

November 22, 2019

Important Update: Nestlé Coffee Partners Solutions Lab Integration into Nestlé USA

Dear Valued Customer,

In August 2018, Nestlé S.A. formed an alliance with Starbucks granting Nestlé the rights to market and distribute Starbucks consumer packaged goods and foodservice products outside Starbucks retail stores* (excluding Ready-to-Drink products).

I am reaching out today to kick off the integration journey for the Nestlé Coffee Partners Solutions Lab foodservice business to Nestlé USA. **Effective February 3, 2020 we will begin taking orders and shipping Starbucks® Coffee, Seattle's Best Coffee®, Teavana™ Tea, Torrefazione Italia® Coffee, Starbucks VIA®, and Starbucks-branded K-cup® pods and all related products, including but not limited to sauces, syrups, condiments, brewing equipment, serve ware, and paper products foodservice product categories (collectively, the "Solutions Lab products") to new Nestlé USA systems, policies and processes.**

What Stays the Same?

Although there will be a number of changes that you will experience with the integration, there are a number of things that will remain the same:

- Your day-to-day business contact(s)
- Our Customer Service number will remain the same
- Your Solutions Lab products and equipment
- Current pricing

What's Changing?

The services integrating from Starbucks to Nestlé include order management, shipments to customers, invoicing, credit & collections, and claims & returns management. Specifically:

- Nestlé USA will begin taking orders for and shipping Solutions Lab products
- The Solutions Lab business will adopt NUSA's Supply Chain and Credit policies
- The Solutions Lab business will introduce a new customer portal with enhanced features

Other changes include: New Vendor and Customer numbers, new SKUs, new distribution locations, and new payment terms and remittance address.

Throughout this integration, the Solutions Lab foodservice business remains committed to creating unique and premium out-of-home experiences for today's consumers.

Preparing for Upcoming Changes

In support of this integration, and in an effort to continue providing the highest level of service to our customers, we will send you a series of communications that outline all associated



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changes, as well as the related actions you must take between now and February 3, 2020 to ensure that there is no disruption to your business.

This is the first such communication, and in the following pages, you will find a comprehensive reference document that groups the changes and required actions into the following categories: **Key Integration Dates**, changes in **How to Order**, **How to Pay**, **Pricing Practices** and **Delivery**. We have also provided some information on new tools and support systems to help you **Manage Your Solutions Lab Business**.

The remaining communications will include follow-up messages from our Nestlé USA Credit & Accounts Receivable department, both of which will provide additional important integration information.

We're Here to Help

To ensure product continuity during this integration, please work with your Solutions Lab contacts to plan sufficient order quantities from the Starbucks Corporation to last through your first delivery from Nestlé.

On behalf of Nestlé USA and the Nestlé Coffee Partners Solutions Lab business, I would like to thank you for your continued partnership. We are excited about the future and look forward to working with you to drive the growth of both our exciting portfolio of brands and your business.

Please reach out to your Nestlé Coffee Partners Solutions Lab Field Partner or email us at SLIntegration@us.nestle.com if you have any questions.

Sincerely,

Heath Nielsen

Senior Vice President, Solutions Lab
Nestlé Coffee Partners

*Please note: This alliance does not affect or change Starbucks or Teavana ready-to-drink products or your operation of Starbucks stores as a licensee of Starbucks Corporation.



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Important Integration Information

In the following pages, you will find a detailed summary of changes associated with the integration of the Nestlé Coffee Partners Solutions Lab integration into Nestlé USA, as well as important guidance to help you through this integration.

The following foodservice product categories are in-scope for the Solutions Lab integration: **Starbucks® Coffee, Seattle's Best Coffee®, Teavana™ Tea, Torrefazione Italia® Coffee, Starbucks VIA®, and Starbucks-branded K-cup® pods and all related products, including but not limited to sauces, syrups, condiments, brewing equipment, serve ware, and paper products foodservice product categories (collectively, the “Solutions Lab products”).**

The changes are grouped into the following categories. (Note: You may click on a topic below to take you directly to that section.)

[Key Integration Dates](#)

[Changes in How to Order](#)

[Changes in How to Pay](#)

[Changes in Delivery](#)

[Pricing Practices](#)

[Managing your Solution Lab Business](#)

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Key Integration Dates

Below you will find key integration dates associated with the Nestlé Coffee Partners Solution Lab Integration, including the last order date with Starbucks and the first order date with Nestlé. Please note each of these key milestones and ensure that you and others within your company are prepared for each change and effective date.

Monday, January 27	Last date to place an order with Starbucks Account Number by 7am PST. Includes orders submitted by phone, email, and through the current Starbucks Branded Solutions website.
Tuesday, January 28	First date to place an order using your new Nestlé Account Number. Includes orders submitted by phone and email. All direct online orders should be placed through the new Customer Portal.
Thursday, January 30	Last ship date from Starbucks distribution centers.
Monday, February 3	First ship date from the Nestlé distribution centers.

There may be additional order/shipping deadlines for non-stocked equipment. Your Nestlé representative will be able to provide details when discussing order timing.

As a reminder, if you have licensed stores, there is no change to your ordering procedures.



Changes in How to Order

This section will outline the components of the ordering process that will be changing as a result of the integration.

- **New SKUs:** All Solutions Lab SKUs will be given a Nestlé SKU (SAP ID) and product description. All GTINs and UPCs will remain the same. An updated Product Guide will be available to reflect the new SKU numbers and descriptions at least 30 days prior to the first order date. It is critical that you do not submit orders with these new SKUs prior to the first order date listed above.
- **New Customer Number:** Within the Nestlé SAP system, each location that we ship product to will have its own customer number. Therefore, an account with multiple ship-to locations today will have multiple customer numbers as of the February 3, 2020.



Nestlé will assign your account new customer numbers, one for each of your ship-to locations, to help you prepare for this integration.

- Note: if you currently operate Starbucks retail stores as a Licensee of Starbucks, please do not make any changes to your Vendor ID related to Licensed Stores. That business relationship remains between you and Starbucks Corporation.
- **Customer Service:** Your Customer Solutions Analyst (CSA) and Customer Service Number will remain the same (800-344-1575).
- **Terminology Change:** The order increments customers used to order Solutions Lab products in the past will remain the same through this integration. However, the description of those order increments may be different than used in the past because the Solutions Lab business will integrate to SAP systems. Your Customer Solutions Analyst will advise you on the few exceptions that will exist.
- **Order Discrepancies:** If there are any discrepancies encountered during the order entry process (e.g. incorrect pricing, exceeding credit limit, incorrect item number or description, etc.), that order might be held from downstream processing. Your CSA will work on resolving the discrepancies.



Changes in How to Pay

This section will outline the components of the payment process that will be changing as a result of the integration.

- **Remittance Information:** Beginning on February 3, 2020, you will no longer remit invoice payment to Starbucks for shipments of the Solutions Lab products for shipments made and invoiced by Nestlé USA, Inc. All customers will align to a Nestlé USA payment method. You will receive a detailed communication in early January that provides details on how to remit to Nestlé.
 - Note: It is important that you continue to pay the Starbucks Corporation for all shipments through January 30, 2020 that are invoiced by Starbucks.
- **Payment Terms:** As part of this integration, the Nestlé USA standard payment terms will apply to Solutions Lab products. All purchase orders sent to the Nestlé Customer Service Team for delivery beginning Monday, February 3, 2020 should reflect the Nestlé USA payment terms. Nestlé will send you a separate communication confirming the Nestlé USA payment terms in early January.



Changes in Delivery

This section will outline the components of the delivery process that will be changing as a result of the integration.

- **New Third Party Distribution Centers (DCs):** All Solutions Lab products will be shipped from two new third party distribution centers located in Sparks, NV and Lebanon, TN.
- **Lead Time Policy:** The Nestlé business lead-time of 24 hours from order receipt to shipment will apply to Solutions Lab products.
- **Order Cutoff Times:** New order cut off times will be as follows:
 - East Coast location: 8:30am PST
 - West Coast location: 10:30am PST
 - Note: Previous cutoff times for both locations were 9:30am PST
- **Rush Orders:** Rush orders requested by customers will have an associated fee, regardless of the order amount.
- **Shipping Charges:** All orders will follow the Nestlé USA shipping charges policy. For orders under \$500, an up-front shipping charge will be applied based on a percentage of the sales order and invoice. For orders that are above \$500, shipping charges will be waived. Rush orders requested by customers will still have an associated fee, regardless of the order amount.
- **Overages, Shortages, and Damages (OS&D):** Nestlé Coffee Partners will adopt the Nestlé OS&D policies and procedures. Customers are required to note any discrepancies (overage, shortage, and damage) on the carrier's bill of lading at the time of delivery.
- **Unsaleables:** Nestlé will pay unsaleable claims for product purchased directly, except in the following instances:
 - Nestlé-initiated product recalls and voluntary withdrawals will be handled under the recall process.
 - "Overage, shortage, and damage" claims will be separately compensated in accordance with Nestlé's "OS&D" policy.
 - Nestlé Coffee Partners will neither accept returns of, nor issue credit for, donated or destroyed expired products. It is the responsibility of the customer to contact Nestlé for disposition guidance before product reaches expiration.



Pricing Practices

This section will outline the components of pricing that will be changing as a result of the integration.

- **Pricing and Deals:** Beginning on February 3, 2020, any new pricing and deals will take effect on the Requested Delivery Date, rather than the Order Date.
- **Rounding Differences:** You may observe very small rounding differences in pricing on some items as a result of moving from Starbucks systems to Nestlé systems.



Managing your Solutions Lab Business

This section will outline a new online platform which will help you manage your Solutions Lab foodservice business.

- **Customer Portal:** A new Customer Portal will replace the current Starbucks Branded Solutions website, effective January 28, 2020. The Customer Portal will be an online resource for viewing and ordering Solutions Lab Products available to your account, providing robust training to your employees and delivering ongoing program and product updates.
 - If you are currently registered with the existing Starbucks Branded Solutions site (www.Solutions.Starbucks.com), your same logon credentials will work on the new Solutions Lab Customer Portal.
 - Customers not currently registered for the Starbucks Branded Solutions website will need to set up a login for the new customer portal once it is live.
- **New Customer Equipment Number:** Effective December 15, 2019 all nationwide service requests for equipment supported by Nestlé Coffee Partners can be placed by calling **844-263-5403**. After this date, you should no longer place requests through the following numbers:
 - **800-654-3314**
 - **888-447-3719**



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We're Here to Help!

The information provided above was created to help prepare you for the integration of the Solutions Lab products into Nestlé USA as of February 3, 2020. We recommend that you start creating awareness of these upcoming changes with the relevant department contacts within your organization so that you can collectively prepare for these new ways of working.

If you have any questions about the information in this letter or the Solutions Lab products, please contact your local Nestlé Coffee Partners Solutions Lab representative. You may email your questions or comments to SLIntegration@us.nestle.com.