**Strategic Alliance and Support Agreement**

This document outlines Confidential Instructions: Strategic Alliance and Support Agreement (the “Agreement”) and is effective [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "First Party"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

 [YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Second Party"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

 [COMPLETE ADDRESS]

THIS AGREEMENT is made as of [DATE] (the "Effective Date"), by [YOUR COMPANY NAME], a [YOUR COUNTRY] company ("First Party"), and [COMPANY NAME], a [COUNTRY] company ("Second Party"), with reference to the following circumstances:

The parties desire to provide for the supply by First Party of certain products to all the [SPECIFY] stores currently open and that will be opened by Second Party or any subsidiary or affiliate of Second Party during the term of this Agreement in the [COUNTRY] and the [COUNTRY] (collectively, the "Stores"). The Stores open on the Effective Date are listed by number on Annexure A to this Agreement. The First Party Distribution centres (the "Distribution Centers") initially designated to service primarily each of the Stores are opposite the Store served by such Distribution centre listed on Annexure A.

The objective of this Agreement is to create a strategic alliance between the First Party and Second Party to merchandise, procure and distribute [SPECIFY] products in the most cost efficient manner. The parties desire to provide for the joint exploration, evaluation, and implementation of practises and procedures to reduce total supply chain costs and allow each party to equitably share the benefits of such practises and procedures.

The parties agree as follows:

1. **PRODUCT PROCUREMENT AND PRICING**
	1. **Procurement Services**

Subject to the terms and conditions of this Agreement, the First Party will be the sole provider to the Stores of certain categories of warehouse delivered products listed on Annexure 1.1 (collectively, the "Products"), except for the following:

* + 1. typical direct to Store shipments,
		2. all existing contractual arrangements of Second Party with [COMPANY NAME][COMPANY NAME] and [COMPANY NAME] (the "Second Party Existing Arrangements"), and other arrangements with third parties relating to the procurement and supply of Products (the " Second Party Additional Arrangements"),
		3. Products that First Party decides not to source or carry,
		4. local orders that First Party decides not to source or carry,
		5. annually, a basket of up to [%] of annual purchases of Products under this Agreement for each year after the Transition Period, and with respect to the Transition Period, a reasonable estimate by the parties of [%] of purchases under this Agreement during the Transition Period,
		6. Products used or offered by Second Party in the restaurants in the Stores, and
		7. as contemplated by Section 1.5. Second Party will be permitted to procure large block buys of Products for the Stores and the Joint Venture Stores for the [DESCRIBE] which purchases shall count against the [%] basket contemplated in the immediately preceding sentence. Because the intent of the parties is to work together to further reduce the cost of goods, for so long as this Agreement remains in effect, First Party's central procurement organisation will be in a position to negotiate the price of Products for the total volume of the Stores and the Joint Venture Stores. Subject to the terms and conditions of this Agreement, Second Party will carry First Party private label brands as the exclusive private label brand in the Stores for Product categories covered by this Agreement, to the extent consistent with Store format. First Party shall maintain and operate in accordance with prudent business practises its central procurement organisation for procurement under this Agreement and shall procure and pay for all Products acquired to meet the anticipated needs of Second Party for the Stores. Such needs shall be estimated based upon
			1. historic and forecasted Product turn information and
			2. advance estimates of promotional volumes, as provided by Second Party to First Party from time to time during the term of this Agreement. The procurement services to be provided hereunder shall include purchasing (and paying for) Products procured hereunder and owning the inventory of Products. With respect to consignment Products, the procurement services hereunder shall include the right of First Party to transfer title thereto to Second Party.
	1. **Future Procurement; Fuel**
		1. Within [NUMBER] days after the Effective Date, the parties shall conduct good faith negotiations to expand the categories of Products covered by this Agreement to include [DESCRIBE] ("[SPECIFY BRAND NAME]"), and general merchandise ("GMD") described on Annexure 1.2A (collectively, the "Additional Products"). The parties shall also conduct good faith negotiations with respect to the potential expansion of the categories of Products covered by this Agreement to cover Store supplies within [NUMBER] days following the Effective Date. First Party shall cause its wholly owned subsidiary, [SPECIFY] ("[SPECIFY NAME]") to enter into a Supply Agreement for the sale of fuel and other services to Second Party owned or operated fuel centres in accordance with terms set forth on Annexure 1.2B and such other terms as are usual and customary for fuel supply agreements of this nature within [NUMBER] days after the Effective Date. First Party shall guarantee [SPECIFY]'s performance of its obligations under such Supply Agreement. If First Party fails to cause [SPECIFY] to enter into a Supply Agreement upon the terms set forth herein within the [NUMBER] day period following the Effective Date, then, at Second Party's option, the provisions of Annexure 1.2B shall constitute a binding agreement between Second Party and First Party, whereby First Party shall have all the rights, duties and obligations of [SPECIFY] pursuant to the terms of Annexure 1.2B; provided, however, that in addition to the foregoing, Second Party shall be entitled to be indemnified and held harmless by First Party on terms usual and customary for fuel supply agreements.
		2. (CONFIDENTIAL). - The parties acknowledge that the realisation of such benefits may require, among other things, implementing programmes for the purchase of Additional Products for Second Party and the Joint Venture Stores, the First Party Stores and independent contractors serviced by First Party (any such programs, an "Additional Program"). The parties agree that if First Party unreasonably refuses to implement any Additional programme proposed by Second Party, First Party shall not be entitled to any adjustment of the Logistics Fee under this Section 1.2.2. (CONFIDENTIAL)
	2. **Product Pricing**

First Party, with input, participation and strategic direction from Second Party, will have primary responsibility for the negotiation with vendors of Products with respect to the costs therefore to meet the anticipated needs of Second Party based upon historical and forecasted turn movement and Second Party provided advance estimates of promotional volumes. Second Party will be given reasonable notice of all major programme negotiations with any vendors and will be permitted to participate in such negotiations. If Second Party so elects, it may provide input and strategic direction whether or not it actually participates in such negotiations. No pricing arrangement with respect to any major programme with vendors for Products procured exclusively for Second Party or the Joint Venture Stores shall apply to the procurement of Products hereunder unless Second Party expressly agrees thereto. No pricing arrangement with respect to any programme (other than major programs) with vendors for Products procured exclusively for Second Party or the Joint Venture Stores shall apply to the procurement of Products hereunder unless such pricing arrangements fall within the general parameters and benchmarks set forth therefor by Second Party. Second Party shall not engage in any unilateral negotiations with vendors regarding the procurement of Products hereunder without First Party's consent, except to the extent Second Party is permitted hereunder to procure Products directly. If a national programme (the "National Cost"), a regional programme (the "Regional Cost") or a local programme (the "Local Cost") is negotiated in accordance with the terms hereof or if First Party commits to a cost for one or more Products or programme for all of the Stores with respect to such Products, and in the case of negotiated costs with vendors such negotiations include floor stock protection, First Party will bill Second Party the respective National Cost, Regional Cost, Local Cost or the cost to which First Party committed, as the case may be, or the actual cost paid by First Party for such Products, whichever is less. If the parties are unable to secure floor stock protection with respect to a Product, First Party will bill Second Party the actual cost paid by First Party for such Product for a maximum of four weeks from the date the Product cost is reduced and thereafter First Party will bill Second Party the respective National Cost, Regional Cost or Local Cost. Product pricing for Products purchased pursuant to this Agreement (other than the pricing arrangements specified in this Section 1.3) shall be as described on Annexure 1.3.

* 1. **Third Party Supply**

If First Party fails to procure and supply any advertised Products, Products to be specially displayed in Stores and Joint Venture Stores and high velocity Products (which as of the Effective Date are those specified on Annexure 1.4) ordered by Second Party hereunder, Second Party shall be permitted to purchase any such Products that First Party has failed to deliver from any third parties. In addition, except where First Party's failure is a result of a condition beyond its control as described in Section 22.5, or where First Party's failure is due to product unavailability or materially inaccurate forecasting of needed volume by Second Party, First Party shall reimburse Second Party on demand any fees and direct costs reasonably incurred by the Second Party in excess of the costs that would have been incurred by the Second Party had First Party procured and delivered such Products. If Second Party purchases Products from any third party in the circumstances specified in this Section 1.4, such purchases from third parties shall count toward fulfilling volume requirements necessary to achieve graduated reductions in fees based on purchase volume.

* 1. **Excluded Stores**

Nothing in this Agreement shall require First Party to supply Products to any Store the supply of which by First Party would cause First Party to violate the Non-Compete Agreement dated [EFFECTIVE DATE], between First Party and [COMPANY’S NAME] Company, as amended, or the non-compete covenants in the Asset Purchase Agreement between First Party and Associated Grocers, Incorporated dated as of [EFFECTIVE DATE] ("Excluded Stores"). When the supply of Products to any Excluded Stores would no longer violate either of such agreements, such Excluded Stores shall be deemed Stores for all purposes hereunder and First Party and Second Party shall cooperate in transitioning to First Party's supply of such Excluded Store as soon as reasonably practicable. Prior to the time that the supply of an Excluded Store by First Party would not violate either of the agreements, if Second Party purchases any Products for such Excluded Store from a third party, First Party shall reimburse Second Party on demand for any fees and direct costs reasonably incurred by Second Party over the costs that would have been incurred had First Party procured and delivered such Products, and such purchases shall count toward fulfilling volume requirements necessary to achieve graduated reductions in fees based on purchase volume. First Party shall use commercially reasonable efforts to cause the non-compete covenants described in this section to be terminated or to obtain a consent or waiver, at First Party's expense, necessary to permit First Party to supply Products to any Excluded Stores. First Party shall give Second Party notice of any such termination, consent, or waiver as soon as practicable following such termination, consent or waiver.

1. **LOGISTICS SERVICES**

First Party shall provide to Second Party the logistics services described on Annexure 2 (the "Logistics Services"). First Party reserves the right to utilise third-party logistics providers, reasonably acceptable to Second Party, as a part of its service package. To the extent that First Party selects and retains third-party providers, First Party shall bear all costs associated therewith and shall remain liable for the acts and omissions of said third party providers irrespective of any approval therefor by Second Party.

1. **TRANSPORTATION AND TITLE**

Second Party shall be directly responsible for all direct costs associated with the delivery of Products from all Distribution centres (including GMD, if any) to the Stores and for the cost of the return of pallets and totes to the Distribution Centers. In addition to the services which relate to the transportation of Products and which are part of the Logistics Services, First Party shall arrange for transportation for Products from the Distribution centres to the Stores and select third-party carriers for the Products, unless Second Party elects to do so. All carriers shall be reasonably acceptable to First Party and Second Party. In cases where First Party selects the carrier, title and risk of loss to Products shall pass to Second Party upon receipt of Products at the Stores, and First Party shall be responsible for all shortages and damage to Products until such time as such Products are actually received at the Stores. In cases where Second Party selects the carrier, title and risk of loss shall pass to Second Party upon loading of the Products at First Party's dock at the Distribution centre assigned to the applicable Store, and First Party shall not be responsible for any claims for shortages or damages to Products after the carrier leaves First Party's dock, subject to the shrink allowance described in Annexure 4C. First Party shall be responsible for all packaging and loading costs, provided that Second Party will be responsible for the cost of packaging and shipping all Products shipped from a Distribution centre to the Stores by a third-party parcel delivery service (e.g., [SPECIFY], [SPECIFY DAY]) at Second Party's request. However, if the third-party parcel delivery service must be used because of First Party's inability to deliver the Products, First Party will be responsible for the cost of packaging and shipping. Second Party will store all pallets in designated areas of the Stores. Second Party shall be entitled to all revenues, net of First Party unloading costs, resulting from back-haul generated from Second Party contracted carriers on Second Party exclusive routes. First Party shall arrange for the return of pallets and totes in a manner that seeks to minimise, to the extent reasonably practicable, Second Party's costs associated therewith.

1. **SERVICE REQUIREMENTS**

The service requirements and the consequences of achieving or not achieving the service levels are set forth on Annexure 4A. These service requirements will be the key performance indicators applicable to First Party. The parties shall establish the quality programme described on Annexure 4B, including provision for quality control inspectors and reporting procedures. The parties shall establish a shrink audit procedure as described on Annexure 4C. The parties shall establish a mechanism for the conduct of audits of the parties' performance under this Agreement as provided in Annexure 4D. First Party shall provide to Second Party from time to time during the term of this Agreement the management reports of key performance indicators set forth on Annexure 4E.

1. **ORDERING, FEES AND PAYMENT**

For services provided by First Party under this Agreement, First Party will accumulate by Distribution centre all weekly billings by Store (described in Annexure 5), in accordance with Second Party's fiscal week ([SPECIFY DAY] to [SPECIFY DAY]). The weekly accumulated billings will be in the form of a single hard copy [SPECIFY] "chain statement" for each servicing Distribution centre and will summarise all charges, whether for Product, fees, drop shipments or any other miscellaneous charges, by Store. Second Party shall pay in full the aggregated total of all chain statements each week as to all items that are not subject to a good faith dispute by Second Party. Second Party shall give First Party prompt written notice of items that are disputed in good faith, in which case such items shall be addressed promptly by the parties in accordance with the dispute resolution procedures of this Agreement. First Party will also endeavour to provide Second Party throughout each week, electronic transmissions, including both advance shipment notifications (ASN's) and EDI invoices, containing all amounts included in the weekly chain statements. Second Party shall provide First Party weekly, a file of pending claims with the specific reason for each, in which case such items shall be addressed promptly (within [NUMBER] days) by the parties in accordance with the dispute resolution procedures of this Agreement. Payments under this Agreement shall be made by automated clearing house transfer on [SPECIFY DAY] for invoices billed during Second Party's immediately preceding fiscal week, as summarised on the [SPECIFY] chain statements. The parties shall, within a reasonable period of time after the Effective Date, address and use commercially reasonable efforts to resolve any disputes under the Existing Agreement, process bottlenecks and inefficiencies regarding account receivable in accordance with the terms of Annexure 5B. Initially and until the parties change the ordering procedure, Second Party shall order Products under this Agreement in the same manner as under the Existing Agreement.

1. **BEST PRACTICES**

First Party and Second Party shall establish a "best practises team" consisting initially of [NUMBER] members, of which Second Party and First Party shall each designate a senior executive as its designated member (the "BPT"). The BPT may consist of the same individuals appointed to the Account Management Team described in Section 11.1. Among other things, the BPT will focus on reducing costs and achieving greater efficiencies in the product supply chain in accordance with the strategies and goals of management of the parties. The members of the BPT shall be subject to the approval of both parties and shall be vested with authority within their respective organisations to engage the appropriate officers and employees in achieving the strategies and goals agreed upon by the parties. The following terms shall govern the operation and responsibilities of the BPT.

* 1. **Employment**

The BPT shall be based in [COUNTRY], [COUNTRY], but each member of the BPT shall continue to be employed by the party appointing such member who shall be responsible for all compensation and benefits for its team members serving on the BPT.

* 1. **Replacement**

Either party may replace its designated member of the BPT at any time, provided that any replacement shall require the prior approval of the other party.

* 1. **Compensation Incentive**

A portion of the compensation payable to members of the BPT by the employer of such members shall be linked to the achievement of lower costs and greater efficiencies in the product supply chain under this Agreement.

* 1. **Priorities**

Among the priority matters for the BPT shall be the following, in order of initial priority:

* + 1. Uniform common item codes;
		2. Accurate advance shipment notices ("ASN");
		3. Joint procurement contracts;
		4. Paperless payment process;
		5. Transportation services;
		6. Plant direct shipment; and
		7. Distribution flow.
	1. **Costs and Expenses**

Each party shall bear the costs and expenses associated with the implementation by such party of the recommendations of the BPT.

1. **DELIVERY OF PRODUCTS**

Each [SPECIFY] Store will receive at least [NUMBER] deliveries per week. Each [SPECIFY] Store with average orders of at least [NUMBER] cases per week over a [NUMBER] day period immediately preceding the delivery will receive [NUMBER] deliveries per week; otherwise, the [SPECIFY] Stores will receive at least [NUMBER] delivery per week. The foregoing notwithstanding, for all Stores, [SPECIFY] Products will be delivered a minimum of [NUMBER] times per week, [SPECIFY] will be delivered [NUMBER] times per week, and [SPECIFY] will be delivered [NUMBER] times per week. If there are increases in average order size resulting in the number of deliveries specified in this Section 7 being insufficient to deliver the increased orders, the parties will adjust the number of deliveries per week so that such orders are properly sourced in a cost-efficient manner.

1. **LABOUR DISPUTES**

To the extent permitted under applicable law, with respect to labour disputes involving Distribution centres whose volume is more than [%] but that are not Dedicated Distribution Centers, First Party will consult with Second Party regarding actions taken to mitigate the effect of any labour dispute. With respect to any Dedicated Distribution Centers, First Party and Second Party shall consult and agree on any actions to be taken to mitigate such disputes. If the parties fail to reach agreement within a reasonable period of time, First Party can take such actions as it deems appropriate in the exercise of its reasonable business judgement  so as to minimise detriment to both parties.

1. **TERM AND EARLY TERMINATION**
	1. **Term**

The term of this Agreement will be [NUMBER] years commencing on the Effective Date.

* 1. **Termination for Cause**

Each party may provide the other party with a notice of intent to terminate this Agreement (a "Notice of Intent to Terminate") in the event of:

* + 1. A default by the other party of an obligation to pay an amount exceeding, in the aggregate, [AMOUNT] million due under this Agreement within [NUMBER] days following written notice to the other party of non-payment;
		2. A material breach of any covenant or agreement, representation, or warranty of the other party set forth herein other than as a result of a breach of 9.2.1;
		3. A material failure of the other party to be in compliance with all applicable national, state, and local laws and regulations relating to the performance of this Agreement;
		4. The insolvency of, or the institution of proceedings by or against, the other party under any national or state bankruptcy or insolvency law;
		5. An assignment by the other party for the benefit of all or substantially all of its creditors or the appointment of a receiver for all or a substantial part of the party's assets; or
		6. A cessation of all or substantially all operations by the other party.

Except with respect to Sections 9.2.1, 9.2.4, 9.2.5, and 9.2.6 as to which no cure period shall apply, if the breaching party fails to cure or provide evidence of cure to the non-breaching party within [NUMBER] days of receipt of the related Notice of Intent to Terminate or, if the event giving rise to the right to terminate is not reasonably capable of being cured within such [NUMBER] days, and the breaching party fails to promptly and diligently commence to cure such event within such [NUMBER] days, the non-breaching party may provide the breaching party with a written notice of termination (a "Notice of Termination") effective as of the expiration of the applicable Termination Period as provided in Section 9.5. However, the non-breaching party in the case of a breach that cannot reasonably be cured within [NUMBER] days after receipt of the related Notice of Intent to Terminate may in any event provide the breaching party with a Notice of Termination effective as of the expiration of the applicable Termination Period as provided in Section 9.5 if the breaching party fails to cure its breach or to provide evidence of cure to the non-breaching party within [NUMBER] days of receipt of the Notice of Intent to Terminate.

* 1. **Other Termination**
		1. By Second Party. Second Party may terminate this Agreement upon [NUMBER] months written notice if any of the following events have occurred:
			1. A Change in Control of First Party; or
			2. The fifth anniversary of the Effective Date.
		2. By First Party. First Party may terminate this Agreement upon [NUMBER] months written notice if any of the following events have occurred:
			1. A Change in Control of the Second Party; or
			2. The fifth anniversary of the Effective Date.
		3. By Either Party. Either party may terminate this Agreement upon [NUMBER] months written notice if any of the following events have occurred:
			1. If during the term of this Agreement, the volume of Products purchased by [SPECIFY] hereunder, on an aggregate basis, declines by more than [%] percent for any consecutive [NUMBER] day period as compared to the corresponding period from the prior year; or
			2. If Second Party makes a public announcement of its intention to close [%] percent or more of its Stores open at the time of such announcement, or its intention to discontinue or significantly reduce the sale of all or a substantial portion of the Products in the Stores.
	2. **Change of Control**
		1. First Party. For purposes of Section 9.3.1.1, "Change of Control of First Party" shall mean the acquisition of a majority or controlling interest in, or the acquisition of all or substantially all the assets of, First Party by a Competitor; and the term "Competitor" shall mean a discount mass merchandiser or any affiliate thereof with average annual sales during the immediately preceding [NUMBER] years of at least [AMOUNT] (CONFIDENTIAL), such as, as of the Effective Date (CONFIDENTIAL).
		2. Second Party. For purposes of Section 9.3.2.1, "Change of Control of Second Party" shall mean the acquisition of a majority or controlling interest in, or the acquisition of all or substantially all the assets of, Second Party by a Competitor; and the term "Competitor" shall mean a company or any affiliate thereof engaged in the wholesale business of selling or distributing [SPECIFY], grocery or related products, with average annual sales during the immediately preceding [NUMBER] years of at least [AMOUNT](CONFIDENTIAL) such as, as of the Effective Date (CONFIDENTIAL).
	3. **Termination Transition**

Upon delivery of a Notice of Termination pursuant to Section 9.2 (except as a result of an event specified in Section 9.2.6) or a written notice pursuant to Section 9.3.1 or 9.3.2, at Second Party's option, a termination transition period (the "Termination Period") shall begin. Upon delivery of a written notice pursuant to Section 9.3.3, a [NUMBER]-month Termination Period shall begin. The Termination Period shall extend for the period reasonably determined by Second Party, such period not to exceed [NUMBER] months following delivery of a Notice of Termination or a written notice pursuant to Section 9.3.1 or 9.3.2. In the case of a termination pursuant to Section 9.3 (except a termination pursuant to 9.3.3), the Termination Period shall be the [NUMBER] month notice period contemplated by Sections 9.3.1 and 9.3.2 and an additional wind down period reasonably determined by Second Party, such additional wind down period not to exceed [NUMBER] months. In the case of a material breach of this Agreement giving rise to a cure period pursuant to Section 9.2, the Termination Period shall extend for up to a maximum of [NUMBER] months following expiration of any [NUMBER] day cure period, or [NUMBER] months following the expiration of any [NUMBER]-day cure period rather than [NUMBER] months. During the Termination Period, the parties shall cooperate with each other in terminating and winding down the business relationship contemplated by this Agreement, subject to the service level requirements set forth on Annexure 4A. In connection therewith, the parties shall take the following additional actions:

* + 1. Second Party shall purchase and take delivery from the First Party of the Products identified in Section 19 in accordance with the terms thereof.
		2. If First Party gives Second Party a Notice of Termination pursuant to Section 9.2.1, the obligation of First Party to cooperate with Second Party in terminating and winding down the business relationship contemplated by this Agreement during the Termination Period pursuant to Section 9.5 (including without limitation, the continued extension of credit to Second Party) shall be conditioned upon First Party's receipt of adequate assurances of future performance by Second Party failing which First Party shall be entitled to condition its continued support on C.O.D. payments, letters of credit, or other assurances of payment satisfactory to First Party. The foregoing shall not apply:

9.5.2.1 with respect to unpaid amounts by Second Party that are the subject of a good faith dispute if reasonable steps are being taken in good faith to resolve such dispute and

9.5.2.2 if Second Party is contesting in good faith the grounds for the termination hereof pursuant to Section 9.2.1. Nothing set forth in this Section 9.5.2 shall limit, restrict or otherwise affect in any manner the right of either party to demand adequate assurance of future performance in accordance with applicable law.

* + 1. First Party shall discontinue all diverting and forward buying for Second Party during the Termination Period.
	1. **Additional Obligations on Termination**
		1. If the termination is a result of a material breach of this Agreement by First Party, a Change of Control of First Party, or pursuant to Section 9.3.2.2, First Party shall reimburse Second Party for the Start-Up Costs incurred under this Agreement. The reimbursement shall be an amount equal to the product of (a) the total Start-Up Costs paid to First Party by Second Party multiplied by (b) a fraction, the numerator of which is the sum of (x) the number of full years remaining in the term of this Agreement and (y) any partial year remaining in the term of this Agreement, and the denominator of which is ten.
		2. Upon a termination or expiration of this Agreement, Second Party, directly or through any affiliate thereof, shall have the right to purchase from First Party, and First Party shall be obligated to sell to Second Party, any Distribution centre from which at least [%] of the annual sales are attributable to Second Party business (a "Dedicated Distribution Center"). Upon a termination of this Agreement by First Party, First Party may require Second Party to purchase any Dedicated Distribution Center. The purchase price for any Dedicated Distribution centre shall be the then-current fair market value. The purchase of any Distribution centre will include

9.6.2.1 the acquisition of the real property and improvements of an owned Distribution Center,

9.6.2.2 the acquisition of all furniture, fixtures, equipment (including racking) and other personal property used in the operation of the Distribution Center,

9.6.2.3 the assignment and assumption of the lease of any leased Distribution Center,

9.6.2.4 to the extent legally assignable, and subject to the last sentence of this Section 9.6.2, the assignment and assumption of any lease of any personal property or licence of any software used exclusively in the operation of the Distribution Center,

9.6.2.5 a transfer free of all liens, claims, and encumbrances, and

9.6.2.6 a warranty of title to the transferred assets. Any such purchase shall be without any warranty as to the physical condition of the transferred assets, except that First Party shall remain liable for any release of any hazardous substance in, on, or under the Distribution centre caused by First Party. First Party shall use commercially reasonable efforts to obtain the consent of any third party (e.g., landlords, software licensors and equipment lessors) necessary for the transfer of any Distribution centre to Second Party.

1. **TRANSITION PERIOD**

The first year of this Agreement commencing on the Effective Date shall be a transition period (the "Transition Period"). During the Transition Period, First Party and Second Party will take the actions specified on Annexure 10.

* 1. **Transition Team**

Each party will designate a team to coordinate all actions taken by the parties during the Transition Period (the "Transition Team"). The Transition Team shall establish or modify milestones to achieve a complete transition to this Agreement such milestones to be consistent with the actions specified on Annexure 10 (the "Transition Milestones"). The leaders of the Transition Team shall consist of designated officers of each party and shall include senior executive officers with expertise and responsibility for procurement, logistics and administration functions within their respective organisations.

* 1. **Transition Milestones**

If the parties fail to achieve the Transition Milestones (which shall be deemed to include First Party's obligations under Section 10.3) within agreed upon time frames and such failure by First Party is not attributable to Second Party or any of Second Party's existing suppliers, First Party shall reimburse Second Party on demand for any fees and direct costs reasonably incurred by the Second Party over the costs that would have been incurred had the Transition Milestones been met on time. If Second Party purchases products from any third party due to First Party's failure to achieve the Transition Milestones, such purchases from third parties shall count toward fulfilling volume requirements necessary to achieve graduated reductions in fees based on purchase volumes under this Agreement.

* 1. **Distribution Centers**

Within [NUMBER] days following the Effective Date, First Party will make investments in existing Distribution centres and establish new Distribution centres both as required to service the Stores commencing as promptly as practicable and in no event later than the expiration of the [NUMBER]-day period referred to above and continuing during the term of this Agreement; provided, however, that with respect to the Distribution centre located in [COUNTRY], [COUNTRY], such investments shall be made in [YEAR]. At Second Party's request, First Party shall make its general plans for implementation of the Start-Up Costs (as defined in Annexure 5) available to Second Party for review.

* 1. **Commencement of Fees**

For each Distribution centre currently servicing Stores, the fees for services and costs of goods described in this Agreement will commence to apply with respect to all Products when Second Party begins to transfer the procurement of any such Products from current Second Party wholesale suppliers to First Party for such Distribution Center. For each Distribution centre currently servicing Stores and which is not expected to receive an additional volume of Products, the fees for services and costs of Products described in this Agreement will commence to apply with respect to all Products when such fees are applied for the first time pursuant to the immediately preceding sentence. Prior to the time for which the fee for services and prices for Products contemplated in this Agreement commence to apply in the manner contemplated in the two immediately proceeding sentences, product pricing and fees for Products being supplied to Second Party shall be the same as are charged to Second Party under the existing Supply Agreement between the parties dated [EFFECTIVE DATE] (the "Existing Agreement"). For all new Distribution Centers, the fees for services and price of Products contemplated in this Agreement shall apply immediately.

* 1. **Termination of Existing Agreement**

Pricing and fees charged for Products in the circumstances contemplated in the first sentence of Section 10.4 shall be those set forth in the Existing Agreement, which to that effect are hereby incorporated by reference. On the Effective Date, the Existing Agreement shall be terminated without further action by either party and neither party shall have any obligations to the other thereunder, except for the first two sentences of Section 5.4. On [EFFECTIVE DATE], Second Party shall repay to First Party an amount equal to a proportionate part of the unamortised portion of the Conversion Allowance (as defined in the Existing Agreement) as of such date calculated pursuant to Exhibit E.2 thereof. As soon as practicable after the Effective Date, Second Party and First Party shall attempt to resolve any disputes regarding unpaid charges for product purchases under the Existing Agreement, resolution of all outstanding accounts receivable, pallet reconciliation, and other claims and disputed charges in accordance with the terms of Annexure 5B hereof. Second Party shall not be required to purchase any inventory maintained by First Party pursuant to Section 5(d) of the Existing Agreement.

1. **THE ACCOUNT TEAM**
	1. **The Account Management Team**

Within [NUMBER] days after the Effective Date, the parties shall create an account management team (the "Account Management Team"). The Account Management Team shall have responsibility for the overall operational implementation of the provisions hereof and the recommendations of the BPT.

* 1. **Meetings**

The Account Management Team shall conduct weekly video conferences and participate in the weekly operations meetings of each party pertaining to the implementation of the provisions of this Agreement. The Account Management Team shall conduct monthly meetings in [COUNTRY], [COUNTRY] and in [COUNTRY], [COUNTRY], on an alternating basis. On a quarterly basis, the Account Management Team shall meet at locations to be determined from time to time, to

11.2.1 evaluate the parties activities under this Agreement,

11.2.2 discuss real estate opportunities and issues pertinent to the Agreement,

11.2.3 develop, implement and monitor future supply chain efficiencies and improvements, and

11.2.4 develop [NUMBER] month promotional planning.

* 1. **Resolution of Operational and Performance Issues**

The Account Management Team shall be responsible for addressing and resolving operational issues that arise during the term of the Agreement, including without limitation the parties failure to meet the minimum or target service level requirements as described on Annexure 4A, as well as other issues regarding the parties performance or non-performance under this Agreement. If the Account Management Team is unable to resolve the issues within [NUMBER] days, such issues shall be referred to the BPT for further consideration. If the BPT is unable to resolve the issues within [NUMBER] days, such issues shall be referred to a designated group of senior executive officers of each party. If the parties are unable to resolve the issues, either party shall be entitled to pursue its rights and remedies under this Agreement, including the right to pursue arbitration of the dispute in accordance with Section 16 hereof.

1. **JOINT VENTURE**
	1. **Formation**

Following the Effective Date, First Party and Second Party shall explore in good faith the possibility of establishing a limited liability company or other mutually agreeable form of business organisation (the "Joint Venture") to develop and operate a chain of price impact retail stores (the "Joint Venture Stores") which may include, if the parties so agree, some or all of the price impact stores currently operated by First Party under the [SPECIFY] banner or any successor banner, if such stores continue to be owned by First Party (the "First Party Stores"), subject to any existing contractual agreements with respect to such stores. This Agreement contains references to the Joint Venture Stores and the First Party Stores *in re*spect of cumulative volumes of purchases, merchandising and other matters. If the Joint Venture contemplated in this Section is not formed, and the Joint Venture Stores are not created, then all provisions in this Agreement regarding the Joint Venture Stores, the Joint Venture and the First Party Stores shall be deemed to be deleted, except with respect to the references to the First Party Stores contained in the proviso in the last sentence of Section 12.2.

* 1. **Merchandising**

Second Party will be responsible for the merchandising functions relating to Products supplied to the Stores and the Joint Venture Stores, including pricing, promotional planning, assortment planning, and display planning. If the product assortment for other parties sourced by First Party differs from that requested by Second Party, the parties will try to coordinate product selection and will review in good faith the Product assortment that is most cost-effective at a given quality level. If Second Party and First Party cannot agree upon the Product assortment, they shall refer the matter to the BPT for a recommendation. In any event, Second Party shall have the ultimate discretion regarding the merchandise assortment for the Stores, and the Joint Venture Stores. First Party shall have the ultimate discretion as to the merchandise assortment for the First Party Stores and its independent customers; provided, however, until such time as the Joint Venture is formed First Party shall be responsible for the merchandising functions for the First Party Stores but First Party shall coordinate with Second Party and cooperate in merchandising for the First Party Stores and shall align strategies to achieve the benefits contemplated by this Agreement.

1. **CONFIDENTIALITY**

As used in this Agreement, the term "Confidential Information" means any non-public and/or proprietary information that is disclosed by one party to this Agreement (the "Disclosing Party") to the other party ("Recipient") or otherwise learned by Recipient as a result of this Agreement. The Confidential Information will include all information derived from the foregoing Confidential Information. The provisions of this Agreement and all information relating to the prices charged to Second Party, Products, services, fees and allowances are deemed Confidential Information.

Recipient agrees to hold Confidential Information it receives from the Disclosing Party in confidence, treating such Confidential Information as if it were Recipient's own confidential information. However, Recipient must at a minimum take commercially reasonable steps to ensure that the Disclosing Party Confidential Information is not disclosed to, or used by any person, firm or entity except Recipient's own employees and agents and then only to the extent necessary for the performance of this Agreement. The confidentiality obligations set forth above do not apply to information

13.2.1 available to the public through no fault of Recipient;

13.2.2 released by Disclosing Party on a non-confidential basis without restrictions on disclosure; and

13.2.3 to the extent disclosure of information is required by law, including under any valid court or governmental order, and Recipient provides Disclosing Party immediate notice thereof so that Disclosing Party will have an opportunity to contest disclosure or seek an appropriate protective order. Notwithstanding the foregoing, the parties shall be entitled to disclose this Agreement, including the Exhibits and Annexures hereto to the Securities and Exchange Commission and any securities exchange on which the securities of either party are listed; provided however, the parties shall use commercially reasonable efforts to secure permission not to disclose the commercial or economic terms of this Agreement and will cooperate with each other in good faith to prevent such disclosure if legally permitted to do so. The confidentiality and non-disclosure obligations in this Agreement survive and continue for [NUMBER] years following termination of this Agreement for any reason and bind Recipient's legal representatives, successors and assigns.

The parties will consult with each other prior to making any press release or similar public announcements regarding this Agreement.

This Section 13 supersedes the terms of any previous confidentiality agreements between the parties, including, without limitation, the letter agreement dated [EFFECTIVE DATE].

1. **REPRESENTATIONS AND WARRANTIES**
	1. **Both Parties**

Each party represents and warrants to the other party that:

* + 1. it is a duly organised, validly existing and in good standing in each jurisdiction where necessary to perform this Agreement;
		2. it has the full legal right, power and authority to execute, deliver, and perform this Agreement;
		3. to its knowledge, no litigation or governmental, regulatory, or administrative agency investigation or proceeding is pending or threatened against it that might adversely affect its ability to perform this Agreement;
		4. the signing and delivery of this Agreement by the person signing for the party and the performance of this and any agreement relating to this Agreement by the party have been duly authorised by all necessary action of its board of directors and do not conflict with
		5. any law, order, writ, injunction, decree, rule, or regulation of any court, administrative agency, or any other governmental authority,
		6. any agreement to which it is a party or by which it is otherwise bound, or
		7. any provision of its certificate of incompany or bylaws, and does not result in any breach of, constitute a default under or result in the creation of any lien, charge, security interest, or other encumbrance upon the Products;
		8. no approval, consent, or withholding of objection is required from any governmental authority or any other party with respect to the entering into or performing this Agreement; and
		9. this Agreement has been authorised, executed, and delivered by the party and constitutes a legal, valid, and binding obligation of the party, enforceable against the party in accordance with its terms.
	1. **Second Party**

Second Party represents and warrants that not later than the expiration date of the Transition Period, all Second Party Additional Arrangements shall have been terminated and that not later than [EFFECTIVE DATE], all Second Party Existing Arrangements shall have been terminated and that such arrangements shall not have been extended or renewed. To the best of its knowledge, Second Party has no material existing contractual relationship with suppliers of products comparable to the products to be supplied under this Agreement other than the Second Party Existing Arrangements.

1. **NO IMPLIED COVENANTS/RELIANCE**

Each party has relied solely and exclusively on its own judgement  and the advice of its own attorneys in entering into this Agreement. No representative or agent of a party has made any statement or representation to the other beyond those in this Agreement that have induced signing of this Agreement. There are no implied or otherwise unstated covenants, rights, or obligations by, of, or against either party. The parties expressly disclaim the existence of any implied covenant of good faith and/or fair dealing.

1. **APPLICABLE LAW / ARBITRATION**

THIS AGREEMENT AND ALL OTHER ASPECTS OF THE BUSINESS RELATIONSHIP BETWEEN THE PARTIES SHALL BE CONSTRUED, INTERPRETED AND ENFORCED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF [COUNTRY] WITHOUT REGARD TO CHOICE OF LAW PROVISIONS. Any controversy, claim or dispute of whatever nature arising out of or in connection with this Agreement or the breach, termination, performance or enforceability hereof or out of the relationship created by this Agreement (a "Dispute") in which the amount in controversy exceeds [AMOUNT], shall be resolved by mediation and, if mediation fails to settle the Dispute, by binding arbitration. Any such binding arbitration will be held in [COUNTRY], [COUNTRY]. The procedures to be followed by the parties are as follows:

* 1. **Mediation**

Neither party shall commence an arbitration proceeding unless such party shall first give written notice (a "Dispute Notice") to the other party setting forth the nature of the Dispute. The parties shall attempt in good faith to resolve the Dispute by mediation under the [YOUR COUNTRY] CPR Institute for Dispute Resolution ("CPR") Model Mediation Procedure for Business Disputes in effect at the time of this Agreement. If the parties cannot agree on the selection of a mediator within [NUMBER] days after receipt of the Dispute Notice, the mediator will be selected in accordance with the [YOUR COUNTRY] CPR Procedure.

* 1. **Arbitration**

If the Dispute has not been resolved by mediation as provided above within [NUMBER] days after receipt of the Dispute Notice, or if a party fails to participate in a mediation, then the Dispute shall be determined by binding arbitration in [COUNTRY], [COUNTRY]. The arbitration shall be conducted in accordance with the [YOUR COUNTRY] Commercial Arbitration Rules in effect on the Effective Date, subject to any modifications in this Agreement.

* + 1. [NUMBER] arbitrators will be employed to hear disputes under this provision. Persons eligible to serve as arbitrators shall be members of the [SPECIFY] or any person mutually acceptable to all parties. The arbitrators shall base the award on the applicable law and judicial precedent that would apply if the Dispute were decided by a [COUNTRY] District Court, and the arbitrators shall have no authority to render an award that is inconsistent therewith. The award shall be in writing and include the findings of fact and conclusions of law upon which is it based if so requested by either party. Absent of showing a good cause, the hearing shall be conducted within [NUMBER] days from the service of the statement of claim. Except as contemplated in Section 16.6, each party shall bear the expense of its own attorneys, experts, and out of pocket costs as well as [%] of the expense of administration and arbitrators' fees.
		2. Depositions, other than those taken in lieu of live testimony, shall not be taken except under the arbitrators' finding of special need. The parties shall be entitled to conduct document discovery in accordance with a procedure where responses to information requests shall be made within [NUMBER] days from their receipt. The parties knowingly and voluntarily waive their rights to have any Dispute tried and adjudicated by a judge or a jury.
		3. The arbitration shall be governed by the laws of the State of [COUNTRY], without regard to conflicts-of-law rules, and by the arbitration law of the [YOUR COUNTRY] Arbitration Act . judgement  upon the award rendered may be entered in any court having jurisdiction. Notwithstanding the foregoing, upon the application by either party to a court for an order confirming, modifying, or vacating the award, the court shall have the power to review whether, as a matter of law based on the findings of fact determined by the arbitrator(s), the award should be confirmed, modified or vacated in order to correct any errors of law made by the arbitrator(s). In order to effectuate such judicial review limited to issues of law, the parties agree (and shall stipulate to the court) that the findings of fact made by the arbitrator(s) shall be final and binding on the parties and shall serve as the facts to be submitted to and relied upon by the court in determining the extent to which the award should be confirmed, modified or vacated.
		4. Except as otherwise required by law, the parties and the arbitrator(s) shall keep confidential and not disclose to third parties any information or documents obtained in connection with the arbitration process, including the resolution of the Dispute. If either party fails to proceed with arbitration as provided in this Agreement, or unsuccessfully seeks to stay the arbitration, or fails to comply with the arbitration award, or is unsuccessful in vacating or modifying the award pursuant to a petition or application for judicial review, the other party may be entitled to be awarded costs, including reasonable attorneys' fees, paid or incurred in successfully compelling such arbitration or defending against the attempt to stay, vacate, or modify such arbitration award and/or successfully defending or enforcing the award, the determination of awarding costs to be made by the arbitrator(s).
		5. Notwithstanding anything to the contrary in this Agreement:
	1. The parties recognise that their business relationships may give rise to the need for one or more of the parties to seek emergency, provisional, or summary judicial relief to, among other things, repossess and sell or otherwise dispose of goods, equipment and/or fixtures, to prevent the sale or transfer of goods, equipment, fixtures, and other real and personal property, to protect real or personal property from injury, to obtain possession of real property, to enforce indemnification rights, and for temporary injunctive relief. Immediately following the issuance of any such relief, the parties agree to the stay of any judicial proceedings pending mediation or arbitration of all underlying claims between the parties.
	2. The parties recognise that, under applicable law, the arbitrators may not have the power to order equitable relief and the parties do not by this Agreement waive any rights they may have to seek and enforce equitable relief. Therefore, any claims for equitable relief that cannot be fully awarded by the arbitrators are outside the scope of this Agreement and the parties are free to pursue civil remedies for such claims. Any such claim(s) shall be brought in the [COUNTRY] Court for the District of [COUNTRY].
	3. Nothing shall restrict the right of a party to file counterclaims, cross-claims or third-party claims in any litigation brought by a third party.
	4. Except with respect to the confidentiality obligations contained in Section 13 that involve willful misconduct or gross negligence, EACH PARTY WAIVES THE RIGHT IN ANY ARBITRATION OR JUDICIAL PROCEEDING TO RECEIVE CONSEQUENTIAL, PUNITIVE, EXEMPLARY, OR STATUTORILY PRESCRIBED DAMAGES. THE ARBITRATORS SHALL NOT HAVE THE POWER TO AWARD CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR STATUTORILY PRESCRIBED DAMAGES, unless the arbitrator(s) or a court of competent jurisdiction determines that this limitation, under the circumstances, violates public policy.
1. **INDEPENDENT CONTRACTOR**

First Party is an independent contractor of Second Party in the performance of this Agreement, and nothing in this Agreement may be construed to create or constitute a joint venture, partnership, agency, franchise, lease, or any other arrangement other than as expressly described in this Agreement. Each party is responsible for its own operations. Each party must exercise control over its employees, agents, representatives, subcontractors, and suppliers and is solely responsible for the verification of identity and employment eligibility, for the payment of any wages, salaries, or other remuneration of its employees, agents, representatives, subcontractors and suppliers, and for the payment of any payroll taxes, contributions for unemployment or workers compensation, social security, pensions or annuities that are imposed as a result of the employment of its employees, agents, representatives, subcontractors, and suppliers. Neither party may pledge credit, incur any obligation or liability, hire any employee, nor purchase any products or services in the name of the other party or any subsidiary or affiliate of the other party.

1. **NOTICES**

Any notice required by this Agreement shall be written and shall be given or sent personally, by national overnight courier, by facsimile copy or by first-class certified mail, postage prepaid, return receipt requested. All notices shall be addressed as follows:

* 1. **Notices to First Party:**

First Party

FULL ADDRESS]

[COUNTRY]

Attn: [TITLE]

Fax: [FAX NUMBER]

With a copy to:

First Party

FULL ADDRESS]

[COUNTRY]

Attn: [TITLE]

Fax: [FAX NUMBER]

* 1. **Notices to Second Party:**

Second Party

FULL ADDRESS]

[COUNTRY]

Attn: [TITLE]

Fax: [FAX NUMBER]

With a copy to:

Second Party

FULL ADDRESS]

[COUNTRY]

Attn: [TITLE]

Fax: [FAX NUMBER]

A party may designate another address on [NUMBER] days prior notice to the other party in accordance with the foregoing.

1. **PURCHASE OF STORE SUPPLIES AND CONTROL LABEL PRODUCTS**

Upon the expiration of this Agreement, or the Termination Period, if any, Second Party will purchase from First Party

19.1 all store supplies that F has purchased or obtained as supplies for Second Party,

19.2 Products procured exclusively for Second Party,

19.3 booked promotional merchandise, and

19.4 any inventory in Dedicated Distribution centres attributable to Second Party purchases. Second Party shall pay for and remove such items from First Party's Distribution centres within [NUMBER] days after the termination of this Agreement at the purchase price otherwise provided in this Agreement.

1. **OFFICE SPACE; SOLICITATION OF EMPLOYEES**
	1. **Office Space**

From time to time, employees of Second Party may perform tasks relating to this Agreement at First Party's premises, and employees of First Party may perform tasks relating to this Agreement at Second Party's premises. Each party shall make available at its expense, appropriate office space and related support services for such purposes to employees of the other party performing tasks relating to this Agreement at its premises.

**20.2 Solicitation of Employees**

The parties agree that, during the term of this Agreement and for a period of one year following termination of this Agreement, neither of them will, without the prior written consent of the other party directly or indirectly, solicit for employment or hire any employee (director level or above) of the other party or any of its subsidiaries with whom they have had contact or who first became known to them in connection with the Agreement, provided, however, that the foregoing provision will not prevent them from employing any such persons

20.2.1 who initiate discussions regarding such employment without any direct or indirect solicitation by them,

20.2.2 who respond to any public advertisements placed by them, or

20.2.3 whose employment with either party or its subsidiaries terminated prior to employment discussions with the other party.

1. **INSURANCE AND INDEMNITY**
	1. **Insurance Coverages**

During the term of this Agreement, First Party shall maintain the following insurance coverages:

* + 1. Commercial general liability written on an occurrence coverage form including bodily injury and property damage liability, products and completed operations liability, contractual liability, and personal and advertising liability, with coverage limits of at least [AMOUNT] per occurrence; [AMOUNT] aggregate (products and completed operations); and [AMOUNT] general aggregate;
		2. Automobile liability for all owned, leased, or rented vehicles with property damage and bodily injury coverage with combined single limit not less than of [AMOUNT] per each occurrence;
		3. Workers compensation (statutory) and employers' liability with minimum limits of not less than [AMOUNT] per accident, [AMOUNT] disease (each employee), and [AMOUNT] disease (policy limit), but in no event less than the minimum amounts required by law; and
		4. Umbrella/excess liability with minimum limits of [AMOUNT] each occurrence and aggregate.
	1. **Forms of Policies; Evidence**

The insurance required by this section may have deductibles in such amounts as First Party reasonably determines. Second Party shall be named as an additional insured under such insurance, except the worker's compensation insurance. First Party may fulfil these insurance obligations through blanket coverage and through any combination of primary and excess policies. First Party will provide Second Party certificates of insurance evidencing the insurance coverage required by this section. The certificates shall provide that the issuing company will endeavour to mail [NUMBER] days prior written notice to Second Party of any cancellation of coverage before the stated expiration date. First Party shall give Second Party [NUMBER] days prior written notice of the cancellation or non-renewal of any insurance coverage before the stated expiration date. First Party shall maintain such coverage with one or more insurance companies reasonably acceptable to First Party and [SPECIFY] and licenced to do business in the states where such licencing is required to provide the required insurance.

* 1. **First Party Limited Warranty**

First Party warrants that

21.3.1 it will convey to Second Party good and marketable title to all Products supplied hereunder, and

21.3.2 all Products sold to Second Party shall

 21.3.2.1 be free and clear of all liens, claims and encumbrances,

 21.3.2.2 properly stored, handled and transported, and

 21.3.2.3 shall be free of defects created by the negligence or willful misconduct of First Party. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES WITH RESPECT TO THE PRODUCTS, EXPRESS OR IMPLIED. FIRST PARTY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

* 1. **Vendor Warranties**

First Party shall assist and cooperate with any effort by Second Party to avail itself of the benefits of any warranties made by any manufacturer, vendor, or supplier of Products and any services relating to Products and of any insurance relating thereto. First Party shall use commercially reasonable efforts to obtain the written confirmation by all manufacturers, vendors, and suppliers of Products and services relating to Products that their warranties with respect to Products and such services and the related insurance coverage extend to Second Party and Second Party's customers. If Second Party is unable to avail itself directly of any such benefits, such efforts may include, upon Second Party's request, First Party seeking indemnification or contribution from any such manufacturers, vendors, or suppliers directly and passing on any proceeds therefrom to Second Party, except and to the extent First Party shall have paid the claim arising under the vendor's warranty. First Party shall indemnify and hold harmless Second Party, and its affiliates, and their respective officers, directors, and employees, from all claims, liabilities, losses, damages, expenses, and costs (including reasonable attorneys' fees) arising out of matters covered by the warranties of such manufacturers, vendors, and suppliers of Products and services relating to Products. The foregoing indemnity obligation is only to the extent First Party receives payment under or with respect to such warranties and has not paid the related claim arising under the warranty if any.

* 1. **Survival**

The provisions of Sections 21.3 and 21.4 shall survive the termination of this Agreement.

1. **MISCELLANEOUS**
	1. **Assignment**

The provisions of this Agreement are binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; provided, however, neither this Agreement nor the rights and obligations of either party hereunder shall be assignable without the prior written consent of the other party, which a party may grant or withhold in its sole discretion. However, either party may assign this Agreement to a subsidiary or affiliate that is owned or controlled by or is under common ownership or control with that party. Any prohibited assignment is void. With respect to any permitted assignment, the assigning party remains fully responsible for performance and for all acts and omissions of its assignee.

* 1. **Incompany and Integration**

This Agreement, including the Annexures attached hereto, is the final and complete agreement between the Second Party and First Party with respect to the subject matter hereof. No representations, inducements, promises, or understandings *in re*lation to the subject matter hereof, whether oral or written, exist unless they are expressly set forth in this Agreement. This Agreement supersedes all prior understandings, agreements, contracts, or arrangements between the parties, whether oral or written, unless otherwise expressly incorporated in this Agreement. No agreement or other understanding purporting to add to or to modify the terms and conditions hereof is binding unless agreed to by the parties in writing. Any terms or conditions in any invoices, statements, or other forms of the parties used in the performance of this Agreement that are in addition to or conflict with the terms and conditions hereof are void.

* 1. **Headings**

Headings or captions of the sections in this Agreement are for convenience of reference only and in no way define or limit or describe the intent of this Agreement or any provision hereof.

* 1. **Limitation of Actions**

An action for breach of this Agreement must be commenced within [NUMBER] years after the cause of action accrued. A party shall commence an action by sending the other party a statement of claim and demand for arbitration under the provisions of this Agreement.

* 1. **Force Majeure**

Neither party shall be deemed in default of this Agreement if such party's non-performance is the result of a condition beyond its control, including, but not limited to, labour strikes (subject to Section 8), government rationing and acts of God. A party's financial condition is not a condition beyond its control. If any event beyond First Party's control affects First Party's ability to source any Store from any Distribution centre but does not otherwise affect First Party's operations as a whole, then First Party shall use reasonable efforts to source the affected Stores from another Distribution Center; provided, however, that any reasonable incremental cost arising from such sourcing shall be paid by Second Party.

* 1. **State and Local Taxes**

Second Party represents and warrants that all Products and other tangible personal property purchased from First Party shall be purchased for resale in the ordinary course of the Second Party's business and that Second Party shall comply with pertinent state and local laws regarding the collection and payment of sales, use, and other taxes applicable to all such resale transactions and furnish evidence thereof to First Party. If any such tangible personal property is put to a taxable use by Second Party or is purchased by Second Party other than for resale, Second Party shall make timely return and payment to the proper taxing authority of all sales, use, and like taxes applicable thereto, and shall indemnify First Party against such taxes and all penalties and interest related thereto. Second Party shall reimburse First Party for all transaction taxes paid by First Party (including, without limitation, bottle and other recycling taxes and service taxes) imposed on the sale of property and services contemplated by this Agreement.

* 1. **Severable**

If any provision of this Agreement is determined by a court of competent jurisdiction or arbitrators appointed pursuant to this Agreement to be void or unenforceable, then the remaining provisions of this Agreement shall be given effect as if such void or unenforceable provision was not a part of this Agreement.

* 1. **Counterparts**

This Agreement may be executed in multiple counterparts, all of which taken together will constitute one instrument and each of which will be considered an original for all purposes.

* 1. **Authority to Sign**

Each person signing below warrants and represents that he has full power and authority to execute this Agreement on behalf of the party he represents. Upon request, each party must provide a certified resolution or certificate of authority authorising the undersigned to enter into and sign this Agreement.

* 1. **Waivers**

No waiver of any breach or default is a waiver of any subsequent breach or default.

* 1. **Approval**

Wherever this Agreement provides for the consent or approval of a party as a condition to an action by the other party, except as otherwise provided in Section 22.1, the party whose consent or approval is required shall not unreasonably withhold, condition or delay its consent.

IN WITNESS WHEREOF, this Agreement has been executed by the parties' authorised representatives on the date first written above.

FIRST PARTY SECOND PARTY

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

**ANNEXURES**

Annexure A Stores

Annexure 1.1 Products

Annexure 1.2A [SPECIFY] and GMD

Annexure 1.2B [SPECIFY] Fuel Terms

Annexure 1.3 Product Pricing

Annexure 1.4 [SPECIFY] Products

Annexure 2 Logistics Services

Annexure 4A Service Requirements

Annexure 4B Quality Assurance and Safety Guidelines

Annexure 4C Shrink Audit Procedure

Annexure 4D Audit Procedures

Annexure 4E Management Reports

Annexure 5 Product and Service Fees and Charges

Annexure 5A Bid Values

Annexure 5B Accounts Receivable Reconciliation

Annexure 10 Transition Milestones

**ANNEXURE A**

STORES

The following list of Stores will be deemed to be automatically amended from time to time without further action of the parties to provide for (a) the removal of Stores from the list as a result of closure, relocation, sale, or other disposition by Second Party, and (b) the addition of Stores to the list as a result of the opening or acquisition of new Stores through the term of this Agreement, whether designated "[SPECIFY]," or by any successor names to such stores. [SPECIFY] will provide to First Party at least [NUMBER] days prior written notice of Stores to be removed or added, as the case may be, during the term of this Agreement so that First Party may commence or terminate service. Initially, each Store shall be primarily supplied by the Distribution centre named opposite to such Store.

NOTE: [SPECIFY] stores with an \* in the "Fres./Sac. Note" column will utilise the following supply arrangement:

From [SPECIFY STORE]: [SPECIFY PRODUCT]

[SPECIFY ADDRESSES]

**ANNEXURE 1.1**

PRODUCTS

Product List:

[SPECIFY] Department Category and Item Assumptions

[SPECIFY PRODUCT] (All Private Brands, National, Regional, and Local Brands)

In support of Second Party, First Party will source and negotiate all Branded, Non-Branded and Private Label Produce for the following products/categories, including but not limited to:

[SPECIFY]

**ANNEXURE 1.2A**

[SPECIFY AND GMD

The First Party / [SPECIFY] synergies teams, headed by [NAME], will identify the procurement and distribution strategies and potential benefits by category for presentation on or before [DATE]. The categories will be broken out as follows:

[DESCRIBE CATEGORY]

[SPECIFY PRODUCTS]

**ANNEXURE 1.2B**

[SPECIFY] FUEL TERMS

Fuel Management Services Agreement Term Sheet

PURPOSE:

To establish business guidelines for how [SPECIFY] will provide fuel inventory and other related services for the Second Party.

* + 1. **SERVICES PROVIDED**

[SPECIFY] [SPECIFY] will provide the following services to the Second Party.

1.1 Fuel Inventory Management - [SPECIFY] will monitor the Second Party's Fuel centre location remotely and Annexure the delivery of fuel [NUMBER] days a week. Fuel will be automatically dispatched on an as-needed basis.

1.2 . Help Desk - [SPECIFY] will provide a [NUMBER] day [NUMBER] hours a day help desk. The help desk will support fuel operations only. [SPECIFY] [SPECIFY] will dispatch fuel maintenance companies on an as needed basis *per Se*cond Party guidelines.

1.3 . Environmental Monitoring - [SPECIFY] will provide Environmental compliance monitoring during the term of the fuel management services agreement. Environmental Monitoring will commence once Second Party and [SPECIFY] execute an Environmental Monitoring Plan. This plan should be executed within [NUMBER] days from the commencement of this agreement.

1.4 . Accounting - [SPECIFY] will invoice using Electronic Data Interchange Second Party will pay all invoices using automated clearinghouse transfers ("ACH").

* + 1. **TERM**

The term will be the same as this Agreement.

* + 1. **Termination**

Termination of this agreement will be the same as this Agreement.

(CONFIDENTIAL)

* + 1. **Payments/ Payment Terms/ Invoicing:**

[SPECIFY] shall invoice Second Party for all Products sold by [SPECIFY] to Second Party via Electronic Data Interchange (EDI), or other mutually acceptable methods. Payment of the Product will be due to Seller based on net [NUMBER] days from delivery of each load of Product. Payment will be made via ACH.

* + 1. **Invoice Reconciliation**

[SPECIFY] will provide all goods on a cost plus its pre-negotiated fees. Services are considered to be included in fees generated by gallons processed. From time to time there will be a need to correct a billing due to an over or under charge for a good or services provided. These billing errors will be accrued and settled on a quarterly basis. A complete accounting by store and by invoice will be kept to justify all invoice reconciliation.

* + 1. **Access to Tank Monitors**

Second Party will always allow [SPECIFY], during the term of the fuel management services agreement, phone line access to its automatic tank monitors. This access is necessary for [SPECIFY] to perform its duties.

* + 1. **Environmental Monitoring**

[SPECIFY] will help with the Environmental Monitoring of the Second Party's locations. This monitoring will be secondary to on-site monitoring of fuel leaks and alarms. Environmental Monitoring will commence upon the signing of a mutually agreed upon Environmental Monitoring Plan. This plan will be established within [NUMBER] days of the signing of this agreement. If, in fact, on-site monitoring is unavailable by [SPECIFY] due to lack of systems or other reasons, fees (margin) will be reduced by (CONFIDENTIAL) per gallon.

* + 1. **National and Local Fuel Taxes**

[SPECIFY] shall collect for Second Party all required national, state, and local taxes, including, without limitation, any additional fees or taxes which may be levied or imposed in connection with the sale, transportation, delivery or use of the Products at the Locations. [SPECIFY] shall pay all such taxes promptly to the appropriate authority within the time frame required and indemnify, defend and hold [SPECIFY] harmless therefrom.

* + 1. **Fuel Procurement**

It is the intent of [SPECIFY] and Second Party to use whichever method necessary to procure fuel at the lowest available cost. The current methods used to procure fuel for this agreement will be having [SPECIFY] buy the fuel on its account, Second Party buying the fuel on their account, and using Internet-based auctions. In the future, other methods may be identified and used. Under all methods, [SPECIFY] [SPECIFY] will still monitor and perform its services and still be entitled to the margin addressed in this agreement. Any rebates earned and received by [SPECIFY] from a specific refiner will be prorated to the Second Party based on the Second Party’s item percentage of [SPECIFY]' volume with that specific refiner. If [SPECIFY]'s pricing is below OPIS Low after taking into account any such rebates, [SPECIFY] will share the savings below OPIS Low with Second Party on the basis of (CONFIDENTIAL) of such savings to [SPECIFY] and (CONFIDENTIAL) of such savings to [SPECIFY].

* + 1. **Performance Reporting**

[SPECIFY] will provide to [SPECIFY] on a quarterly basis performance reporting. Performance reporting will be how well fuel was procured compared to the Oil Price Information System. The price fuel was procured at will be compared to the OPIS Average and OPIS Low price for every location. Racks to be mutually agreed upon by [SPECIFY] and [SPECIFY]. Failure to perform at or below the OPIS Low published price over any quarter for any location will be grounds for termination of that location from the fuel management services agreement at [SPECIFY]'s discretion. In times of Natural Disasters, Government Intervention, or other events out of the control of both parties that create abnormal price conditions, may affect the performance reporting, these days will be excluded from any performance reporting. Days excluded to be agreed upon by both parties. In addition, if [SPECIFY] is buying fuel on its own account, failure to perform at OPIS Low, after taking into account all applicable rebates will result in a (CONFIDENTIAL) reduction in fees to [SPECIFY] based on gallons purchased in that period for the specific location. Performance below OPIS Low will result in a sharing of savings with Second Party on the basis of (CONFIDENTIAL) of such savings to [SPECIFY] and (CONFIDENTIAL) of such savings to Second Party for the location.

* + 1. **Freight**

[SPECIFY] will coordinate the delivery of fuel to the Second Party's fuel centres using common carriers. Freight rates will be provided to Second Party on a cost basis.

* + 1. **Handling Credits and Float Rebates**

The Handling Credits collected by [SPECIFY] from paying taxes for the fuel sold to [SPECIFY] will be rebated to the Second Party on a quarterly basis. The rebate will be payable [NUMBER] days following [SPECIFY]'s quarter end. A complete accounting by fuel centre of the handling credits will be kept and provided to the Second Party with each payment.

Float Credit - An interest float credit of [AMOUNT] per gallon purchased will be credited on a quarterly basis. The gallons used to determine the amount rebated will be the gallons sold to Second Party that [SPECIFY] collected and paid the federal and state taxes. Any gallons that Second Party has not paid for within the agreed upon payment term will be excluded from the rebate.

* + 1. **Margin**

(CONFIDENTIAL)

 CUMULATIVE NUMBER OF GALLONS

 PURCHASED PER GALLON FEE

[NUMBER OF GALLONS] [PRICE PER GALLON]

**ANNEXURE 1.3**

(CONFIDENTIAL)

**ANNEXURE 1.4**

 PRODUCTS

(CONFIDENTIAL)

**ANNEXURE 2**

LOGISTICS SERVICES

Inbound receiving and storage of product

Order selection and loading, routing and scheduling

Maintaining an inventory to enable First Party to supply products timely

Inventory control and quality assurance, and stock rotation

Fruit ripening

Inventory management

Transportation management (backhaul, consolidation, carrier selection, freight bill audit and forward to Second Party for payment, pallet and tote return pursuant to agreed procedures) - At Second Party's option, First Party shall provide transportation services and select third-party transportation providers reasonably acceptable to Second Party

**ANNEXURE 4A**

SERVICE REQUIREMENTS

First Party shall exercise commercially reasonable efforts to achieve service levels for Product categories described below:

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 MINIMUM

 YEAR 2 AND SERVICE LEVELS

 YEAR 1 THEREAFTER (BEGINNING ON THE TERMINATION

 CATEGORY TARGET (1) TARGET EFFECTIVE DATE) PERIOD

 --------------------------- ------------- -----------------

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(1) The "Target" service level in Year 1 shall be effective beginning on the [NUMBER]th day following the commencement of supply by First Party to Second Party for each Distribution Center.

The failure to achieve the service level requirements set forth herein as targets does not constitute a material breach of this Agreement, except as provided below. Upon failure to achieve any minimum service level for any [NUMBER] days during any [NUMBER] consecutive day period at any Distribution Center, a member of the Account Team appointed by Second Party shall present the matter to a designated committee of executive officers of each party to resolve the issue. If such officers are unable to agree on a plan to resolve the matter, or if the service level deficiencies persist after implementing the actions recommended by the executive officers, Second Party shall have the right, but not the obligation, to refer the matter to an independent third party consultant approved by First Party (the "Consultant") to review the situation and recommend an action plan to increase service levels to an acceptable level. The recommendations of the Consultant shall not be binding on the parties, but the parties shall seek in good faith to implement any such recommendations. The fees and expenses of the Consultant shall be borne by the parties equally.

A material breach of this Agreement with respect to service level requirements shall occur only if First Party fails to achieve any minimum service level for any [NUMBER] days during any [NUMBER] consecutive day period.

"Service level" shall be measured weekly by the number of full cases delivered as compared to the number of full cases ordered (net of discontinued items ordered inadvertently). The failure to deliver Products ordered by Second Party due to vendor outs or unavailable Products, if either of such conditions exist for a continuous period of [NUMBER] days, except with respect to seasonal [PRODUCT], if such conditions exist for a continuous period of seven days, or due to discontinued items, materially inaccurate forecasting of Product needs by Second Party or materially inadequate order lead time by Second Party shall not be included in the calculation of the service level.

Nothing contained herein shall establish service levels for Stores in [COUNTRY] which shall be evaluated separately, and the parties shall, within a reasonable time, agree upon standards for service levels for Products sold to Stores in [COUNTRY].

**ANNEXURE 4B**

QUALITY ASSURANCE AND [SPECIFY] SAFETY GUIDELINES

* + - 1. Each Distribution centre will receive two unannounced ASI Inspections annually. Scores of [NUMBER] or above are required. Any Distribution centre receiving a score of less than [NUMBER will require a re-inspection after corrections of the deficiencies. ASI inspection documents will be available for review by [SPECIFY].
			2. Each Distribution centre supplying perishable Products to [SPECIFY] Stores will have a minimum of two Quality Control Inspectors.
			3. Second Party will provide product specifications by the department to First Party for receiving and shipping of product to be shipped to Second Party stores. No product will be shipped outside of specifications without prior approval from the Second Party. Dating standards as shown below will apply to these specifications.
			4. All existing quality assurance guidelines will continue as shown below, including unannounced quality audits to insure processes are in place to meet specifications.
			5. All inbound shipments must adhere to an incoming goods inspections process as identified by ASI.
			6. Minimum dating standards for retail delivery are as follows:

[PRODUCT] – [NUMBER] days from Expiration Date [IF APPLICABLE]

- First Party must immediately notify Second Party of any product recalls from manufacturers.

- First Party will accept the return of damaged or otherwise contaminated cases and issue a full credit to Second Party for the return.

**ANNEXURE 4C**

**SHRINK AUDIT PROCEDURE**

FIRST PARTY / SECOND PARTY SHORTAGE STANDARD

First Party will develop a Shortage Standard from actual [SPECIFY] shortage credits issued to [SPECIFY]. The Shortage Standard will be calculated by Distribution Center. Payment will be made by check within [NUMBER] week after each quarter end. Distribution centres with no Second Party credit history will be calculated as a composite average of all Distribution centres excluding from the calculation those Divisions with the highest and lowest shortage history. Rates will be adjusted quarterly. As soon as practicable after the Effective Date, and in any event prior to [DATE], the parties shall establish an initial shortage standard rate to be applicable upon the commencement of First Party's supply of incremental volume of Products pursuant to this Agreement.

Second Party will randomly supply associates to participate in the case count audit process on First 's dock. Quarterly, the Shortage Standard will be based on collaborative audit team findings by Second Party and First Party associates from these dock audits. Absent Second Party input, the roll-up of First Party internal [%] case count audit results from the preceding quarter will apply.

All case count audits will be conducted on First Party's dock during normal shipping hours. Both parties agree to minimise disruption to shipping and on time lockout.

Large identifiable shortages (e.g. missing pallets) will be addressed on an individual basis. Second Party and First Party loss control will work together at retail to address consistent claims outside the program. [SPECIFY] will be piece counted at the time of delivery.

First Party and Second Party will enforce the current Seal Procedure and identify lapses. Seal Procedure is set forth below. Label errors (mis-picks) will be addressed as part of the First Party's retail credit policy.

SECOND PARTY SEAL PROCEDURE

1. Once the trailer loading is completed, a First Party associate will close the doors and secure the load consistent with the specific division security procedures.

2. Billing clerk will then process the necessary paperwork and assign the security seals for the load. The seal number for each of the stops will be written directly on the delivery receipt or driver run document. An additional seal will be issued for use if the trailer has a side door.

3. Before the trailer leaves the yard, First Party Security or the driver will attach the seal for the first stop of the load. Security will verify that the seal number(s) matches the paperwork. At this point, the trailer is sealed and ready to leave First Party.

4. Upon arrival to the first stop, the driver will ask the store receiving personnel to break the rear door seal, verify the number and sign the Delivery Receipt or the driver run document confirming that the seal was intact at the time of delivery. The driver will also ask the store personnel to confirm, but not remove the seal number for any side doors.

5. If there is more than one stop on the trailer, the driver will ask the store receiving personnel at the first stop to place a second seal on the trailer, verify the number and note their name directly on the Delivery Receipt. This process will continue for additional stops.

6. In the event, a seal is broken or does not correspond with the number recorded on the Delivery Receipt, the driver and store receiving personnel must call First Party Customer Service immediately. First Party will verify the seal number and confirm that First Party Security did not make any changes. At this point, the load must be counted by the driver and verified by the store.

**ANNEXURE 4D**

**AUDIT PROCEDURES**

Second Party has the right to audit First Party's books and records regarding Product cost files and selling prices and charges, allowances, and freight calculations relating to First Party's performance of and compliance with this Agreement upon reasonable advance notice to First Party. First Party must maintain its books and records in a manner that facilitates a full and complete review of the First Party's performance of and compliance with this Agreement. All such books and records will be available for audit by [SPECIFY] for the current prior [NUMBER] accounting periods (*i.e.* for a "rolling" [NUMBER] periods). The books and records will be maintained on-site at each Distribution centre for the Stores serviced by that Distribution centre for the current and [NUMBER] prior accounting periods (a "rolling" [NUMBER] periods), and thereafter, the books and records will be maintained off-site by First Party and will be made available and retrieved by First Party upon a specific request by the Second Party to audit an identified issue. The audits may be conducted by Second Party or its third party designee and will be conducted at each individual Distribution Center. Second Party and First Party will each bear their own costs associated with the audits.

**ANNEXURE 4E**

MANAGEMENT REPORTS

KEY PERFORMANCE INDICATORS

Service Level

 Total Company X X X

 -----------------------------------------------------------------------------------------------------------------------

 Division X X X

 -----------------------------------------------------------------------------------------------------------------------

 Ad Product X X X

 -----------------------------------------------------------------------------------------------------------------------

 Department X X X

 -----------------------------------------------------------------------------------------------------------------------

 "A" X X

 Items

 -----------------------------------------------------------------------------------------------------------------------

 "B" X X

 Items

 -----------------------------------------------------------------------------------------------------------------------

 "C" X X

 Items

 -----------------------------------------------------------------------------------------------------------------------

 "D" X X

 Items

 -----------------------------------------------------------------------------------------------------------------------

Delivery

 ----------------------------------------------

 Reporting Frequency

 --------------------------------------------------------------------------------------------------

 REPORTING LEVELS DAY WEEK PERIOD CUBE/ % ON % Units Pallet TOTE

 LOAD TIME Damaged BALANCE BALANCE

 --------------------------------------------------------------------------------------------------

 Total Company X X

 --------------------------------------------------------------------------------------------------

 Division X X X

 --------------------------------------------------------------------------------------------------

Outstanding A/R Balance

 ----------------------------------------------

 Reporting Frequency

 -----------------------------------------------------------------------------------

 REPORTING LEVELS DAY WEEK PERIOD % INVOICES WITH PAST DUE

 DEDUCTIONS BALANCE

 -----------------------------------------------------------------------------------

 Total Company X X

 -----------------------------------------------------------------------------------

 Division X X

 -----------------------------------------------------------------------------------

Ordering and Case Value

 ----------------------------------------------

 Reporting Frequency

 ------------------------------------------------------------------------------------------------------------------------

 REPORTING LEVELS DAY WEEK PERIOD AVG CASE AVG ORDER ORDERS < % LATE

 "MANUAL"

 ------------------------------------------------------------------------------------------------------------------------

 Total Company X

 ------------------------------------------------------------------------------------------------------------------------

 Division X

 ------------------------------------------------------------------------------------------------------------------------

 Ad Product X

 ------------------------------------------------------------------------------------------------------------------------

 Department X

 ------------------------------------------------------------------------------------------------------------------------

 ----------------------------------------------

 Reporting Frequency

 -----------------------------------------------------------------------

 REPORTING LEVELS DAY WEEK PERIOD FORECAST % BIG LOT

 ACCURACY PALLETS

 -----------------------------------------------------------------------

 Total Company X

 -----------------------------------------------------------------------

 Division X

 -----------------------------------------------------------------------

 Ad Product X

 -----------------------------------------------------------------------

 Department X

 -----------------------------------------------------------------------

Item Assortment & Movement

 ----------------------------------------------

 Reporting Frequency

 ----------------------------------------------------------------------------------

 REPORTING LEVELS DAY WEEK PERIOD ITEM ITEM <

 COUNT /ITEM 1/

 ----------------------------------------------------------------------------------

 Total Company X

 ----------------------------------------------------------------------------------

 Division X

 ----------------------------------------------------------------------------------

 Ad Product X

 ----------------------------------------------------------------------------------

 Department X

 ----------------------------------------------------------------------------------

Items with low movement

[SPECIFY] Going In Gross Reports as current

**ANNEXURE 5**

(CONFIDENTIAL)

LOGISTICS FEES

(CONFIDENTIAL)

**ANNEXURE 5A**

(CONFIDENTIAL)

**ANNEXURE 5B**

ACCOUNTS RECEIVABLE RECONCILIATION

The parties shall commit to applying required joint Second Party / First Party team resources to work with diligence and good faith to eliminate in next [NUMBER] days current inter-company process bottlenecks and inefficiencies that lead to increased A/R balances and delivery errors. These inefficiencies include, but are not limited to:

- Centralised control, setup and propagation of new items to all Second Party supplying divisions;

- Develop a process to handle invoice charges not specific to one-line item and miscellaneous ("hand invoice") charges;

- Address processing summary drops in lieu of "line-item" drops;

- ASN failures

- Lack of a fully implemented ASN system; and

- Lack of uniform common items codes.

**ANNEXURE 10**

TRANSITION MILESTONES

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 STARTUP TIMELINE

 -------------------------------------------------------------------------------------------------------------------------------

 30 DAYS 60 DAYS 90 DAYS 120 DAYS 150 DAYS 180 DAYS

 -------------------------------------------------------------------------------------------------------------------------------

 [DATE]

 -------------------------------------------------------------------------------------------------------------------------------

 [CITY]

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