

SHOPKO®

Vendor Partnership Manual

**Section 3 –Terms & Conditions of
Purchase Order**

What's New

*No changes have occurred in this chapter
since our last update in
July 2017.*

Frequently Asked Questions

Question	Answer
If the purchase order contains errors in case pack quantities or sku number how should I correct?	Call the appropriate Inventory Analyst. DO NOT SHIP UNTIL DIFFERENCES ARE RESOLVED
Due to shortfalls in quantities or change over in styles I am substituting a sku of equal or better quality, is this acceptable?	No, this is not acceptable as the sku may not exist on Shopko's systems. You must contact the appropriate Inventory Analyst to obtain approval to substitute. DO NOT SHIP UNTIL YOU HAVE PERMISSION TO DO SO!
Due to product allocations I am not able to ship quantities as ordered on or by the P.O. cancel date	Contact Inventory Analyst
I am able to ship or arrive early on a P.O. Should I call to arrange for early shipment or earl arrival?	Yes – Prior to shipment of merchandise, call appropriate Inventory Analyst to obtain written approval to ship or arrive early and not incur the 10% penalty.
I cannot ship within the "Ship Window/Date" or deliver within the "Arrival Window/Date", what should I do?	Contact the appropriate Inventory Analyst to obtain written approval to ship or arrive late and not incur the 10% penalty
Carrier is unable to pick up within the Ship Window/Date.	Contact Traffic Dept via email as directed in the Distribution & Domestic Transportation section of this manual.
Dating terms and instructions state payment terms will be calculated based on the date Shopko receives goods or invoice. If FOB terms date is "Vendor's Dock," is the date the merchandise is shipped also the receipt of goods date?	No, for payment terms calculation Shopko defines receipt of goods as the date the merchandise was delivered to a distribution center yard or to the store's receiving dock

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1. Terms and Conditions of Purchase Order

The following Terms and Conditions will govern all transactions with Shopko Stores Operating Co., LLC and/or any of its affiliates (collectively "Shopko") unless expressly agreed by the parties to the contrary. These Terms and Conditions are incorporated by reference into all written Shopko Purchase Orders and electronic orders as if expressly set forth therein. Note that in addition to the penalties set forth in these Terms and Conditions, all violations of the terms or requirements set forth in this Manual may result in further penalties, as described elsewhere in this Manual.

- A. **Purchase Order Authority.** Shopko purchases merchandise through the medium of written purchase orders and electronic orders via EDI. These orders are not valid unless signed by at least one person authorized by Shopko (hard copy) or sent using the proper vendor receiver ID via EDI (written purchase orders and valid electronic orders are sometimes collectively referred to in these Terms and Conditions as "Purchase Order(s)"). Verbal orders will not be valid unless confirmed by our Purchase Order. Vendor acknowledges receipt and approval of Shopko's Vendor Partnership Manual ("Vendor Manual"), the terms and conditions of which are incorporated herein by this reference.
- B. **Notification of Non Acceptance of Order.** If the Vendor finds it impossible to fulfill all of the terms and conditions of a Purchase Order, Vendor must notify its respective Buyer in writing within five (5) days of receipt of the Purchase Order. Failure to so object shall constitute Vendor's acceptance of the Purchase Order in its entirety. Any acceptance of the Purchase Order is limited to acceptance of the express terms contained thereon and in these Terms and Conditions. Absent a specific written agreement between Vendor and Shopko, additional terms on Vendor's acceptance forms are objected to and rejected, but such proposals shall not operate as a rejection of this offer unless such variances are in the terms of the description, quantity, price or delivery schedule of the goods, but shall be deemed a material alteration hereof, and this offer shall be deemed accepted by Vendor without such additional or different terms. If the Purchase Order is an acceptance of a prior offer by Vendor, this acceptance is limited to the express terms contained thereon and in these Terms and Conditions. Additional or different terms or any attempt by Vendor to vary in any degree any of the terms of the Purchase Order shall be deemed material and are objected to and rejected but the Purchase Order shall not operate as a rejection of Vendor's offer unless it contains variances in the terms of the description, quantity, price or delivery schedule of the goods.
- C. **Unauthorized Early or Late Shipments.** Unless expressly approved in writing by Shopko's Replenishment Department, for orders where a "Ship Window" or "Ship Date" is supplied all orders must be shipped within the "Ship Window Dates" or on the "Ship Date" on the face of the Purchase Order, or in the DTM segment of an EDI order. For orders where an "Arrival Window" or "Arrival Date" is supplied, all orders must arrive within the "Arrival Window Dates" or on the "Arrival Date" on the face of the Purchase Order, or in the DTM segment of an EDI order. On all orders which are not shipped within such ship window/date or do not arrive within such arrival window/date, Shopko reserves the right (without authorization from Vendor, and without limiting its rights to seek further recourse) to do one or both of the following: (a) assess a penalty in the amount set forth in the Vendor Manual, Chapter 15; Non-Compliance (b) return the shipment at Vendor's expense, including incoming and outgoing freight and handling charges where applicable.
- D. **Partial Shipments, Backorders, Overshipments.** Partial shipments, backorders and overshipments will not be accepted without the respective Buyer's written authorization, unless specifically authorized on the face of the Purchase Order. All authorized backorders, partials and overshipments will arrive on a prepaid basis, FOB Shopko's dock. Partial shipments and overshipments when accepted must be shipped within indicated Ship Window dates or on the Ship date when supplied, or the order must arrive within the Arrival Window dates or on the Arrival date when supplied, unless otherwise approved in writing by the respective Buyer. Such approvals do not waive Shopko's right to assess penalties as referred to herein unless specifically agreed to in writing by the respective Buyer. Vendor shall be responsible for all transportation charges resulting from merchandise being forwarded in more than one shipment. Shopko reserves the right (without authorization from Vendor,

and without limiting its rights to seek further recourse) to: (a) assess a minimum surcharge on all overshipments in the amount set forth in the Vendor Manual, or (b) return any or all overshipments at Vendor's expense, including incoming and outgoing freight and handling charges where applicable.

- E. **Dating Terms and Instructions.** Shopko's policy on computing terms is as follows: (a) On end of month dating, merchandise received on or after the 26th day of the month will carry dating as of the 1st day of the next succeeding month; (b) All terms dating will begin upon Shopko's receipt of goods date (receipt of goods is defined as merchandise that has arrived at the final "ship to" location as listed on the Purchase Order), Purchase Order Ship Window date (Ship Window date specified on the front of a Purchase Order, or in the DTM segment of an EDI order), invoice date or receipt of invoice, whichever is later without loss of discount. Any special costs incurred by Shopko arising from Vendor's advance shipment will be charged back to you; and (c) Cash discounts shall be computed based on the "Gross" amount of the invoice.
- F. **Warranty, Indemnification Provisions.** Vendor warrants that the goods and services covered under a Purchase Order will conform to applicable specifications, instructions, drawings, data and samples and will be merchantable, of good quality and workmanship, free from defects and fit and sufficient for purposes intended, as determined by Shopko. All goods and services shall meet all federal, state, county and local laws regulating such goods or services, including without limitation all applicable testing, labeling and packaging requirements and requirements of the Fair Labor Standards Act and Consumer Product Safety Improvement Act of 2008. All goods and services will be provided in strict accordance with the terms and conditions of the Vendor Manual. These warranties shall be in addition to all other warranties, expressed, implied or statutory. Payment for, inspection of, or receipt of goods or services shall not constitute a waiver of any breach of warranty.
- Vendor agrees to indemnify and hold Shopko harmless in accordance with the Indemnification Agreement in Section 2 of the Manual, which is incorporated herein by reference.
- G. **Prices.** The prices appearing on the face of a Purchase Order hereof (hard copy order) or sent electronically (EDI order), shall be binding on Vendor in the event Vendor accepts the Purchase Order and ships the merchandise, notwithstanding that the merchandise shipped is received and accepted at the destination with accompanying documents indicating prices in excess of the prices herein stated, unless prior to such shipment Shopko has been advised of any such price increase(s) and has consented thereto in writing. Shopko's acceptance of the merchandise shipped at prices in excess of the prices herein stated shall not be construed to be an acceptance of a counteroffer. Vendor warrants the prices at which it has agreed to sell product or services to Shopko shall not reflect any purchaser directed cost increases, also known as "external loading" or "overbilling". In no event will the Vendor increase prices at the request of the purchaser in order to provide funding for other programs offered to Shopko. Shopko shall be given adequate advance notice of Vendor price changes in order to effectively manage order levels prior to a price change. Shopko reserves the right to collect price protection for goods on hand or in transit at the time of a price decrease. In the event of a price increase, Shopko shall be given a minimum of 30 days advance notice in writing. If this written notice is not given, Shopko reserves the right to purchase at the previous lower price for 30 days after the price increases.
- H. **Termination.** Shopko reserves the right to refuse shipment, terminate the Purchase Order or delay delivery or acceptance of any of the merchandise ordered for its convenience. In such event, Vendor shall immediately stop all work and observe any instruction from Shopko as to work in progress.
- I. **Invoicing Instructions.** Unless stated to the contrary on the face of a Purchase Order (hard copy order) or sent electronically (EDI order), a separate invoice is required for each store location of Shopko receiving merchandise under a Purchase Order. Each non-EDI invoice must show the Vendor number, store number, the Purchase Order number and the number of cartons shipped under each invoice. The invoice is to be completed at the same level of detail and same sku sequence as the Purchase Order. Invoices are to be sent to: Shopko Stores Operating Co., LLC, Accounts Payable, PO Box 19045, Green Bay, Wisconsin 54307-9045. Shopko reserves the right to charge back to the Vendor a penalty in the amount set forth in the Vendor Manual if Vendor fails to comply with these instructions.

- J. **Packing and Marking Instructions/Casepack Variance.** Vendor shall mark all cartons with Vendor's name and merchandise return address, Shopko's store number and location, and the Purchase Order number. The number of cartons in each shipment must be shown on the packing slip included with each shipment. Distribution Center Shipments: A separate detailed packing slip must be created for each D.C. and must be attached to and noted on the bill of lading. Store Shipments: The packing slip must be securely fastened to the outside of the cartons and clearly identified by the notation "Packing Slip/List". The packing slip is to be completed at the same level of detail as the Purchase Order. Carton marking, packing list detail and/or packing list instructions not followed will result in a Vendor chargeback in an amount set forth in the Vendor Manual. All imported goods must follow all carton marking requirements set forth by law and in Shopko's most current Import Vendor Information packet. Changes in ordered case pack quantities, without prior written authorization from the respective Buyer, may result in a penalty being charged in an amount set forth in the Vendor Manual. Additionally, a penalty in the amount set forth in the Vendor Manual may be charged if repacking or extra handling is required due to the casepack variance.
- K. **UPC Marking.** All individual pieces of merchandise delivered pursuant to a Purchase Order shall bear an accurate, scannable UPC. A missing, incorrect or non-scannable UPC will result in a charge in the amount set forth in the Vendor Manual for all quantities received. Shopko is in compliance with the 2005 Sunrise initiative whereby we are capable of scanning and processing EAN-13 as well as the standard UPC-A. Existing US manufacturers will not have to obtain new numbers or redesign packaging. We are also in compliance with accepting new UCC company prefixes with lead digits of 1, 8 and 9. With Shopko's UPC requirement, when a UPC/UCC number is needed – companies should contact the Uniform Code Council (UCC) to get an application for a UCC Company prefix. Uniform Code Council – 1-800-543-8137 – Web: <http://www.uc-council.org>; E-mail: info@uc-council.org.
- L. **Shipping, Loading, Routing and Related Instructions.** All shipments must be made in strict accordance with Shopko's standard shipping, loading and routing instructions as stated in Shopko's Vendor Partnership Manual – Chapter 10; Distribution and Domestic Transportation.
- M. **Product Regulatory & Quality.** Each item purchased by Shopko must meet all governmental regulations, industry standards and the standards set forth in the Vendor Manual. All direct import, private label items and packages therefore or any other items requested by Shopko must be tested according to Shopko standards by the Shopko approved testing laboratory and approved by the Shopko Product Regulatory and Quality Department. If the merchandise delivered does not meet the specifications or otherwise does not conform to the requirements of the Purchase Order, Shopko shall have the right to reject or return such goods for a full credit. Nothing contained in the Purchase Order shall relieve in any way the Vendor from the obligation of independent testing, inspection and quality control. It is understood that Shopko's right to return merchandise shall apply to all merchandise prior to resale or after resale. Upon the return of the merchandise, Shopko shall have the right to charge back to Vendor the cost of such merchandise, a 10% consolidation fee plus any in or outbound freight charges.
- N. **Default.** If Vendor fails to perform as specified herein, Shopko may, without limitation, and in addition to other remedies set forth herein or provided at law or in equity, (a) cancel a Purchase Order in whole or in part by written notice to Vendor and Vendor shall be liable to Shopko for all damages, losses and liability incurred by Shopko directly or indirectly resulting from Vendor's breach, or (b) obtain the merchandise ordered herein from another source with any excess costs resulting therefrom chargeable to Vendor. Any sums payable to Vendor shall be subject to all claims and defenses of Shopko, whether arising from this or any other transaction and Shopko may off set and deduct any such sums against any present or future invoices or amounts owed to Vendor by Shopko. If the amount owing to the Vendor is insufficient, the Vendor is to remit any such sums within 30 days to lockbox:

Shopko Stores Operating Co., LLC
PO Box 8787
Carol Stream, IL 60197-8787

- O. **Records/Right to Audit.** Vendor shall maintain accurate and complete records reflecting Vendor's compliance with Shopko's Terms and Conditions. Such records shall be made available to Shopko for a period of four (4) years after Vendor's performance under this Purchase Order. Vendor agrees to include similar requirements in any subcontract Vendor enters into in furtherance of its performance hereunder.
- P. **Miscellaneous.** The Purchase Order and all terms and agreements set forth in this manual, constitute the entire agreement between the parties and can only be modified by a writing signed by both parties. No part of the Purchase Order may be assigned or subcontracted without the prior written approval of Shopko. Shopko's failure or delay in insisting on any right shall not operate as a waiver of such right or any other right. Time is of the essence of a Purchase Order. The Purchase Order shall be governed by the laws of the State of Wisconsin. Vendor hereby agrees that any and all disputes arising under the Purchase Order shall be subject to adjudication only in the state courts of Brown County, Wisconsin or the United States District Court in Milwaukee, Wisconsin, and Vendor hereby consents to the exclusive jurisdiction of those courts.