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Cincinnati, Ohio 45202-1100

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October 7, 2014

Dear Valued Supplier:

**This letter is to inform you of a new compliance initiative by The Kroger Co. that will require action on your part.**

At Kroger, we are strongly committed to ensuring the safety of products we sell across our enterprise as well as being responsible corporate citizens. As part of our commitment to corporate responsibility, we continuously look for ways to ensure we operate in a responsible manner and provide a safe environment our employees, our customers, and the communities we serve.

There are many federal, state, and local regulations that apply to chemical-based products used and sold by us. To ensure compliance with these regulations, Kroger is enhancing the processes used to identify and manage these products, especially when the product is damaged or unsellable and may have to be declared hazardous waste.

Kroger has selected the WERCSmart solution offered by The WERCS Professional Services to help us manage regulatory compliance requirements for all chemicals, over-the-counter health products, pesticides, aerosols, batteries, and other hazardous material products. We have identified your company as one that supplies our stores with such a product and your cooperation and participation is mandatory.

Your role in this process is to register your product and formulations with The WERCS. The WERCS will then perform an assessment of each product to support Kroger's regulatory compliance goals.

The WERCS Professional Services maintains absolute confidentiality of all supplier proprietary product and formulation information.

**The WERCS is committed to the highest levels of security and will not share any proprietary information with Kroger.**

The WERCS will assess a nominal product registration fee to you based on the service required and the overall product type that is being registered. Prices for these services can be found at the end of the Frequently Asked Questions document attached to this letter. There are no additional fees for Enterprise products already registered with The WERCS.

## **ACTION REQUIRED BY SUPPLIERS**

Kroger will require WERCSmart product classification for existing products that are actively replenished and all new products.

### **1. Existing Items Sold to Kroger**

No later than November 1, 2014, actively replenished, existing products that fall into the product types outlined in the Product Registration Criteria chart below must be registered with the WERCSmart program at [www.supplierWERCS.com](http://www.supplierWERCS.com).

## 2. New Item Setup Procedure

Beginning on November 1, 2014, in order to complete the new item process for products that meet the registration criteria for WERCSmart, suppliers will have to go to [www.supplierWERCS.com](http://www.supplierWERCS.com) and follow the steps required to have their product assessed by The WERCS. Suppliers will not be able to complete the new item set up process with Kroger until the product has been assessed by The WERCS.

<b>Types of Products Requiring Registration</b>	
<b>Chemicals</b>	<ul style="list-style-type: none"> <li>• Any product that is advertised or labeled to kill, repel, or prevent the growth of any living organism (including anti-microbial products)</li> <li>• Pesticides and other products regulated under the Federal Insecticide, Fungicide, and Rodenticide Act</li> <li>• Any product that contains a powder, gel, paste, liquid, or gas, and which is not intended for human consumption</li> </ul>
<b>Medication</b>	<ul style="list-style-type: none"> <li>• Products intended for human inhalation, consumption, or absorption: lozenges, pills or capsules (e.g. pain reliever, vitamins, water pills)</li> <li>• Medicated swabs, wipes, and bandages</li> <li>• Patches (heated and/or medicated)</li> <li>• Contraceptive foams, films, and spermicides</li> <li>• Any other over-the-counter medication or supplement of any kind</li> </ul>
<b>General Merchandise</b>	<ul style="list-style-type: none"> <li>• Nicotine replacement therapies and e-cigarettes</li> <li>• Equipment sold with chemicals (e.g. vaporizer sold with medication, air fresheners, gel shoe inserts)</li> <li>• Liquids (e.g. soap, shampoo, cough medicine, eye drops, ear drops, nasal spray, and inhalers)</li> <li>• Medicated shampoos, gums, ointments, and creams</li> <li>• Suntan lotion</li> <li>• Lip balm, lip creams, and petroleum jelly</li> <li>• Skin lotions, creams, and ointments</li> <li>• Cleaning products</li> <li>• Cosmetics</li> <li>• Perfumes</li> </ul>
<b>Aerosols</b>	<ul style="list-style-type: none"> <li>• Any product that contains a compressed gas or propellant, including spray cheese and whipped cream</li> </ul>
<b>Batteries</b>	<ul style="list-style-type: none"> <li>• All batteries</li> <li>• Any product that contains a battery of any kind</li> </ul>
<b>Light Bulbs</b>	<ul style="list-style-type: none"> <li>• Fluorescent, incandescent, halogen, LED, and neon light bulbs</li> </ul>
<b>Electronics</b>	<ul style="list-style-type: none"> <li>• Any product that contains a circuit board (e.g. blinking lights or making sounds)</li> </ul>
<b>Food</b>	<ul style="list-style-type: none"> <li>• Energy bars, diet supplements, vitamin drinks, cooking oil, soda machine cartridges</li> </ul>

This list is not all-inclusive. If you have any questions about whether a product requires WERCS registration, please send an email to [wercsinfo@kroger.com](mailto:wercsinfo@kroger.com).

Going forward, you will need to complete this process for any other products that Kroger may purchase, as well as for existing items already in the WERCSmart system whose formulations, ingredients, or UPCs have changed in any way.

Finally, we ask that you provide a key contact to partner with Kroger on this initiative. This contact should have technical knowledge of your products to ensure accurate data are entered into the WERCSmart system. Please send contact information to [wercsinfo@kroger.com](mailto:wercsinfo@kroger.com).

We greatly appreciate and thank you for your cooperation and partnership in this project. It will help us both manage the regulatory compliance responsibilities that we have and alleviate the shared and costly exposures of noncompliance. It will also help us minimize waste and aid in our efforts toward environmental sustainability, which will benefit the communities in which we live and serve.

Sincerely,

*Robert Clark*

Robert Clark  
Group Vice President, Merchandising

## FREQUENTLY ASKED QUESTIONS

### Q – Why am I required to do this?

A – Together we must better manage the regulatory compliance responsibilities that we have and alleviate the shared and costly exposures of noncompliance. It will also help minimize waste and aid in our efforts toward environmental sustainability, to the direct benefit of the communities in which we live and serve. As a supplier of consumer products subject to environmental regulations, your participation in this initiative is mandatory.

### Q – What if I am already a WERCSmart User?

The WERCSmart site now includes a feature to help you with the management of your registered products. If the products that you sell to Kroger are already registered on WERCSmart, please simply log on and forward those UPCs to Kroger. If you supply products to Kroger that are not yet registered, please log on and add this new product information to the required UPCs that will be listed in your account.

### Q – How can I tell if I am already a WERCSmart User?

Simply email us at [wercsinfo@kroger.com](mailto:wercsinfo@kroger.com) and one of our Kroger WERCSmart team members will assist you. If your product is sold to a major U.S. retailer, chances are your company is already a WERCSmart user.

### Q – Who can I contact for help?

A – For questions regarding WERCSmart, use the Support or Chat links available at [www.supplierWERCs.com](http://www.supplierWERCs.com). Support is available during regular business hours, 8:00am to 5:00pm ET. The chat feature is available based on availability of the customer service team, but support emails are available to you 24/7. The WERCS will try to respond to your support inquiry by the next business day.

For questions regarding your participation in this process for Kroger, email Kroger's WERCSmart team at [wercsinfo@kroger.com](mailto:wercsinfo@kroger.com).

### Q – What can I do to prepare for registering my products?

A – We highly encourage all suppliers who are new users to sign up for a FREE, one hour WERCSmart Administrator and user training webinar. Each webinar covers:

- WERCSmart Retail Portal Landing Page
- My Home Page
- Registering a new product in WERCSmart
- Registering a battery-containing product in WERCSmart
- Creating and Registering a Kit in WERCSmart
- Enterprise Pricing Option

Click [here](#) for the WERCSmart User Training Schedule.

### Q – Where do I go to register my products?

A – Visit [www.supplierWERCs.com](http://www.supplierWERCs.com)

**Q – When can I start registering my existing products?**

A – Immediately. Existing products are to be entered no later than **November 1, 2014**.

**Q – When can I start registering my new products?**

A – All new products must be registered starting **November 1, 2014**.

**Q – How much does this cost?**

A – A current pricing schedule for the WERCS is:

*All pricing is 'per product'	<b>Enterprise</b>	<b>Standard</b>
<b>General Products</b>		
Product Registration with an MSDS provided by the Supplier.	\$450.00	\$180.00
<b>Forwarding Existing Product to Enterprise</b>		
Product created before 2/1/13:		\$120.00
Product created as of 2/1/13:		\$270.00
<b>Forward Existing Product to Retailer</b>		
Forward existing product data to an Additional Retailer.	No Charge!	\$40.00
<b>Products Requiring MSDS Authoring</b>		
Product Review and Transmittal with an MSDS written by WPS. No MSDS is supplied during product registration. Product includes no less than one UPC association. SDS will be in a single format, English language. Includes Private Label Products, as required by Retailer.	Add \$200.00	
Price per Additional Format:	Add \$100.00	
Price per Additional Language:	Add \$75.00	
<b>Private Label Products</b>		
*See Products requiring MSDS Authoring.	*See Pricing for Product Requiring Authoring	
Private Label Product forwarding of data to an Additional or new Retailer with no less than one UPC submission to the Retailer on existing product data.	No Charge!	\$50.00
<b>Kit/Gift Pack:</b>		
Submission of a Kit, Gift Pack or End Cap. Includes no less than one UPC submission to the Retailer. Products in a Kit are two or more UNLIKE products under the same UPC.	\$25.00	
<b>Battery Containing Products</b>		
Submission of a Battery-Containing Product, not Regulated for Transport, which has no other Chemical Data. Includes no less than one UPC submission to the Retailer.	\$25.00	
Submission of a Battery-Containing Product, Regulated for Transport, which has no other Chemical Data. Includes no less than one UPC submission to the Retailer.	\$450.00	\$180.00
<b>UPC Additions (All Product Types) &amp; Pesticide Registrations</b>		
UPC Additions or Pesticide Registration updates (per batch) to a product that has already been assessed for the specified Retailer.	No Charge!	\$25.00
<b>Electronics and Light bulbs</b>		
Registering a UPC to an electronic (contains circuit board and no other chemicals or batteries), or light bulbs. Only required by specific retailers.	No Charge!	No Charge!

\*For more information on pricing, please visit [www.supplierWERCS.com](http://www.supplierWERCS.com).