group offers a weekly circular programme featuring both coupons and super deals. These are designed to complement the “Everyday Low Price” profile the banner operates.

Contact your relevant **Retail Category Manager** and/or **Fresh Foods Merchandise Manager** for further details regarding protocols on how best to promote within New World.

### **W.W.Ps:**

Warehouse Withdrawal Promotions – these are designed for those products distributed through the central distribution network and should be discussed with the relevant **Retail Category Manager**.

### **New Lines:**

All new lines must be presented to the **Retail Category Manager** or **Fresh Foods Merchandise Manager** responsible for your categories. If approved, a Foodstuffs (Auckland) Ltd host support number will be allocated to your product. By host supporting your product all point of sale details will be available to each New World. It is then the individual stores decision to stock the product.

The emphasis is on the supplier to achieve minimum stocking to continue the ongoing host support of that product. Should a product fall below the minimum requirements it will be deleted.

For fresh foods see your relevant **Merchandise Manager**.

### **Host Support:**

The term given to ranging of a product within the New World group. If host supported, Foodstuffs (Auckland) Ltd will maintain the necessary databases to ensure the correct scanning information is held by each store.

**RSM:**

**Retail Stock Management System:** Used to enhance the buying function at store level. All suppliers have to ensure that all information in the system is up to date and accurate. When there is a price change, carton quantity change, pack size change, description change and a change to the sequence of the order card, the **RSM Data Maintenance Supervisor** must be notified in writing a minimum of six weeks prior to the change occurring. (This does not apply to fresh foods).

**Trade Spend:**

As an official supplier to the New World group every supplier is required to promote with the group. Funds (trade spends) should be allocated to the group based on its share and contribution to business. To ensure that there is fair and equitable spend, each supplier is required to divulge the value of its trade spend with the group. This is to be expressed as a percentage to sales. We will not accept less than our fair share calculated in this manner.

Foodstuffs (Auckland) Ltd will regularly monitor trade spend to ensure it is in keeping with its share and that both parties are mutually benefiting from the spend.

The **Retail Category Managers** are responsible for managing trade spend within their portfolios. To maximize sales their input into the allocation of trade spend is required.

**Business Reviews:**

Foodstuffs (Auckland) Ltd requires regular updates of company and category performance. New World's performance should be benchmarked against its combined competitors performance and supplier performance in the Key Account Auckland Region. Any issues relating to market share, stocking, promotions and planograms can then be addressed on a regular basis.

For all major suppliers, monthly, quarterly and annual reviews are required. For all other suppliers reviews will be arranged as required. See your **Retail Category Manager** for a standardised review format.

**Price Increases/  
Decreases:**

Suppliers must give a minimum of six weeks notice of impending price changes. Foodstuffs (Auckland) Ltd reserve the right to query price changes.

All price changes are required to be notified in writing and sent to the **Retail Pricing Supervisor**, Foodstuffs (Auckland) Ltd, DX Box CX15021, Auckland.

For Fresh Foods contact your **Fresh Foods Merchandise Manager** for further details.

**Category Management:**

Foodstuffs (Auckland) Ltd embraces the principles of category management and offers its members and suppliers a full category management service ranging from planograms through to in-house reviews of individual categories.

All planograms should be referred to the relevant **Category Manager** for sign off.

**Disputes Protocol:**

Foodstuffs (Auckland) Ltd reserves the right to challenge and take action against any company seen not to be acting in the best interest of the group. Payment disputes should be referred to the **Financial Controller** in the **Finance & Administration Division**.

# PAKnSAVE

PAKnSAVE Food Warehouses are the leading food retail warehouse operation in New Zealand. The group has a stated objective of “The Lowest Overall Food Prices in New Zealand”.

The group is non-advertising with trade spend allocated to a cooperative advertising programme channeled into price. The group is recognised as the dominant low cost/low price operator in New Zealand.

Ranging and Promotional decisions are made by the relevant **PAKnSAVE Category Manager** and/or **Fresh Foods Merchandise Manager**.

## **Ranging:**

The PAKnSAVE range is controlled. All new products must be presented to the relevant **PAKnSAVE Category Manager**. It is their responsibility to either decline or accept a line for presentation to the **Ranging Committee**.

The entire range is monitored every quarter and products that do not meet our stocking criteria will be deleted.

(See your **Fresh Foods, Liquor** and **General Merchandise Managers** for further information on the criteria for those departments).

## **RSM:**

**Retail Stock Management System:** Used to enhance the buying function at store level. All suppliers have to ensure that all information in the system is up to date and accurate. When there is a price change, carton quantity change, pack size change, description change and a change to the sequence of the order card, the **RSM Data Maintenance Supervisor** must be notified in writing a minimum of six weeks prior to the change occurring.(Does not apply to fresh foods).

## **Promotions:**

The emphasis is on individual store promotions which is complemented by a centrally organised **Temporary Price Reduction (TPRs)** programme. These are to be negotiated with the relevant **PAKnSAVE Category Manager**. All TPRs are subject to re-negotiation at store level.

There is a limited advertising programme featuring fresh foods, chilled and frozen foods, general merchandise, liquor and private label products. (Contact your **Fresh Foods Merchandise Manager** for details).

**W.W.Ps:**

**Warehouse Withdrawal Promotion:**  
These are designed for those products distributed through the central distribution network and should be discussed with the relevant **PAKnSAVE Category Manager**.

**Trade Spend:**

As an official supplier to the PAKnSAVE group every supplier is required to promote with the group. Funds (trade spend) should be allocated to the group based on its share and contribution to business.

To ensure that there is fair and equitable spend, each supplier is required to divulge the value of its trade spend with the group. This is to be expressed as a percentage to sales. We will not accept less than our fair share calculated in this manner.

Foodstuffs (Auckland) Ltd will regularly monitor trade spend to ensure it is in keeping with its share and that both parties are mutually benefiting from the spend.

The **PAKnSAVE Category Managers** are responsible for managing trade spend within their portfolios. To maximise sales their input into the allocation of trade spend is required.

**Business Reviews:**

Foodstuffs (Auckland) Ltd requires regular updates of company and category performance. PAKnSAVE's performance should be benchmarked against its combined competitors performance and supplier performance in the Key Account Auckland Region. Any issues relating to market share, stocking, promotions and planograms can then be addressed on a regular basis.

For all major suppliers, monthly, quarterly and annual reviews are required. For all other suppliers reviews will be arranged as required. See your **PAKnSAVE Category Manager** for a standardised review format.

**Price Increases/Decreases:**

Suppliers must give a minimum of six weeks notice of impending price changes. Changes will be challenged if thought to be unwarranted.

All price changes have to be notified in writing and sent to the **Retail Pricing Supervisor**, Foodstuffs (Auckland) Ltd, DX Box CX15021, Auckland.

Fresh Foods – Contact your **Fresh Foods Merchandise Manager** for details.

**Category Management:**

Foodstuffs (Auckland) Ltd embraces the principles of category management and offers its members and suppliers a full category management service ranging from planograms through to in-house reviews of individual categories.

All planograms should be referred to the relevant **Category Manager** for sign off.

**Disputes Protocol:**

Foodstuffs (Auckland) Ltd reserves the right to challenge and take action against any company seen not to be acting in the best interest of the group. Payment disputes should be referred to the **Financial Controller** in the **Finance & Administration Division**.

# Four Square

The Four Square stores cater for mainly top up and semi main order shopping. This group dominates the segments in which it operates.

Four Square offers an aggressive promotional programme coupled with a range specifically tailored to suit the needs of its customers.

**Promotions:**

There is a dedicated weekly circular featuring a cut margin specialising programme. See your relevant **Retail Category Manager** for further details.

**Central Distribution & Ranging:**

Due to the size and geographic spread of the group, most non fresh foods are supplied to the members via the Foodstuffs (Auckland) Ltd distribution centres. The distribution centres are based in Auckland and Rotorua.

See your relevant **Retail Category Manager** for Host Support.

**Price Increases/Decreases:**

Suppliers must give a minimum of six weeks notice of impending price changes. Changes will be challenged if thought to be unwarranted.

All price changes have to be notified in writing and sent to the **Retail Pricing Supervisor**, Foodstuffs (Auckland) Ltd, DX Box CX15021, Auckland.

**Fresh Foods** – Contact your **Fresh Foods Merchandise Manager** for details.

**Trade Spend:**

As an official supplier to the Four Square group every supplier is required to promote with the group. Funds (trade spend) should be allocated to the group based on its share and contribution to business.

To ensure that there is fair and equitable spend, each supplier is required to divulge the value of its trade spend with the group. This is to be expressed as a percentage to sales. We will not accept less than our fair share calculated in this manner.

Foodstuffs (Auckland) Ltd will regularly monitor trade spend to ensure it is in keeping with its share and that both parties are mutually benefiting from the spend.

The **Retail Category Managers** are responsible for managing trade spend within their portfolios. To maximise sales their input into the allocation of trade spend is required.

**Disputes Protocol:**

Foodstuffs (Auckland) Ltd reserves the right to challenge and take action against any company seen not to be acting in the best interest of the group. Payment disputes should be referred to the **Financial Controller** in the **Finance & Administration Division**.

## Supply Chain Division

Distribution Centres are located in Auckland and Rotorua comprising the central distribution network. Buying Teams are responsible for the procurement and inventory for the Grocery, Tobacco, Liquor, General Merchandise, Frozen and Chilled range of products. Deliveries are made to our PAKnSAVE, New World and Four Square stores on a regular basis.

### **Procurement & Logistics:**

All new lines must be presented to the relevant Auckland based **Buyer** responsible for the supplier. Following the approval to host support a product by the relevant **Category Manager** the decision to make the product available to our retail stores via the Foodstuffs (Auckland) Ltd Distribution Centres will be made by the **Procurement and Supply Chain Planning Manager**.

This decision will to a large degree be dependent upon the agreed existing Trading Terms with each supplier.

### **Business Reviews:**

The **Buying Teams** require regular updates of company and product performance.

For all major suppliers regular monthly, quarterly and annual reviews are required. For all other suppliers, reviews will be arranged as required. See your **Buying Team** for a standardised review format.

Products that do not meet set category performance minimum requirements will be discontinued from the distribution centre range.

### **Price Increase/Decreases:**

Suppliers must give six weeks notice of impending price changes. Promotional discounts shall apply "two weeks before" and "week/s of" the promotional period. Increases will be challenged if thought to be unwarranted. The expected price for goods is determined at the time of order placement.

### **Ordering of Goods:**

Foodstuffs (Auckland) Ltd does not operate a "back order" system, therefore, if you are unable to supply a product in full, the outstanding balance should be cancelled.

On receipt of the Purchase Order please advise the **Buyer** of any pack/product size change which will result in stock being supplied which does not meet the exact order specification.

**Deliveries to our  
Distribution Centres:**

All deliveries are scheduled and suppliers or their delivery agent must phone to book a day and time for delivery.

**We do not accept over deliveries.**

**Limited Life Products:**

All products with a labeled shelf life or best before date must have at least five sixths of the shelf life remaining at time of delivery. Exceptions to this will require the manufacturer to indemnify Foodstuffs (Auckland) Ltd and our retail stores and credit any product which cannot be sold prior to the expiry date.

**On Pack Promotions:**

Foodstuffs (Auckland) Ltd require advice in writing of any product which has a competition, give away or any type of promotion that has a finite time period on the label.

Foodstuffs (Auckland) Ltd can require suppliers to uplift from the Distribution Centres and credit in full all products that have such "on pack" promotional material at any point six weeks before the end of the promotion.

**Pallet Configurations:**

All products are to be delivered on 1200 x 1000 sized pallets, packed not higher than 1.25 metres (including pallet) and not exceeding 1 tonne gross weight.

Individual products must be palletised and all product varieties must be individually palletised. See also "Barcode Symbolology".

## Foodstuffs Electronic Commerce

As a new Supplier to Foodstuffs (Auckland) Ltd, Electronic Commerce (E-comm) is the required Foodstuffs business process through our Foodstuffs Exchange (FSX).

The FSX is a joint venture involving the three Foodstuffs companies nationally. To connect to E-Comm and the Exchange we offer two solutions.

1. Low cost/no cost Web Exchange through the internet
2. Fully automated B2B (Business to Business).

As a Supplier you will first need to decide which solution will suit your business. We can guide you in this function by starting with an initial meeting to discuss our businesses. Once we receive your completed E-Commerce Application form (included in this package), we will set you up on the Web Exchange so as you can commence trading with us.

For Electronic Business the preferred Foodstuffs data formula is XML. This gives longevity for the Supplier and is an easily understood, widely used format.

As a business partner it is our aim to work with you as a vendor to provide an E-Commerce solution that will benefit both parties from the time of placing an order through to Invoicing and Payment.

The process starts with the initial purchase order (PO) to the Supplier, which is created by either the Foodstuffs Buyer or the Buyers in one of our Retail Stores. In return you send us:

1. A received message, so we know you have the order
2. An acknowledgement, which is agreeing to the terms, pricing and conditions of the PO.
3. An order confirmation (ASN), which gives us an accurate record of the quantities you are delivering to either our Distribution Centres or Retail Stores. As part of the delivery a Priced Packing Slip must accompany the Goods.
4. An Electronic Invoice for payment under the Terms of Trade you have negotiated.

The only requirement to complete the transaction electronically is to have Internet Explorer of 5.5 or higher on a screen in your business to start this process.

Once activated on the Web Exchange, you will receive all documentation, as to the functions of the Exchange along with Logon and Password.

At that time we also advise Foodstuffs (Wellington) Co-op Society Ltd and Foodstuffs (South Island) Ltd that as a Supplier you are E-Commerce enabled, so as they can perform the necessary tasks to activate your orders electronically in their area.

## **EANnet**

Foodstuffs is committed to using EANnet to underpin the accuracy of our master product data. Suppliers publish product information to EANnet, a neutral data pool, and following synchronization, Foodstuffs receives this data automatically. Accurate data is the basis for Foodstuffs e-commerce, and suppliers should register with GS1 as a first step to becoming EANnet ready.

For more information , visit the GS1 website <http://www.gs1nz.org/EANnet>

### **Contact Details E-Commerce Foodstuffs Auckland**

Allen Grainger  
Foodstuffs Auckland Limited  
DX Box CX 15021  
Auckland

Phone: 09 6210764  
Mobile: 021 858133  
Email: [allen.grainger@foodstuffs.co.nz](mailto:allen.grainger@foodstuffs.co.nz)



# Finance & Administration

In order for Foodstuffs (Auckland) Ltd to provide timely and efficient payments to its suppliers, the company has the following requirements and expectations. (The new supplier kit with additional details will be provided on request).

## Payment Terms

### Ordinary Terms:

**2.5% discount** is to be offered off statement by way of a settlement discount.

Invoices to be received within 5 days from date of invoice.

Statements to be received by the 10<sup>th</sup> calendar day of the month.

Payment will be made to all suppliers by direct crediting the nominated bank account.

The direct credit will be made on the last working day of the month following invoice date (delivery date).

Foodstuffs (Auckland) Ltd reserve the right to make adjustments at the time of payment for any unpaid debts by the supplier.

## Charge Through Accounts

### Invoice/Statement Details:

All invoices and statements must show your **Charge Through Vendor Number** with Foodstuffs (Auckland) Ltd.

The invoices for charge through must also show the **Retail Store Number**, as well as name and address details.

Once a "Charge Through Account" is opened by Foodstuffs (Auckland) Ltd, all transactions between the supplier and Foodstuffs (Auckland) Ltd stores (New World, PAKnSAVE and Four Square) must be charged through that account.

## Queries & Disputes

### Pricing Disputes:

Foodstuffs (Auckland) Ltd stores will liaise directly with the suppliers regarding pricing disputes.

### Proof of Delivery (POD):

After two unsuccessful POD requests the amount claimed will be automatically deducted from the new payment.

**Credit Note  
Request (CNR):**

All CNRs must be actioned by the supplier within 1 month of the date of the CNR.

**Returned Stock (RSO):**

All RSOs must be credited/paid by the supplier within one month of the date of the RSO.

## Packaging Accord: Statement of Intent

Foodstuffs is a signatory to the **New Zealand Packaging Accord 2004: Brand Owners and Retailers Sector Action Plan**.

The Packaging Accord is a joint initiative between the packaging industry, local and central Government, and the recycling industry, to reduce packaging waste.

The objective of Packaging Accord is to improve the sustainability of packaging used in New Zealand by:

- Better partnerships and processes.
- Brand Owners and Retailers taking the primary responsibility for product stewardship throughout the package life-cycle.
- Greater material and energy efficiency in the production, use and recovery of packaging materials.
- Supply chain initiatives that foster markets for sustainably-made packaging, including more use of recovered packaging material.

From time to time, Foodstuffs may impose terms and conditions of supply related to its obligations and commitments in relation to the Packaging Accord.

Foodstuffs encourage suppliers to become signatories to the Packaging Accord in their own right and to observe its principles. The Packaging Accord 2004 may be downloaded from the website of the Packaging Council of New Zealand at <http://www.packaging.org.nz/>.

Suppliers are also asked to adopt and comply with the **Code of Practice for the Packaging of Consumer Goods**, a self-regulatory code of practice developed by the Packaging Council of New Zealand. The Code seeks to promote excellence in environmental design of packaging while preserving its functionality (e.g. product integrity, public safety, consumer appeal etc).

In accordance with the Code, and in order to minimise the environmental impact throughout its life-cycle, packaging should be designed such that:

- The pack volume and weight are reduced to the minimum commensurate with maintaining the necessary safety and hygiene of the packaged product.
- It should be able to be reused or recovered and the environmental impacts arising from the recovery or disposal are minimised.
- Harmful or hazardous substances and materials occurring in emissions, ash or leachate on disposal are minimised.

Notwithstanding the above, packaging must be suitable to withstand the rigors of the supply chain, preserve the integrity of the product contained, and meet customer requirements for presentation.

A full copy of the Code of Practice may be downloaded from the Packaging Council's website <http://www.packaging.org.nz/>. The Style Guide for New Zealand Recycling Symbols may be downloaded from the Recycling Operators of New Zealand website at <http://www.ronz.org.nz/>.

Suppliers will be asked to report on initiatives undertaken to reduce packaging waste at business review meetings.