SHOPKO®

Vendor Partnership Manual

Section 6 – EDI

What's New

No changes have occurred in this chapter

since last update in

January 2018, other than removal of Exhibits (links to files included).

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Note: The electronic data interchange trading partner agreement located in the forepart of this vendor manual shall apply to and govern all EDI transactions with Shopko Stores Operating Company LLC. By execution of the Vendors' Acknowledgement, vendor expressly agrees to all the provisions set forth in such agreement.

1. Electronic Data Interchange Trading Partner Agreement

<p align="center"><u>**RECITALS**</u></p>

WHEREAS, Shopko intends to purchase certain goods from Vendor, (hereinafter the "Product" or "Products") for sale in Shopko's retail stores; and

WHEREAS, Shopko's and Vendor's computer systems are linked to allow

the transmission of certain sales information concerning sales of Vendor's Products by

Shopko ("Sales Information"); and

WHEREAS, the Sales Information is used by Vendor to provide a consistent and adequate inventory of Products to Shopko ("Vendor Managed Inventory"); and

WHEREAS, Shopko and Vendor desire to facilitate purchase and sale transactions ("Transactions") by electronically transmitting and receiving data in agreed formats in substitution for conventional paper-based documents and to assure that such Transactions are not legally invalid or unenforceable as a result of the use of available electronic technologies for the mutual benefit of the parties; and

WHEREAS, Shopko and Vendor desire to adopt the terms and conditions contained in Shopko's Vendor Partnership manual (the "Vendor Manual") to govern the transactions entered into between Shopko and Vendor.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. <u>Prerequisites.</u>

1.1<u>. Inventory of Products</u>. Vendor shall maintain a consistent and adequate inventory of the Products in the Shopko locations set forth in the Vendor Manual attached hereto.

1.2. <u>Documents</u>. Upon the sale of a Product ("Product Sale") Shopko shall communicate to Vendor by electronic transmission that a Product Sale has occurred in a format mutually agreed to by Shopko and Vendor ("Sales Information"). In addition, each party may electronically transmit to or receive from the other party any of the transaction described in the Vendor Manual (collectively, "Documents"). All Documents shall be transmitted in accordance with the standards set forth in the Vendor Manual.

1.3. <u>System Operations</u>. Each party, at its own expense, shall provide and maintain the equipment, software, services and testing necessary to effectively and reliably transmit and receive Documents.

1.4. <u>Security Procedures</u>. Each party shall properly use those security procedures, including those specified in the Vendor Manual, which are reasonably sufficient to ensure that all transmissions of Documents are authorized and to protect its business records and data from improper access.

1.5. <u>Signatures.</u> Each party shall adopt as its signature an electronic identification consisting of symbol(s) or code(s) which are to be affixed to or contained in each Document transmitted by such party ("Signatures"). Each party agrees that any Signature of such party affixed to or contained in any transmitted Document shall be sufficient to verify such party originated such Document. Neither party shall disclose to any unauthorized person the Signatures of the other party.

1.6. <u>Third Party Service Providers.</u>

1.6.1 Documents will be transmitted electronically to each party either, as specified in the Vendor Manual, directly or through any third party service provider ("Provider") with which either party may contract. Either party may modify its election to use, not use or change a Provider upon 30 days prior written notice.

1.6.2 Each party shall be responsible for the costs of any Provider with which it contracts, unless otherwise set forth in the Vendor Manual.

1.6.3 Each party shall be liable for the acts or omissions of its Provider while transmitting, receiving, storing or handling Documents, or performing related activities for such party; provided, that if both the parties use the same Provider to effect the transmission and receipt of a Document, the originating party shall be liable for the acts or omissions of such Provider as to such Document.

Section 2. <u>Transmissions</u>.

2.1. <u>Proper Receipt</u>. Documents shall not be deemed to have been properly received, and no Document shall give rise to any obligations, until accessible to the receiving party at such party's Receipt Computer designated in accordance with the Vendor Manual.

2.2. <u>Unintelligible Transmissions</u>. If any transmitted Document is received in an unintelligible or garbled form, the receiving party shall promptly notify the originating party (if identifiable from the received Document) in a reasonable manner. In the absence of such a notice, the originating party's records of the contents of such Document shall control.

2.3   Vendor's Transmission Quality. Vendor warrants and represents that the Documents shall be free of any and all computer viruses and copy protected mechanisms which may disable, interfere with, disrupt or damage Shopko's computer and telecommunications facilities.

Section 3. Transaction Terms.

3.1. Terms and Conditions. Any Transaction made pursuant to this Agreement shall be subject to those terms and conditions included in the Vendor Manual, along with the terms of this Agreement. The parties acknowledge that Shopko's standard purchase order terms and conditions set forth in the Vendor Manual shall govern all transactions between Vendor and Shopko.

3.2. Validity: Enforceability.

3.2.1. This Agreement has been executed by the parties to evidence their mutual intent to create binding purchase and sale obligations pursuant to the electronic transmission and receipt of Documents specifying certain applicable terms.

3.2.2. Any Document properly transmitted pursuant to this Agreement shall be considered, in connection with any Transaction, any other written agreement described in Section 3.1, the Vendor Manual, or this Agreement, to be a "writing" or "in writing"; and any such Document when containing, or to which there is affixed, a Signature ("Signed Documents") shall be deemed for all purposes (a) to have been "signed" and (b) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

3.2.3. The conduct of the parties pursuant to this Agreement, including the use of Signed Documents properly transmitted pursuant to this Agreement, shall, for all legal purposes, evidence a course of dealing and a course of performance accepted by the parties in furtherance of this Agreement, any Transaction and any other written agreement described, or referenced in Section 3.1.

3.2.4. The parties agree not to contest the validity or enforceability of Signed Documents under the provisions of any applicable law relating to whether certain agreements are to be in writing or signed by the party to be bound thereby. Signed Documents, if introduced as evidence on paper in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Signed Documents under, either the business records exception to the hearsay rule, or the best

evidence rule on the basis that the Signed Documents were not originated or maintained in documentary form.

Section 4. Miscellaneous.

4.1. Termination. This Agreement shall remain in effect until terminated by either party with no less than thirty (30) days prior written notice, which notice shall specify the effective date of termination; provided, however, that any termination shall not affect the respective obligations or rights of the parties arising under any Documents or otherwise under this Agreement prior to the effective date of termination.

4.2. Severability. Any provision of this Agreement which is determined to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such remaining provisions.

4.3. Entire Agreement. This Agreement, the Vendor Manual and the documents referenced herein and therein constitute the complete agreement of the parties relating to the matters specified in this Agreement and supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of this Agreement shall be binding on either party. No obligation to enter into any Transaction is to be implied from the execution or delivery of this Agreement. This Agreement is for the benefit of, and shall be binding upon, the parties and their respective successors and assigns.

4.4. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Wisconsin.

4.5. Force Majeure. No party shall be liable for any failure to perform its obligations in connection with any Transaction or any Document, where such failure results from any act of God or other cause beyond such party's reasonable control (including, without limitation, any mechanical, electronic or communications failure) which prevents such party from transmitting or receiving any Documents.

4.6. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

4.7 Confidential Information. Any information disclosed to Vendor incident to or in conjunction with the performance of this Agreement shall be considered strictly confidential. Such information shall remain the property of Shopko and is disclosed in strict confidence. "Confidential Information" shall mean any and all proprietary or confidential information, whether

or not developed by Shopko, including, without limitation, (i) any and all technical information of Shopko, including without limitation, designs, research, product data, know-how, software information, processes, inventions, product or process development; (ii) any and all business information of or relating to Shopko that is not known to the general public, including without limitation, accounting and financial information, sales and marketing information, proprietary information and customer information; and (iii) any and all employee information of Shopko. Vendor further acknowledges that the Confidential Information constitutes valuable trade secrets of Shopko.

Vendor will hold all of the Confidential Information in strict confidence, and except as expressly set forth herein, will not disclose such Confidential Information to any third person(s) (which term as used in this section will be broadly interpreted to include without limitation any corporation, company, group, partnership, agency, or individual). Vendor shall use the Confidential Information only in connection with Vendor's performance under this Agreement and disclose the Confidential Information only to Vendor's officers, directors and/or designated employees who need to know the Confidential Information.

Vendor shall promptly return all written Confidential Information to Shopko, without retaining any copies thereof upon termination or breach of this Agreement except as provided for herein.

4.8. <u>Binding Effect</u><u>.</u> The parties hereby expressly agree that Vendor's execution of the Vendor's Acknowledgement form in the front of the Vendor Manual shall constitute Vendor's agreement to be bound by the terms of this Agreement.

2. EDI Requirements - Shopko Stores Operating Co. LLC

Shopko requires all merchandise vendors to exchange 850 Purchase Orders (PO), 810 Invoices, 856 Advanced Ship Notice (ASN) and UCC128 labels.

Guidelines for each transaction can be obtained using the following link:

http://www.shopko-vendors.com/edi/

2.1   Completing the EDI Trading Partner Profile

Please complete the EDI Trading Partner Profile and return it with the information related to the set up of your company's partnership with Shopko. This form can be found using the link above. Failure to complete this form in its entirety will result in delaying the EDI implementation plan. Once Shopko receives the EDI Trading Partner Profile, there are several lengthy steps Shopko needs to complete in order for the testing phase to begin. When these steps are finished, the vendor will be notified by the Shopko EDI team to start the testing process.

2.2   EDI Testing for Mandatory Transactions

Shopko will contact the designated vendor EDI contact, based on the EDI Partner Profile, as soon as approval has been given and there is a purchase order available to use for testing. The vendor will have 90 days to complete the testing process. The EDI team will make three (3) attempts to contact and establish a test date with the vendor. Shopko reserves the right to assess a $25 penalty per hard copy or faxed invoice and/or purchase order if the vendor is non-responsive to testing inquiries or if they fail to participate in testing after the agreed upon date.

A checklist has been developed to assist in staying on target with testing the various mandatory documents with Shopko. Please use them to ensure complete and timely testing.

The information used by Shopko is as follows:

For Test:	**For Production:**
Qualifier: 08	Qualifier: 08
ISA and GS ID: 6136010000T	ISA and GS ID: 6136010000
ISA15 = T	ISA15 = P

Value Added Network or VAN: Sterling Commerce with Interconnects to all other VANs

2.2.1   850 Purchase Order Testing Checklist

1) Receive an email message from Shopko EDI team to begin testing the mandatory transactions.

2) Establish a test date on which to begin testing with the Shopko EDI team. Confirm your company's qualifier, sender/receiver ID and VAN.

3) Contact the VAN used by your company and set up the test and production IDs used by Shopko.

4) Set Shopko up as a trading partner in your internal software used to communicate EDI formatted data.

5) On the day of testing, be able to receive a test Purchase Order 850 from Shopko. In some cases, the test 850 may be a copy of an actual PO that your company has already fulfilled.

6) Review the contents of the test PO with your internal business contacts. Have them validate the UPC/SKU values and confirm the pack/inner pack quantities (if applicable). Provide feedback to the Shopko EDI contact and work through any business related issues.

7) Within 48 hours of receiving the test 850, send a 997 or functional acknowledgement back to Shopko. If your company is unable to send this data, work with the Shopko EDI team on the barriers preventing the transmission from occurring.

8) Upon successful application of the 997 to the EDI team, a follow up email will be sent by the EDI team, confirming the successful receipt of the 997.

9) A date to move 850 to production will be determined between Shopko and the vendor. A follow up note will be sent confirming the move to production.

2.2.2   810 Invoice Testing Checklist

1) Send an email message to the EDI team indicating the 810 test is being sent. This step can occur at the same time as the transmission of the 997 for the test PO. The 810 test data may be created using the 850 test. Test IDs for Shopko are still used in the 810 test.

2) Test 810 data will be retrieved by the EDI team and reviewed, with feedback provided in an email message indicating any changes.

3) Continue to send test 810s to Shopko with corrections until all syntax errors are addressed.

4) Test 810 data will continue to be retrieved by the Shopko EDI team and reviewed until no syntax errors are found.

5) When no additional syntax errors are found, an email will be sent to the vendor and the Shopko Accounts Payable contacts indicating that the EDI portion of the invoice testing has been completed.

6) A paper copy of the invoice will be sent via fax or email to the Shopko Accounts Payable contact noted in the email message using the same information that had been sent in the last 810 test.

7) The Shopko Accounts Payable contact will review the information transmitted as well as on the paper invoice and compare the information, validating that all the information is being transmitted as required. Corrections may be suggested and testing with AP will continue until no errors exist.

8) The Shopko Accounts Payable contact will inform the EDI team that the AP portion of the 810 testing has been completed and then an email message will be sent to the vendor EDI contact, indicating the move to production date for invoices.

9) Paper invoices will stop as of the move to production date.

Note: **After Implementation has been confirmed and communicated,** a $25 penalty will be assessed per paper or fax copy invoice.

2.2.3 856 Advance Ship Notification (ASN) Checklist

1) Send an email message to Shopko EDI team indicating the 856 test is being sent. This step can occur at the same time as the transmission of the 997 for the test PO. The 856 test data may be created using the 850 test. Test IDs for Shopko should still be used to communicate the 856 test.

2) Test 856 data will be retrieved by the Shopko EDI team and reviewed, with feedback provided in an email message indicating any changes.

3) Test 856 data should continue to be sent to Shopko with corrections until all syntax errors are addressed.

4) Test 856 data will continue to be retrieved by the Shopko EDI team and reviewed until no syntax errors are found.

5) An email will be sent to the vendor indicating no additional syntax errors are found. The EDI team will also notify the Buyer's Support team indicating that the EDI portion of the ASN testing has been completed.

6) The Buyer's Support area will review the ASN test data and check for various business errors (such as quantity accuracy, UPC/SKU accuracy, etc.). An email will be sent to the vendor indicating the corrections that need to be made.

7) Test 856 data should continue to be sent to Shopko with corrections until all business errors are addressed.

8) Test 856 data will continue to be retrieved by Buyer's Support and reviewed until no business errors are found.

9) A sample of the UCC128 label should be sent to the Distribution Center (DC) contact (see "Who to Contact" information). The label sample will be reviewed and validated by the DC contact.

10) An email will be sent to the vendor, the EDI team, and Buyer's Support indicating that the UCC128 label is acceptable.

11) At the completion of the above steps for ASN testing, an email will be sent to the vendor from the EDI team, indicating the move to "certified" or production date on the ASNs.

12) Notification of errors in the ASN or system outages preventing the communication of ASN data should be sent to the EDI@shopko.com address as soon as possible. Without notification, chargebacks will be assessed.

3. Who to Contact

Questions related to **general EDI** Implementation, Testing, or Production issues may be directed to the following:

    Shopko EDI/B2B Team   E-Mail: EDI@Shopko.com

Questions related **specifically to the Accounts Payable portion of Invoice and EFT/820 Remittance Advice** Implementation, Testing, or Production issues may be directed to the following:

  A/P Production Support Supervisor   E-Mail: vendoradmin@shopko.com

Questions related **specifically to UCC128 label Implementation**, Testing, or Production issues may be directed to the following:

    Distribution Center (DC) Contact   E-Mail: mocasio@SpectrumAmericaSCS.com
                                        FAX: 920-337-2890

Mailing Address: UCC128 Label Approval
                                      Attn: Mike Ocasio
                             Shopko Distribution Center
                             1717 Lawrence Drive
                              DePere, WI 54115-9129

Questions related **specifically to 856 ASN chargebacks** may be directed to the following:

      Vendor Compliance Department
      Vendorcompliance@shopko.com