

# SHOPKO<sup>®</sup>

## **Vendor Partnership Manual**

### **Section 8 – Product Regulatory & Quality**

*Product Testing, Product Inspections & Factory  
Approvals for Shopko Private Label  
& Direct Import Vendors*

# What's New

***This Chapter is for Vendors that supply Shopko with Private Label and Direct Imports only. If you are one of those Vendors, please review this chapter in its entirety.***

## ***New since July 2017***

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# 1. Mandatory Laboratory Testing Program

Softlines, Hardlines, Toys, OTC, Home Textiles, HBA, Household Chemicals/Goods, and Consumables

## 1.1 Mandatory Laboratory Testing Program

All Shopko Private Brand merchandise and all direct imports (Shopko being the importer of record) must be tested annually according to Shopko procedures and standards. **Top of production from the first shipment of each variation of a product** (including all colors/scents/flavors) **must be tested annually**, regardless of whether or not there have been changes made to the product since the previous season. Shopko may consider other retailer testing reports in lieu of testing same product again. Contact the Manager of Product Regulatory & Quality for requirements.

All testing submitted to Bureau Veritas will be subject to a \$25.00 Shopko administrative fee.

All third party test reports submitted in lieu of testing under Shopko's program will be invoiced at a rate of \$50.00 per report, with the maximum charge invoiced at \$200.00.

Shopko has a separate Product Regulatory & Quality Manual detailing the Product Testing Program. Please contact a member of the Product Regulatory & Quality team for a copy.

Product cannot be shipped to Shopko until a Product Approval Letter (PAL) is issued. Shipping product without a valid PAL will result in a 20% penalty chargeback, issued to the vendor, based on the value of the PO.

Direct import products must also obtain a Shopko Certification in accordance with the CPSIA and a PAL before goods will be allowed to ship.

## 2. Softlines Product Regulatory & Quality Procedures

### 2.1 Overview

Shopko's corporate mission states: "We are committed to offering quality merchandise and service to meet our customers' lifestyle requirements for casual apparel, home, family, and health needs with style - at prices that communicate real value ..."

In keeping with our corporate mission, Shopko's Product Regulatory & Quality Department is completely committed to maintaining the highest standards of quality and value in all products we offer our customer. As such, vendors cannot ship product until a *Product Approval Letter* (PAL) is issued by Shopko's Product Regulatory & Quality team. Failure to do so will result in a 20% penalty chargeback (based on the value of the PO).

Vendors who wish to build a prosperous, long term partnership with Shopko must adhere to all requirements and procedures as set forth in this manual.

### 2.2 Vendor Compliance/Liability

Vendor/Agent must quote price of product according to requirements set by the Shopko Private Brand & Trend Division and Shopko Product Regulatory & Quality Department. Vendor/Agent will be responsible for delivering product which complies with all Shopko standards. Any necessary clarification of the requirements or standards must be sought by the Vendor/Agent prior to product commitments.

Additionally, it is the responsibility of the Vendor/Agent to assure that all production merchandise is in full compliance with all applicable Industry/Federal & State Government Standards, to 100% inspect product, and ship only first-quality merchandise which reflects identical quality, composition, and/or content of approved laboratory testing sample.

Please feel free to contact Shopko Manager of Product Regulatory & Quality for any testing questions. We are here to help and make the process as simple and cost efficient as possible.

### 2.3 Testing & Submittal Evaluation Forms

All Submission Forms must be filled out correctly and completed on Bureau Veritas' ecommerce website for all submitted test samples. Contact the appropriate Product Regulatory & QA staff member for information on how to set up an account with Bureau Veritas.

### 2.4 Overview of Product Regulatory & Quality Processes

#### 2.4.1 *Factory Evaluation*

- All factories producing Shopko private label merchandise must obtain approval from Shopko Manager of Product Regulatory & Quality prior to production being placed at factory location for Shopko. Approval to ship product will not be given if the factory has not been approved.
- Vendor/Agent must complete a Factory Evaluation Report and return it to Shopko Manager of Product Regulatory & Quality for factory approval process to begin.
- An Independent Auditing Service will be notified to perform an unannounced social audit at all approved factories. This is Vendor paid and will include a \$75.00 Shopko administration fee. For more details, please contact Shopko's Manager of Product Regulatory & Quality at 920-429-7496.
- Shopko has a separate Product Regulatory & Quality Manual, detailing the Social Compliance Program that can be obtained by contacting the Manager of Product Regulatory & Quality.

#### 2.4.2 *Production Piecegood & Component – Mandatory Laboratory Testing*

- Vendor/Agent submits production piecegoods and components (in all colors and prints) directly to Shopko approved laboratory for testing using Bureau Veritas' ecommerce website.
- If more than one mill is producing piecegoods, each mill must submit each color and print for laboratory testing.

**NOTE:** Vendor/Agent may not proceed with any part of cut and sew production (this includes marker making) or care label until fit/make, fabric & component quality, color/design approvals and production piecegoods testing approvals are given. If Vendor/Agent does proceed before receiving approval; they do so at their own risk.

#### 2.4.3 *Production Garment – Mandatory Laboratory Testing*

- Vendor/Agent submits two\* production garments (in any one color way) directly to a Shopko approved laboratory for garment testing using Bureau Veritas' ecommerce website.

\* Quantity may vary depending on testing being done. Contact Bureau Veritas to discuss the estimated number of samples needed.

**NOTE:** Garments that are color-blocked or garments with contrast component colors must be tested in garment form in all color ways, to verify colorfastness to cross staining in actual laundering.

- If more than one factory is producing garments, each factory must submit garments for laboratory testing.
- According to the Consumer Product Safety Improvement Act (CPSIA), kids apparel must be tested for validation of lead in substrates, lead in surface coating, and phthalate (when applicable) limitations. Additionally, all manufacturers are required to have a reasonable testing program in place as required by the CPSIA legislation.

**NOTE:** Garments sent for testing must be production quality, made of approved production fabric and components, and made on production machinery. Vendor/Agent must not proceed with actual production or care labels until garment testing approvals are given. If Vendor/Agent does proceed before receiving approval, they do so at their own risk.

#### 2.4.4 *Shopko Floor Ready Approval*

- Shopko has Floor Ready requirements. A detailed Floor Ready Manual can be found at <http://www.shopko-vendors.com/vendors-floor-ready-manual>. Please contact Shopko Manager of Product Regulatory & Quality if you have any questions. Questions pertaining to private label hangtags and labels should be directed to Shopko's Private Brand & Trend Division.
- Vendor/Agent must purchase labeling, packaging, and floor ready components, including any shipping costs, from Shopko approved suppliers unless otherwise indicated in Technical Product Specification. This includes but is not limited to labels, hangtags, price tickets, hangers, and size clips. Failure to follow Shopko requirements will result in substantial chargebacks.
- Labels, hangtags, hangers, sizeclips, stickers, etc. purchased from a Shopko approved supplier do not need to be submitted for heavy metals in packaging compliance.
- Price Tickets are not to be ordered until 6 weeks prior to the item's ex-factory date. This allows time in case the Shopko buyer changes the retail price.
- Care labels are not ordered until all product testing is completed. Vendors and/or factories not following this do so at their own risk.
- All items retailing at \$99.00 or higher must have an EAS hangtag attached to the item.
- Any deviation from Shopko requirements must be approved by Shopko Manager of Product Regulatory & Quality.
- Questions pertaining to private label hangtags and labels should be directed to Shopko's Private Brand & Trend Division.

**IMPORTANT NOTE:** If a vendor received approval to produce their own hangtags/price tickets, the UPC barcode must be done in UPC-A, UPC-E, or EAN-13 Symbology.

#### **2.4.5 Pre-Production Inspection (Vendor paid)**

- A pre-production inspection is required on private label brand styles for all new vendors or new factories, and those vendors having quality issues (to be determined by Shopko).
- Third party Inspection service will check fabric and components quantity to ensure PO can be completed and shipped on time. A fabric inspection may also take place if requested by Shopko.
- Inspection reports are sent to Shopko Product Regulatory & Quality Team for review and comments are given to the vendor within 24 hours. Shopko has final determination of pass or failure of inspection results.
- Vendor is required to pay a fee of \$500 for excessive PO handling for failed pre-production inspection.
- This is required only when communicated by Shopko Product Compliance/Inspection Analyst.
- Shopko has a separate Product Regulatory & Quality Manual detailing the product Inspection Program that can be obtained by contacting Shopko's Product Compliance/Inspection Analyst.

#### **2.4.6 Final Random Inspection / Private Brand Inspection Program (Vendor paid)**

- In addition to vendor performed in-line inspections through every stage of production; private label product must undergo a third party final random inspection at the factory prior to shipment. The objective of the inspection program is to ensure all private label brand merchandise meets Shopko specific product specifications before shipping from the factory. Inspections will take place when goods are at least 90% complete and 80% packed and will be checked for the following:
  1. Workmanship and finish
  2. Observations on imperfections
  3. Measurements
  4. Packaging (labels and hangtags)
- The parameters are:
  - Sampling plan: Military Standard 105E
  - Acceptable Quality Level (AQL): 2.5 major/4.0 minor
- An inspection will not occur until all production steps are completed.
- Inspections are done at the Vendor's expense; inclusive of a \$25 Shopko administrative fee.

Inspection reports are sent to Shopko Product Regulatory & Quality Team for review and comments are given to the vendor within 24 hours. Product which fails inspection will be subject to re-inspection at vendor expense or possible cancellation to be determined by Shopko's Product Regulatory & Quality Team. Product which passes inspection will be approved for shipment. Shopko has final determination of pass or failure of inspection results.

**Please note: Product can not ship until a Product Approval Letter is issued. Shipping product without a Product Approval Letter will result in a 20% chargeback (based on the value of the PO).**

- Shopko has a separate Product Regulatory & Quality Manual detailing the Product Inspection Program that can be obtained by contacting Shopko's Product Regulatory & Quality Team.

**In conjunction with Shopko's Product Regulatory & Quality requirements of product testing and product inspections, it is the responsibility of the Vendor/Agent to assure that all production merchandise is in full compliance with all applicable Industry/Federal & State government standards, to perform 100% product inspection, and ship only first-quality merchandise which reflects identical quality, composition, and/or content of approved laboratory testing sample.**

### **2.4.7 Shipping Approval**

- Shopko Product Regulatory & Quality Team issues an Approval Letter only after all mandatory requirements are completed and approved. The letter will list styles that have met Shopko requirements. Shopko's Product Regulatory & Quality Team e-mails to Vendor/Agent.
- If a product is not approved by a Shopko Private Brand Teammate and/or Shopko Product Regulatory & Quality Teammate during any part of the approval process, it must be improved, if applicable, and re-submitted for evaluation. Vendor/Agent is responsible for assuring compliance with each step listed above. Shipping approval will not be given until all required steps are approved.
- Direct import product must have a Product Approval Letter (PAL) and Shopko Certificate in order to ship. This requirement is a result of the Consumer Product Safety Improvement Act of 2008
- Shipping without a PAL will result in a 20% penalty chargeback based on the value of the PO.

## **2.5 Laboratory Testing Program**

Shopko private label product must be tested at a Shopko approved laboratory. Shopko has a separate Product Regulatory & Quality Manual detailing the Product Testing Program. This manual offers cost saving testing options, such as assortment testing and the submission of existing test reports. Please contact Shopko's Product Compliance/Inspection Analyst or Manager of Product Regulatory & Quality for a copy of this manual.

All Private Label products must be tested seasonally according to Shopko procedures and standards.

All Private Label products must have a product approval letter before shipping. Shipping without a Product Approval Letter will result in a 20% penalty chargeback, based on the PO value.

All testing submitted to Bureau Veritas will be subject to a \$25.00 Shopko administrative fee.

All third party test reports submitted in lieu of testing under Shopko's program will be invoiced at a rate of \$50.00 per report, with the maximum charge invoiced at \$200.00.

## **2.6 Softlines Testing Requirements**

Laboratory testing is performed to attain quantitative data on overall consumer serviceability in addition to verification of its conformance to mandatory industry/government standards. The list below is a sampling of some of the criteria evaluated during testing.

### **2.6.1 Industry/Government Standards**

- Consumer Product Safety Improvement Act of 2008
- Care Labeling Rule
- Textile Fiber Products Identification Act
- Wool Products Labeling Act
- Flammable Fabric Act
- Labeling of Feather and Down Products
- Fur Products Labeling Act
- Various State regulations
- Illinois Lead Law
- Heavy Metals in Packaging/CONEG
- Washington Children's Safe Product Act

### 2.6.2 Consumer Satisfaction Properties

- Flat measurements
- Fabric qualities
- Construction qualities
- Dimensional stability (washability and dry cleanability)
- Colorfastness properties
- Strength properties
- Wearing qualities
- Pilling resistance

All product carried by Shopko must meet or exceed these requirements.

## 2.7 Laboratory Testing Submission Requirements

It is recommended that the Vendor/Agent call the local approved laboratory location prior to sending any product for laboratory testing to verify the specific testing done at that location, number of samples required for testing, and correct fees.

Product must be sent to the laboratory in final state as it will be sold.

Vendor/Agent must fill out, online, a *Test Request Form (TRF)* for all products submitted for testing. The form must be filled out completely and accurately to avoid delay to shipment.

The laboratory will not perform product testing without complete and proper payment and *Test Request Form (TRF)*.

## 2.8 Laboratory Testing Samples

Vendor/Agent is required to submit two identical samples. Sample size may vary. Vendor/Agent should communicate with applicable BV lab location to determine appropriate sample size.

## 2.9 Laboratory Testing Procedure

### 2.9.1 Overseas Testing - All Vendors/Agents

- Vendor/Agent submits sample with prepayment and completed *Test Request Form (TRF)*. TRF to be completed on Bureau Veritas' website.
- Laboratories collect prepayment from local Vendor/Agent and begin testing as soon as prepayment is received.
- If sample is lacking payment or any pertinent information, the laboratory will notify the originating Vendor/Agent. Until proper information is received, laboratory testing will be delayed.
- Upon completion of laboratory testing, the laboratory sends report summary to Shopko Product Regulatory & Quality and to Vendor/Agent on behalf of the Shopko Product Regulatory & Quality Division.
- Within 48 hours of receipt of laboratory report, Shopko Technical Design or Product Compliance/Inspection Analyst evaluates report against applicable specifications/standards and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail.
- Within two days of receipt of Not Approved e-mail, Vendor/Agent must respond to Shopko Technical Design or Product Compliance/Inspection Analyst detailing how product will be corrected and when retest will be submitted.

### 2.9.2 Domestic Testing - Current Vendors/Agents

- Vendor/Agent submits sample with completed *Test Request Form*. TRF to be completed on Bureau Veritas' website.
- The laboratories verify that the Vendor/Agent is current and tests product without prepayment.
- Upon completion of laboratory testing, the laboratories send full laboratory test report to the Shopko Product Regulatory & Quality Division via e-mail.
- Within 48 hours of receipt of laboratory report, Shopko Technical Design or Product Compliance/Inspection Analyst evaluates report against applicable specifications/standards and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail.
- Within two days of receipt of Not Approved e-mail, Vendor/Agent must respond to Shopko Technical Design or Product Compliance/Inspection Analyst detailing how product will be corrected and when retest will be submitted.
- Vendor/Agent is billed by the testing laboratory for the cost of testing.

### 2.9.3 Domestic Testing - New Vendors/Agents

- Vendor/Agent submits sample with prepayment and completed *Test Request Form*. TRF to be completed on Bureau Veritas' website.
- Laboratories collect prepayment from local Vendor/Agent and begin testing as soon as prepayment is received.
- Upon completion of laboratory testing, laboratories send full laboratory test report to Shopko Product Regulatory & Quality Division via e-mail.
- Within 48 hours of receipt of laboratory report, Shopko Technical Design or Product Compliance/Inspection Analyst evaluates report against applicable specifications/standards and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail.
- Within two days of receipt of Not Approved e-mail, Vendor/Agent must respond to Shopko Technical Design or Product Compliance/Inspection Analyst detailing how product will be corrected and when retest will be submitted.

## 2.10 Laboratory Testing Completion

Laboratory testing results will be completed in approximately five to seven business days upon receipt of sample(s) at the laboratory. As needed, and when available, some rush tests can be performed within two to three working days, with a 40% - 100% surcharge.

## 2.11 Test Ratings

The lab rates products according to the following classifications:

### **Good**

The product provides good overall consumer serviceability and requires no improvement.

### **Unsatisfactory**

The product has deficiencies of such severity that it must not be sold until improvements are made. Any violation of government regulations will be rated unsatisfactory.

Shopko Technical Design or Product Regulatory & Quality rates products using the following classifications:

### **Approved**

Performance standards required for product have been fulfilled.

### **Not Approved**

- Major discrepancy between specification and production or product has not gone through appropriate PRIVATE BRAND and/or Shopko Product Regulatory & Quality approval procedures. Retest may be required.

- Minor adjustment needed – Technical Design or Product Regulatory & Quality will approve for shipment once Vendor/Agent supplies confirmation to correct minor production error.
- Retest required - These are items that have not passed government regulations and/or product performance standards.
- All of the above will be communicated by the Technical Designer or Product Regulatory & Quality to the vendor on the Lab report cover sheet.

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| NOTE: Shopko makes <b>final</b> determination on all test results. |
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## 3. Hardlines/Home Textile/OTC/Consumables – Product Regulatory & Quality Procedures

### 3.1 Overview

Shopko's corporate mission states: "We are committed to offering quality merchandise and service to meet our customers' lifestyle requirements for casual apparel, home, family, and health needs with style - at prices that communicate real value ..."

In keeping with our corporate mission, Shopko's Product Regulatory & Quality Department is completely committed to maintaining the highest standards of quality and value in all products we offer our customer. As such, vendors cannot ship product until a Product Approval Letter (PAL) is issued by Shopko's Product Regulatory & Quality team. Failure to do so will result in a 20% penalty chargeback (based on the value of the PO).

Vendors who wish to build a prosperous, long term partnership with Shopko must adhere to all requirements and procedures as set forth in this manual.

### 3.2 Vendor Compliance/Liability

Vendor/Agent must quote price of product according to requirements set by the Shopko Private Brand & Trend Division and Shopko Product Regulatory & Quality Department. Vendor/Agent will be responsible for delivering product which complies with all Shopko standards. Any necessary clarification of the requirements or standards must be sought by the Vendor/Agent prior to product commitments.

Additionally, it is the responsibility of the Vendor/Agent to assure that all production merchandise is in full compliance with all applicable Industry/Federal & State Government Standards, to 100% inspect product, and ship only first-quality merchandise which reflects identical quality, composition, and/or content of approved laboratory testing sample.

Please feel free to contact Shopko Manager of Product Regulatory & Quality for any compliance questions. We are here to help and make the process as simple and cost efficient as possible.

### 3.3 Overview of Product Regulatory & Quality Processes for Hard/Home

#### 3.3.1 *Factory Evaluation*

- All factories producing Shopko private label merchandise must obtain approval from Shopko Manager of Product Regulatory & Quality prior to production being placed at factory location for Shopko.
- Vendor/Agent must complete a factory evaluation report and return it to Shopko Manager of Product Regulatory & Quality for factory approval process to begin.
- An independent auditing service will be notified to perform an unannounced social audit at all approved factories. This is vendor paid. For more details, please contact Shopko's Manager of Product Regulatory & Quality at 920.429.7496.
- Shopko has a separate Product Regulatory & Quality manual, detailing the social compliance program that can be obtained by contacting the Manager of Product Regulatory & Quality.
- OTC/Consumable/Pet/Household/Beauty/Baby/Healthaids, etc. factories will be required to furnish GMP, FDA, and social audits. Shopko's Manager of Product Regulatory will determine audit needs.
- Shopko has a separate Product Regulatory & Quality Manual for OTC/Consumable/Pet/Household/Beauty/Baby/Healthaids. Contact Shopko's Manager of Product Regulatory and Quality to obtain.

### 3.3.2 *Production Quality Laboratory Testing*

- Vendor/Agent works with Shopko Product Regulatory & Quality to determine what product and the amount of samples from each assortment must be submitted to Laboratory for product testing.
- If more than one factory is producing merchandise, each factory must submit product for laboratory testing.
- According to the Consumer Product Safety Improvement Act (CPSIA), kids products must be tested for validation of lead in substrates, lead in surface coating, and phthalate (when applicable) limitations. Additionally, all manufacturers are required to have a reasonable testing program in place as required by the CPSIA legislation.

**NOTE:** All products sent for testing must be production quality, made of approved production fabric, materials, and components, and made on production machinery. Vendor/Agent must not proceed with actual production, packaging, or care labels until product testing approvals are given. If Vendor/Agent does proceed before receiving approval, they do so at their own risk.

### 3.3.3 *Pre-Production Inspection (Vendor paid)*

- A pre-production inspection is required on private label brand styles for all new vendors, new factories, or those vendors/factories having quality issues (to be determined by Shopko).
- Third party inspection service with check fabric or materials, along with components quantity to ensure PO can be completed and shipped on time.
- Inspection reports are sent to Shopko Product Regulatory & Quality Team for review and comments are given to the vendor within 24 hours. Shopko has final determination of pass or failure of inspection results.
- Vendor is required to pay a fee of \$500 for excessive PO handling for failed pre-production inspection.
- This is required only when communicated by Shopko Product Compliance/Inspection Analyst.
- Shopko has a separate Product Regulatory & Quality Manual, detailing the Product Inspection Program that can be obtained by contacting Shopko's Product Compliance/Inspection Analyst.

### 3.3.4 *Final Random Inspection / Private Brand Inspection Program (Vendor paid)*

- In addition to vendor performed in-line inspections through every stage of production; private label product must undergo a third party final random inspection at the factory prior to shipment. The objective of the inspection program is to ensure all private label brand merchandise meets Shopko specific product specifications before shipping from the factory. Inspections will take place when goods are at least 90% and 80% packaged and will be checked for the following:
  1. Workmanship and finish
  2. Observations and imperfections
  3. Measurements
  4. Packaging
- The parameters are:  
Sampling plan: Military Standard 105E  
Acceptable Quality Level (AQL): 2.5 major/4.0 minor
- An inspection will not occur until all product steps are completed.
- Inspections are done at the Vendor's expense, inclusive of a \$25.00 Shopko administrative fee.

Inspection reports are sent to Shopko Product Compliance/Inspection Analyst for review and comments are given to the vendor within 24 hours. Product which fails inspection will be subject to re-inspection at vendor expense or possible cancellation; to be determined by the Product Compliance/Inspection Analyst. Product which passes inspection will be approved for shipment. Shopko has final determination of pass or failure of inspection.

**Please note: Product can not ship until a Product Approval Letter is issued.**

- Shopko has a separate Product Regulatory & Quality Manual, detailing the Product Inspection Program that can be obtained by contacting Shopko's Product Compliance/Inspection Analyst.

In conjunction with Shopko's Product Regulatory & Quality requirements of product testing and product inspections, it is the responsibility of the Vendor/Agent to assure that all production merchandise is in full compliance with all applicable Industry/federal & State government standards to perform 100% product inspection, and ship only first-quality merchandised which reflects identical quality, composition, and/or content of approved laboratory testing sample.

### 3.3.5 Shipping Approval

- Shopko Product Compliance/Inspection Analyst issues an Approval Letter only after all mandatory requirements are completed and approved. The letter will list styles that have met Shopko requirements. Product Compliance/Inspection Analyst e-mails to Vendor Agent.
- If a product is not approved by a Shopko Private Brand Teammate and/or Shopko Product Regulatory & Quality Teammate during any part of the approval process, it must be improved, if applicable, and re-submitted for evaluation. Vendor/Agent is responsible for assuring compliance with each step listed above. Shipping approval will not be given until all required steps are approved.
- Direct import product must have a Product Approval Letter (PAL) and Shopko Certificate in order to ship. This requirement is a result of the Consumer Product Safety Improvement Act of 2008.
- Shipping without a PAL will result in a 20% penalty chargeback, issued to the vendor, based on the value of the PO.

## 3.4 Laboratory Testing Program

Shopko private label product must be tested at a Shopko approved laboratory. Shopko has a separate Product Regulatory & Quality Manual detailing the Product Testing Program. This manual offers cost saving testing options, such as assortment testing and the submission of existing test reports. Please contact a member of Shopko's Product Regulatory & Quality team for a copy of this manual.

- All Private Label products must be tested seasonally according to Shopko procedures and standards.
- All Private Label products must have a product approval letter before shipping.
- Shipping without a Product Approval Letter will result in a 20% penalty chargeback, issued to the vendor, based on the PO value.
- All testing submitted to Bureau Veritas will be subject to a \$25.00 Shopko administrative fee.
- All third party test reports submitted in lieu of testing under Shopko's program will be invoiced at a rate of \$50.00 per report, with the maximum charge invoiced at \$200.00.

## 3.5 Hardlines/Home Textiles/OTC/Consumables Testing Requirements

Laboratory testing is performed to attain quantitative data on overall consumer serviceability in addition to verification of its conformance to mandatory industry/government standards. The following are examples of criteria evaluated during testing, and are not all-inclusive.

### 3.5.1 Industry/Government Standards (Hardlines)

- Consumer Product Safety Improvement Act of 2008 (CPSIA)
- Consumer Product Safety Commission (CPSC)
- Food & Drug Administrations (FDA)

- Underwriter Laboratories (UL)
- ETL Laboratories (ETL)
- American Society of Testing Materials (ASTM)
- American National Standard Institute (ANSI)
- Child Safety Protection Act (CSPA)
- Fair Packaging and Labeling Act (FPLA)
- Federal Hazardous Substances Act (FHSA)
- Labeling of Hazardous Art Materials (LHAMA)
- Food Modernization Act
- Industry/Government Standards (Home Textiles)
- Toy Safety Amendment to the Hazardous Substance Act
- Poison Prevention Packaging Act
- CA Prop 65
- CARB-Formaldehyde Emissions in composite wood
- CA ROHS Energy Regulations
- IL Lead Law
- Heavy Metals in Packaging/CONEG
- Washington Children's Safe Product Act
- EPA Regulations

### **3.5.2 Care Labeling Rule**

- Textile Fiber Products Identification Act
- Federal Wool Products Labeling Act
- Flammable Fabric Act
- Labeling of Feather and Down Products
- Fur Product Labeling Act

### **3.5.3 Consumer Satisfaction Properties (Hardlines)**

- *Use:* Will product carry out the purpose for which it is intended?
- *Packaging:* Does it provide all necessary information including ease of assembly, instructions and warning labels?
- *Safety:* Could product cause illness or injury in normal use or foreseeable abuse?

### **3.5.4 Consumer Satisfaction Properties (Home Textiles)**

- Flat measurements
- Fabric qualities
- Construction qualities
- Dimensional stability (washability and dry cleanability)
- Colorfastness properties

- Strength properties
- Pilling resistance
- Free formaldehyde level (if applicable)
- Lead content (if applicable)
- All product carried by Shopko must meet or exceed these requirements.

### 3.5.5 **Packaging**

- FDA
- FPLA
- Heavy Metals in Packaging/CONEG
- Allergy warnings
- “Best By” dating
- EPA Regulations

## 3.6 **Laboratory Testing Submission Requirements**

It is recommended that the Vendor/Agent call the Bureau Veritas local laboratory location prior to sending any product for laboratory testing to verify the specific testing done at that location, number of samples required for testing, and correct fees.

Product must be sent to the lab in final state as it will be sold. Package/label/hang tag, price ticket, etc., must be complete and appropriately attached. **Samples submitted to the lab must be from actual production.** It is highly recommended that product be submitted to the lab a minimum of 30 days prior to the ex-factory date.

Vendor/Agent must complete the online Test Request Form (TRF) for any product submitted for testing. The form must be filled out completely and accurately to avoid delay to shipment. Vendor/Agent must submit the following documentation with the TRF if applicable:

- If product packaging makes claim of non-toxicity Vendor/Agent must also submit a current toxicology report (1 year).
- If product uses a licensed name Vendor/Agent must submit authorization to use that license.
- If product is considered an art material Vendor/Agent must submit ASTM certification or Lhama report.
- If product is part of an assortment, ensure to indicate the style number and the assortment number on the test form.

## 3.7 **Laboratory Testing Procedure**

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| Please reference Shopko's Product Regulatory & Quality Manual for complete details. |
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### 3.7.1 **Overseas Testing - All Vendors/Agents**

- Vendor/Agent submits sample with prepayment and completed Test Request form. TRF to be completed on the Bureau Veritas ecommerce website.
- A Shopko approved laboratory collects prepayment from local Vendor/Agent and begins testing as soon as prepayment is received.
- If sample is lacking payment or any pertinent information, the laboratory will notify the originating Vendor/Agent. Until proper information is received, laboratory testing will be delayed.

- Upon completion of laboratory testing, A Shopko approved laboratory e-mails report summary to Shopko product Regulatory & Quality and to Vendor/Agent on behalf of the Shopko Product Regulatory & Quality Division.
- Within 24 hours of receipt of laboratory report, Shopko Product Regulatory & Quality Staff evaluates report against applicable standards/requirements and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail. Shopko makes final determination on all test results.
- Within two days of receipt of Not Approval, Vendor/Agent must respond to Shopko Product Regulatory & Quality Staff detailing how product will be corrected and when retest will be submitted.
- A Product Approval Letter is e-mailed by Shopko Product Regulatory & Quality Staff to the Vendor/Agent when product is approved. A Product Approval Letter and a Shopko Certificate are requirements of the Letter of Credit.

### **3.7.2 Domestic Testing - Current Vendors/Agents**

- Vendor/Agent submits sample and completed Test Request Form (TRF). TRF to be completed on Bureau Veritas' ecommerce website.
- A Shopko approved laboratory verifies that the Vendor/Agent is current and tests product without prepayment.
- Upon completion of laboratory testing, A Shopko approved laboratory e-mails report summary, then, sends full laboratory test report to the Shopko Product Regulatory & Quality Staff via overnight service.
- Within 24 hours of receipt of laboratory report, Shopko Product Regulatory & Quality Staff evaluates report against applicable standards/requirements and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail. Shopko makes final determination on all test results.
- Within two days of receipt of Not Approval, Vendor/Agent must respond to the Shopko Product Regulatory & Quality Staff detailing how product will be corrected and when retest will be submitted.
- A Product Approval Letter is e-mailed by Shopko Product Regulatory & Quality Staff to the Vendor/Agent when product is approved.
- Vendor/Agent is billed for the cost of testing directly from the lab.

### **3.7.3 Domestic Testing – New Vendors/Agents**

- Vendor/Agent submits sample and prepayment and completed Test Request Form (TRF). TRF to be completed on Bureau Veritas' ecommerce website.
- A Shopko approved laboratory collects prepayment from local Vendor/Agent and begins testing as soon as prepayment is received.
- Upon completion of laboratory testing, A Shopko approved laboratory e-mails summary report, then, sends full laboratory test report to the Shopko Product Regulatory & Quality Staff via overnight service.
- Within 24 hours of receipt of laboratory report, Shopko Product Regulatory & Quality Staff evaluates report against applicable standards/requirements and determines status of product. Approved or Not Approved status is communicated to Vendor/Agent via e-mail. Shopko makes final determination on all test results.
- Within two days of receipt of Not Approval, Vendor/Agent must respond to Shopko Product Regulatory & Quality Staff detailing how product will be corrected and when retest will be submitted.
- A Product Approval Letter is e-mailed by Shopko Product Regulatory & Quality Staff to the Vendor/Agent when product is approved.
- **Product cannot ship without a Product Approval Letter (PAL).**
- **Direct import product cannot ship without a Product Approval Letter (PAL) and a Shopko Certificate.**
- **Shipping without a PAL will result in a 20% penalty chargeback, issued to the vendor, based on the PO value.**

### 3.8 Laboratory Testing Completion

Laboratory testing results will be completed by a Shopko approved laboratory in approximately five to seven working days. Chemical testing may take a few days longer due to processing. As needed and when available, some rush tests can be performed within two to three working days, with a 40% - 100% surcharge.

### 3.9 Test Ratings

The laboratory rates products according to the following classifications; however, Shopko's Product Regulatory & Quality Team makes the final decision on disposition of all test reports.

#### **Good**

The product provides good overall consumer serviceability and requires no improvement.

#### **Unsatisfactory**

The product has deficiencies of such severity that it must not be sold until improvements are made. Any violation of government regulations will be rated unsatisfactory.

**PLEASE NOTE: Shopko makes final determination on all test results. Product can not be shipped until a Product Approval Letter is issued by Shopko. Direct Import product also requires a Shopko Certificate.**

Shopko Product Regulatory & Quality will review the test reports and rate products using the following classifications:

#### **Approved**

The product is approved for shipment but may include Product Regulatory & Quality comments for improvements on future orders.

**If product is Shopko private label merchandise, the goods will need to be inspected by Shopko's provider before approval to ship will be given. Please contact Shopko Product Regulatory & Quality for a copy of the Product Regulatory & Quality Assurance Manual.**

#### **Not Approved**

##### *Lab Rated "Good"*

Major discrepancy between specification and production or product has not gone through appropriate Product Regulatory & Quality procedures.

##### *Lab Rated "Unsatisfactory"*

More information needed or minor adjustment needed: Product Regulatory & Quality will approved for shipment once Vendor/Agent supplies Product Regulatory & Quality required information or confirmation which could include:

- License information
- Date of manufacture
- Place of manufacture including full mailing address
- Packaging/labeling missing
- Labeling adjustments
- Permanent logos
- Vendor confirmation to correct minor production error
- Retest required

##### *Lab Rated "Unsatisfactory"*

Retest required - These are items that have not passed safety requirements, government regulations, or industry standards.

## 4. Shopko Approved Laboratory Locations

### BV LAB LOCATIONS & SAMPLE SUBMISSION CONTACTS

The following BV lab locations are approved for testing for the Shopko Product Regulatory & Quality Program. These contacts can assist vendors with sample submissions and questions.

| LABORATORY   | CONTACTS  |
|--|---|
| <p><b>BV - Buffalo</b> <span style="float: right;"><b>Lab # 51</b></span></p> <p><b>Bureau Veritas Consumer Products</b><br/>                     100 Northpointe Parkway<br/>                     Buffalo, NY 14228-1884<br/>                     Phone: 716-505-3300, 1-800-277-3300<br/>                     Fax: 716-505-3301</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Hardlines/Toy</p>  | <p>Terry Bennett - Customer Service Specialist I<br/>                     Phone: 716-505-3661<br/>                     Email: <a href="mailto:terry.bennett@bureauveritas.com">terry.bennett@bureauveritas.com</a></p> <p>Mark Jagodinski – Technical-Hardlines<br/>                     Phone: 716-505-3551<br/>                     Email: <a href="mailto:mark.jagodinski@bureauveritas.com">mark.jagodinski@bureauveritas.com</a></p> <p>Jerin Edwards – Technical Softlines<br/>                     Phone: 716-505-3410<br/>                     Email: <a href="mailto:softlinestechsupportmail@us.bureauveritas.com">softlinestechsupportmail@us.bureauveritas.com</a></p> <p>Geri Lannaccone – Technical – Softlines<br/>                     Phone: 716-505-3406<br/>                     Email: <a href="mailto:softlinestechsupportmail@us.bureauveritas.com">softlinestechsupportmail@us.bureauveritas.com</a></p>   |
| <p><b>BV - India</b> <span style="float: right;"><b>Lab # 67</b></span></p> <p><b>Bureau Veritas Consumer Product Services India Pvt Ltd</b><br/>                     C-19, Sector - 7, Noida – 201301<br/>                     Uttar Pradesh, India<br/> <b>Tel:</b> 0091-0120-4368100/4368119/4568151/2424879/876/878<br/> <b>Fax:</b> 0091-0120-2424880/877</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Hardlines<br/>                     Softlines<br/>                     Home Furnishing</p> | <p><b>Hardlines:</b><br/>                     Sanjay Soni - Customer Service<br/>                     Phone: 91-120-4368212<br/>                     Email: <a href="mailto:sanjay.soni@in.bureauveritas.com">sanjay.soni@in.bureauveritas.com</a></p> <p>Pooja Kumar – Technical<br/>                     Phone: 0120-4368121<br/>                     Email: <a href="mailto:pooja.singhal@in.bureauveritas.com">pooja.singhal@in.bureauveritas.com</a></p> <hr/> <p><b>Softlines:</b><br/>                     Lalit Khatter – Customer Service<br/>                     Phone: 91-120-4368109<br/>                     Email: <a href="mailto:lalit.khatter@in.bureauveritas.com">lalit.khatter@in.bureauveritas.com</a></p> <p>Monika Ahuja – Technical<br/>                     Phone: 91-120-4368112<br/>                     Email : <a href="mailto:monika.ahuja@in.bureauveritas.com">monika.ahuja@in.bureauveritas.com</a></p> <hr/> <p><b>Home Furnishings:</b><br/>                     P N Jha -Customer Service<br/>                     Phone: 91-120-4368182<br/>                     Email: <a href="mailto:PN.Jha@in.bureauveritas.com">PN.Jha@in.bureauveritas.com</a></p> <p>Arvind Sharma – Technical<br/>                     Phone: 91-120-4368112<br/>                     Email: <a href="mailto:arvind.sharma@in.bureauveritas.com">arvind.sharma@in.bureauveritas.com</a></p> |
| <p><b>BV - Indonesia</b> <span style="float: right;"><b>Lab # 71</b></span></p> <p><b>PT. Bureau Veritas Consumer Products Services Indonesia</b><br/>                     Gedung KKM Lt. 2<br/>                     Jl. Cideng Timur No. 38<br/>                     Jakarta Pusat 10130, Indonesia<br/>                     Phone: 6221-6348877<br/>                     Fax: 6221-6348838</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Softlines<br/>                     Hardlines</p>            | <p><b>Softlines:</b><br/>                     Muhammad yayat – Customer Service<br/>                     Phone: 6221-6348877 Ext. 145<br/>                     Email: <a href="mailto:muhammad.yayat@id.bureauveritas.com">muhammad.yayat@id.bureauveritas.com</a></p> <p>Doham setiono – Customer Service 2<sup>nd</sup><br/>                     Phone: 6221-6348877 Ext. 164<br/>                     Email: <a href="mailto:doham.setiono@id.bureauveritas.com">doham.setiono@id.bureauveritas.com</a></p> <p>Solihin SUnarya – (Technical)<br/>                     Phone: 6221-6348877 Ext. 297<br/>                     Email: <a href="mailto:solihin.sunarya@id.bureauveritas.com">solihin.sunarya@id.bureauveritas.com</a></p> <hr/> <p><b>Hardlines:</b><br/>                     Dedy Ariyanto – Customer Service<br/>                     Phone: 6221-29516217/6<br/>                     Email: <a href="mailto:dedy.ariyanto@id.bureauveritas.com">dedy.ariyanto@id.bureauveritas.com</a></p> <p>Ignatius Jopy – Technical<br/>                     Phone: 6221-29516217/6<br/>                     Email: <a href="mailto:ignatius.jopy@id.bureauveritas.com">ignatius.jopy@id.bureauveritas.com</a></p>  |

| LABORATORY  | CONTACTS   |
|---|--|
| <p><b>BV Kowloon Bay</b> <span style="float: right;"><b>Lab # 52</b></span></p> <p><b>Bureau Veritas Consumer Product Services (HK) Ltd</b><br/>                     Pacific Trade Centre<br/>                     2 Kai Hing Road, Kowloon Bay, Hong Kong<br/>                     Phone: 852-2331 0888<br/>                     Fax: 852-2331 0889</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Softlines<br/>                     Hardlines<br/>                     Toys &amp; Children's Products</p> | <p><b>Softlines:</b><br/>                     Jean Poon – Customer Service<br/>                     Phone: 852-2331-0271<br/>                     Email: <a href="mailto:jean.poon@hk.bureauveritas.com">jean.poon@hk.bureauveritas.com</a></p> <p>Cathy Chong – Customer Service Back up<br/>                     Phone: 852-2494-1297<br/>                     Email: <a href="mailto:cathy.chong@hk.bureauveritas.com">cathy.chong@hk.bureauveritas.com</a></p> <p>Donna Ng – Technical (Apparel)<br/>                     Phone: 852-2331-0732<br/>                     Email: <a href="mailto:donna.ng@hk.bureauveritas.com">donna.ng@hk.bureauveritas.com</a></p> <p>Tat Lee Technical (Apparel Back up)<br/>                     Phone: 852-2331-0731<br/>                     Email: <a href="mailto:tat.lee@hk.bureauveritas.com">tat.lee@hk.bureauveritas.com</a></p> <hr/> <p><b>Hardlines:</b><br/>                     Jayla Chan – Customer Service<br/>                     Phone: 852-2331-0349<br/>                     Email: <a href="mailto:jayla.chan@hk.bureauveritas.com">jayla.chan@hk.bureauveritas.com</a></p> <p>Dennis Hong – Technical<br/>                     Phone: 852-2494-5753<br/>                     Email: <a href="mailto:dennis.hong@hk.bureauveritas.com">dennis.hong@hk.bureauveritas.com</a></p> <hr/> <p><b>Toys/Children's Products:</b><br/>                     Kenny HS Wong – Customer Service (A-K Vendors)<br/>                     Phone: 852-2331-0161<br/>                     Email: <a href="mailto:kenny-hs.wong@hk.bureauveritas.com">kenny-hs.wong@hk.bureauveritas.com</a></p> <p>Cherie Chan – Customer Service (L-Z Vendors)<br/>                     Phone: 852-2331-0261<br/>                     Email : <a href="mailto:cherie.chan@hk.bureauveritas.com">cherie.chan@hk.bureauveritas.com</a></p> <p>Eva Cheung – Technical<br/>                     Phone: 852-2331-0561<br/>                     Email: <a href="mailto:eva.cheung@hk.bureauveritas.com">eva.cheung@hk.bureauveritas.com</a></p> |
| <p><b>BV - Shanghai</b> <span style="float: right;"><b>Lab # 66</b></span></p> <p><b>Bureau Veritas Consumer Products Services</b><br/>                     No. 368, Guangzhong Road, Zhuanqiao Town<br/>                     Minhang, Shanghai, China, 201108</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Hardlines<br/>                     Toys</p>  | <p><b>Hardlines:</b><br/>                     Nancy Kong/ Carol Zhang – Customer services<br/>                     Phone: 86-21-24166894/ 86-21-24166792<br/>                     Email: <a href="mailto:nancy.kong@cn.bureauveritas.com">nancy.kong@cn.bureauveritas.com</a><br/> <a href="mailto:carol.zhang@cn.bureauveritas.com">carol.zhang@cn.bureauveritas.com</a></p> <p>Chris Shen – Technical Support<br/>                     Phone: 96-755-86135515<br/>                     Email: <a href="mailto:chris.shen@cn.bureauveritas.com">chris.shen@cn.bureauveritas.com</a></p> <p>Andy Wang – Technical<br/>                     Phone: 86-21-2416 6800<br/>                     Email: <a href="mailto:andy.wang@cn.bureauveritas.com">andy.wang@cn.bureauveritas.com</a></p> <hr/> <p><b>Toys :</b><br/>                     Ruby Wang – Customer Service<br/>                     Phone: 86-21-2416-6888 Ext. 6504<br/>                     Email: <a href="mailto:ruby.wang@cn.bureauveritas.com">ruby.wang@cn.bureauveritas.com</a></p> <p>Peggy Chen – Customer Services back up<br/>                     Phone : 86-21-2416-6817<br/>                     Email : <a href="mailto:peggy.chen@cn.bureauveritas.com">peggy.chen@cn.bureauveritas.com</a></p> <p>Allen Huang – Technical<br/>                     Phone : 86-21-2416-6901<br/>                     Email : <a href="mailto:allen.huang@cn.bureauveritas.com">allen.huang@cn.bureauveritas.com</a></p> <p>Joy Shi – Technical Inquiry Back up<br/>                     Phone : 86-21-2416-6900<br/>                     Email : <a href="mailto:joy.shi@cn.bureauveritas.com">joy.shi@cn.bureauveritas.com</a></p>  |

| LABORATORY   | CONTACTS   |
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| <p><b>BV - Shanghai</b> <span style="float: right;"><b>Lab # 66</b></span></p> <p><b>Bureau Veritas Consumer Products Services</b><br/>                     No. 168, Guanghua Road, Zhuangqiao Town,<br/>                     Minhang, Shanghai, China, 201108</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Softlines</p>   | <p><b>Softlines:</b><br/>                     Joanna Xie – Customer Service<br/>                     Phone: 86-21-2408-1768<br/>                     Email: <a href="mailto:joanna.xie@cnbureauveritas.com">joanna.xie@cnbureauveritas.com</a></p> <p>David Zhang – Customer Service backup<br/>                     Phone: 86-21-2408-1764<br/>                     Email: <a href="mailto:david-cl.zhang@cn.bureauveritas.com">david-cl.zhang@cn.bureauveritas.com</a></p> <p>Hailey Wang – Technical<br/>                     Phone: 86-21-2408-1781<br/>                     Email: <a href="mailto:hailey.wang@cn.bureauveritas.com">hailey.wang@cn.bureauveritas.com</a></p>   |
| <p><b>BV – Shenzhen</b> <span style="float: right;"><b>Lab # 85</b></span></p> <p><b>Bureau Veritas Consumer Products Services</b><br/>                     1<sup>st</sup> Floor, A Building, Minlida Industrial Building<br/>                     4th Zone of Honghualing Industrial Park,<br/>                     XiliTown, Nanshan District, Shenzhen,<br/>                     Guangdong, P.R.C Post Code: 518055<br/>                     Tel - 86755 86185200<br/>                     Fax - 86755 86185206</p> <p><b>TEST LAB CAPABILITIES:</b><br/>                     Hardlines<br/>                     Candle / Candle Holder, Decorative Products Etc.</p> <p>Toys</p> | <p><b>Hardlines:</b><br/>                     Ella Lee – Customer Service<br/>                     Phone: 86-755-86135548 Ext. 5548<br/>                     Email: <a href="mailto:ella.lee@cn.bureauveritas.com">ella.lee@cn.bureauveritas.com</a></p> <p>Corey huang – Technical Inquiry<br/>                     Phone: 86-755-32980211 Ext. 6225<br/>                     Email: <a href="mailto:corey.huang@cn.bureauveritas.com">corey.huang@cn.bureauveritas.com</a></p> <hr/> <p><b>Toys:</b><br/>                     Melody Zuo – Customer Service<br/>                     Phone: 86-755-86185371<br/>                     Email: <a href="mailto:melody.zuo@cnbureauveritas.com">melody.zuo@cnbureauveritas.com</a></p> <p>Scarlett Yin – Customer Service<br/>                     Phone: 86-755-86185325<br/>                     Email: <a href="mailto:scarlett.yin@cn.bureauveritas.com">scarlett.yin@cn.bureauveritas.com</a></p> <p>Jasmine Hui – Technical Inquiry - Physical<br/>                     Phone: 86-755-86185289<br/>                     Email: <a href="mailto:jasmine.hui@hk.bureauveritas.com">jasmine.hui@hk.bureauveritas.com</a></p> <p>Iris Wong – Technical Inquiry – Physical<br/>                     Phone: 86-755-86185290<br/>                     Email: <a href="mailto:iris.wong@hk.bureauveritas.com">iris.wong@hk.bureauveritas.com</a></p> <p>Ming Zhao – Technical Inquiry – Physical<br/>                     Phone: 86-755-86185241<br/>                     Email: <a href="mailto:ming.zhao@cn.bureauveritas.com">ming.zhao@cn.bureauveritas.com</a></p> <p>Denise Luo – Technical Inquiry – Physical<br/>                     Phone: 86-755-86185269<br/>                     Email: <a href="mailto:denise.luo@cn.bureauveritas.com">denise.luo@cn.bureauveritas.com</a></p> <p>Sam Luo – Technical Inquiry – Physical<br/>                     Phone: 86-755-86185292<br/>                     Email: <a href="mailto:sam.luo@cn.bureauveritas.com">sam.luo@cn.bureauveritas.com</a></p> <p>Sky Cheng – Technical Inquiry – Physical<br/>                     Phone: 86-755-86185327<br/>                     Email: <a href="mailto:sky.chen@cn.bureauveritas.com">sky.chen@cn.bureauveritas.com</a></p> <p>Ryna Liu – Technical Inquiry – Chemical<br/>                     Phone: 86-755-86185354<br/>                     Email: <a href="mailto:ryna.liu@cn.bureauveritas.com">ryna.liu@cn.bureauveritas.com</a></p> <p>Jonny Nie – Technical Inquiry – Chemical<br/>                     Phone: 86-755-86185358<br/>                     Email: <a href="mailto:jonny.nie@cn.bureauveritas.com">jonny.nie@cn.bureauveritas.com</a></p> |

| LABORATORY  | CONTACTS   |
|---|--|
| <p><b>BV - Taiwan</b> <span style="float: right;"><b>Lab # 62</b></span></p> <p><b>Bureau Veritas Consumer Products Services<br/>Taiwan Branch</b><br/>立德國際商品試驗有限公司台灣分公司<br/>37, Sec. 2, Zhongyang S. Rd., Beitou, Taipei 112, Taiwan,<br/>R.O.C.<br/>112台北市北投區中央南路2段37號</p> <p><b>TEST LAB CAPABILITIES:</b></p> <p>Hardlines<br/>Toys<br/>Softlines</p> | <p><b>Hardlines/Toys:</b><br/>Penny Wang – Customer Service<br/>Phone: 886-2-6619-6307<br/>Email: <a href="mailto:penny.wang@tw.bureauveritas.com">penny.wang@tw.bureauveritas.com</a></p> <p>Carolyn Jin – Customer Service<br/>Phone: 886-2-6619-6303<br/>Email: <a href="mailto:Carolyn.jin@tw.bureauveritas.com">Carolyn.jin@tw.bureauveritas.com</a></p> <p>Chad Hsieh – Technical Inquiry<br/>Phone: 886-2-6619-6302<br/>Email: <a href="mailto:chad.hsieh@tw.bureauveritas.com">chad.hsieh@tw.bureauveritas.com</a></p> <p>Andy Lin – Technical Inquiry<br/>Phone: 886-2-6619-6280<br/>Email: <a href="mailto:andy.lin@tw.bureauveritas.com">andy.lin@tw.bureauveritas.com</a></p> <hr/> <p><b>Softlines:</b><br/>Lillian Yeh – Central Customer Service<br/>Phone: 886-2-2890-3666 Ext. 269<br/>Email: <a href="mailto:Lillian.yeh@tw.bureauveritas.com">Lillian.yeh@tw.bureauveritas.com</a></p> <p>Daniel Hsieh – Central Customer Service<br/>Phone: 886-2-2890-3666 Ext. 287<br/>Email: <a href="mailto:Daniel.hsieh@tw.bureauveritas.com">Daniel.hsieh@tw.bureauveritas.com</a></p> <p>Amber Hong – Technical Inquiry<br/>Phone: 886-2895-3666 Ext. 285<br/>Email: <a href="mailto:amber.hong@tw.bureauveritas.com">amber.hong@tw.bureauveritas.com</a></p> |
| <p><b>BV Mexico</b> <span style="float: right;"><b>Lab # 76</b></span></p> <p><b>Bureau Veritas Consumer Products Services<br/>Mexico SA de CV</b><br/>Circuito del Sol 3905-1<br/>Col. Nuevo Amanecer 72400<br/>Puebla Pue. Mexico</p> <p><b>TEST LAB CAPABILITIES:</b></p> <p>Hardlines / Toys<br/>Softlines</p>  | <p><b>Hardlines / Toys:</b><br/>Manuel Borjas – Customer Service<br/>Phone: 52 222 6 37 01 01<br/>Email: <a href="mailto:manuel.borjas@mx.bureauveritas.com">manuel.borjas@mx.bureauveritas.com</a></p> <p>Fernando Avila – Technical Inquiry<br/>Phone: 52 222 6 37 00 92<br/>Email: <a href="mailto:Fernando.avila@mx.bureauveritas.com">Fernando.avila@mx.bureauveritas.com</a></p> <hr/> <p><b>Softlines:</b><br/>Daniel Avila – Customer Service<br/>Phone: 52 222 6 37 01 02<br/>Email: <a href="mailto:daniel.avila@mx.bureauveritas.com">daniel.avila@mx.bureauveritas.com</a></p> <p>Larissa Vazquez – Customer Service<br/>Phone: 52 222 6 37 00 93<br/>Email: <a href="mailto:larissa.vazquez@mx.bureauveritas.com">larissa.vazquez@mx.bureauveritas.com</a></p> <p>Christian Portillo – Technical Inquiry<br/>Phone: 52 222 6 37 00 90<br/>Email: <a href="mailto:crsthian.portilla@mx.bureauveritas.com">crsthian.portilla@mx.bureauveritas.com</a></p>   |

| LABORATORY  | CONTACTS  |
|---|---|
| <p><b>BV - Vietnam</b> <span style="float: right;"><b>Lab # 96</b></span></p> <p><b>Bureau Veritas Consumer Products Services (VN) Limited</b><br/>                     Lot C7-C9 Conurbation 2, Cat Lai Industrial Zone<br/>                     District 2, Ho Chi Min City, Vietnam</p> <p>Tel: 84-8-3742-1604<br/>                     Fax: 84-8-3742-1603</p> <p><b>TEST LAB CAPABILITIES:</b></p> <p>Hardlines<br/>                     Softlines</p> | <p><b>Hardlines:</b></p> <p>Abby Pham – Customer Service – Main Contact<br/>                     Phone: 84-8-37421604~6 Ext. 559<br/>                     Email: <a href="mailto:abby.pham@vn.bureauveritas.com">abby.pham@vn.bureauveritas.com</a></p> <p>Suri Thai – Customer Service Back up<br/>                     Phone: 84-8-37421604~6 Ext. 110<br/>                     Email: <a href="mailto:suri.thai@vn.bureauveritas.com">suri.thai@vn.bureauveritas.com</a></p> <p>James Nguyen – Technical Inquiry – Main Contact<br/>                     Phone: 84-8-37421604~6 Ext. 313<br/>                     Email: <a href="mailto:james-son.nguyen@vn.bureauveritas.com">james-son.nguyen@vn.bureauveritas.com</a></p> <p>Anthony Dinh – Technical Inquiry Back up<br/>                     Phone: 84-8-37421604~6 Ext. 332<br/>                     Email: <a href="mailto:Anthony.thien@vn.bureauveritas.com">Anthony.thien@vn.bureauveritas.com</a></p> <hr/> <p><b>Softlines:</b></p> <p>Jane Nguyen – Customer Service – Main Contact<br/>                     Phone: 84-8-27421604~6 Ext. 349<br/>                     Email: <a href="mailto:jane.nguyen@vn.bureauveritas.com">jane.nguyen@vn.bureauveritas.com</a></p> <p>Mart Tran – Customer Service Back up<br/>                     Phone: 84-8-37421604~6 Ext. 350<br/>                     Email: <a href="mailto:mart.tran@vn.bureauveritas.com">mart.tran@vn.bureauveritas.com</a></p> <p>Jessy Cai – Technical Inquiry – Main Contact<br/>                     Phone: 84-8-37421604~6 Ext. 509<br/>                     Email: <a href="mailto:jessy.cai@vn.bureauveritas.com">jessy.cai@vn.bureauveritas.com</a></p> <p>Anne Do – Technical Inquiry Back up<br/>                     Phone: 84-8-37421604~6 Ext. 543<br/>                     Email: <a href="mailto:anne.do@vn.bureauveritas.com">anne.do@vn.bureauveritas.com</a></p> |

## 5. Product Regulatory & Quality/Liability/Penalties

It is the responsibility of the Vendor/Agent to ensure that all production merchandise is in full compliance with all applicable industry, Federal & State government laws/regulations/standards and Shopko standards. Any necessary clarification of the standards must be sought by the Vendor/Agent prior to product commitments. Vendor/Agent will be held financially accountable for all issues of non-compliance to Product Regulatory & Quality and Floor Ready Standards. **A \$500 punitive charge will be assessed on all repeat offenders.**

### Quality Audits

Random audits are conducted to verify quality, compliance to Federal/State requirements, and consistency of product ordered and tested. Defective or substandard merchandise found during this audit is transferred to the buyer with a Product Quality Alert.

The buyer forwards this merchandise and Product Quality Alert to the Vendor/Agent if necessary. The buyer may request allowance for lost sales or returned goods. The cost of defective or substandard product is charged back to Vendor/Agent. If laboratory testing is required, the cost of testing is also charged back to Vendor/Agent.

Audits also occur to ensure vendors are following all testing requirements. Vendors found not following Shopko testing procedures will be assessed a \$500 punitive charge. Repeat offenders will be assessed a \$1000 punitive charge.

### Vendor Returns

Whenever possible, merchandise that does not meet Shopko's standards, specifications, purchase order requirements, or government regulations will be returned to the Vendor/Agent to dispose of or sort and refurbish, at Shopko's option. It is understood that Shopko's right to return merchandise shall apply to all merchandise when found to be defective at any time prior to resale or after resale. Upon the return of the defective merchandise, a 10% consolidation fee plus any in or outbound freight charges, as well as all applicable customer liabilities.

## 6. Final Random Inspection / Private Brand Inspection Program (Vendor Paid)

(Not applicable to OTC/Consumable Products)

- In addition to vendor performed in-line inspections through every stage of production; private label product must undergo a third party final random inspection at the factory prior to shipment. This inspection is done at the Vendor's/Factory's expense. The objective of the inspection program is to ensure all private label brand merchandise meets Shopko specific product specifications before shipping from the factory. Inspections will take place when goods are at least 90% and 80% packed and will be checked for the following:
  1. Workmanship and finish
  2. Observations on imperfections
  3. Measurements
  4. Packaging (labels and hangtags)
- The parameters are:

Sampling plan: Military Standard 105E

Acceptable Quality Level (AQL): 2.5 major/4.0 minor
- An inspection will not occur until all testing is completed.

Inspection reports are emailed to Shopko Product Compliance/Inspection Analyst for review and comments are given to the vendor within 24 hours. Product which fails inspection will be subject to re-inspection at vendor expense or possible cancellation to be determined by the Product Regulatory & Quality Team. Product which passes inspection will be approved for shipment. Shopko has final determination of pass or failure of inspection.
- All product inspections will be subject to a \$25.00 Shopko administrative fee.

**Please note: Product can not ship until a Product Approval Letter and Shopko Certificate (for direct import products) are issued.**

- **Shopko has a separate Product Regulatory & Quality Manual detailing the Product Inspection Program. For more details, please contact Shopko Product Regulatory & Quality Team.**

## 7. Food Safety & Quality Audit Certification

*(Applicable to all consumable products)*

All factories and suppliers of Shopko label food products must have a food safety certification or accreditation of their manufacturing facility.

All audits performed by Bureau Veritas, under the Shopko program, will be subject to a \$25.00 Shopko administrative fee.

All third party audit reports, submitted in lieu of auditing under the Shopko program, will be invoiced at a rate of \$75.00 per report.

**A separate manual exists explaining this requirement. For more details, please contact Shopko's Manager of Product Regulatory & Quality.**

## 8. Social Compliance/Factory Approval Program

All factories producing Shopko private label goods must obtain approval from Shopko's Manager of Product Regulatory & Quality prior to production being placed at any location.

The objective of the factory social compliance program is to ensure working conditions are in compliance with local country laws, Shopko's Vendor Code of Ethics, and no serious infractions are being committed by factories that produce Shopko private brand merchandise. In the event that local country laws are different from the Shopko compliance standards, Shopko expects all factories to meet whichever is more stringent.

All audits performed by Bureau Veritas, under the Shopko program, will be subject to a \$75.00 Shopko administrative fee.

All third party audit reports, submitted in lieu of auditing under the Shopko program, will be invoiced at a rate of \$75.00 per report.

This program is **required** by all Shopko private brand vendors. Any questions can be directed to Shopko's Manager of Product Regulatory & Quality.

## 9. Registrations and Licensing

### 9.1 Product Registrations, Labeling and Packaging Registrations, Licensing and Facility Licensing

Federal licensing and registration along with, any and all, applicable State licensing and registration is a requirement of various products. It is the responsibility of the Vendor to be familiar and aware of all product and facility licensing/registration regulations and requirements at both the Federal and State levels. It is the vendor's responsibility to insure all licensing and registration is completed on an annual basis so there is no lapse of license or registration. Vendors will be asked to submit proof of license and registration.

## 10. Floor Ready Standards

All products must be in 100% compliance to Shopko's floor ready standards. Any non-compliance will result in punitive chargebacks to the Vendor/Agent. If a vendor consistently violates these standards they will be dropped from Shopko's vendor matrix. All product with retail of \$99.99 or higher must have an EAS security tag attached. It is the vendor's responsibility to ensure this is accomplished at the factory. Please refer to Shopko's Floor Ready Manual and Shopko's Apparel and Accessories Label and Ticket Information located on-line at:

<http://www.shopko-vendors.com/vendors-floor-ready-manual> or <http://www.shopko-vendors.com/vendors-shopko-label-manual>. These manuals contain complete details on all requirements listed below.

### 10.1 Softlines Requirements

It is the Vendor/Agent's responsibility to follow all floor ready standards.

#### Private Label Hanging Garment Requirements

- Correct hanger purchased from A & E/Mainetti
- Correct size clip purchased from A & E/Mainetti
- Integrated Hangtag, correctly placed on garment, purchased from Shopko approved supplier
- Woven Care Label, Shopko format, correctly placed on garment
- Woven Main Label purchased from Shopko approved supplier

#### Branded Hanging Garment Requirements

- Correct hanger purchased from A & E/Mainetti
- Correct size clip purchased from A & E/Mainetti
- Price Ticket correctly placed on garment, purchased from approved Shopko supplier.

#### Private Label Folded Garment Requirements

- Integrated Hangtag, correctly placed on garment, Shopko format, purchased from Shopko approved supplier.
- Woven Care Label, Shopko format, correctly placed on garment
- Woven Main Label, purchased from Shopko approved supplier
- Size strip or circular dot sticker purchased from Shopko approved supplier, correctly placed on garment. See Shopko's Label Manual for specifics.

#### Branded Folded Garment Requirements

- Price Ticket correctly placed on garment, purchased from approved Shopko supplier.
- Size strip or circular dot sticker correctly placed on garment. See Shopko's Label Manual for specifics.

**\* All hangtags, labels, hangers, and size clips must be purchased at the Vendor's expense. The Vendor is also responsible for any/all shipping charges of hangtags, labels, hangers, and size clips.**

**\* Tracking labels required on all children's products. Tracking labels must be permanent.**

## 10.2 Hardlines Requirements

Basic planogrammed merchandise using in-store shelf labels have UPCs. The following will require a SKU/UPC barcode and must be ticketed with a retail price:

- Seasonal Plush
- Seasonal Floral
- Wicker Baskets
- Melamine
- Acrylics
- Ceramics
- Seasonal Paper Plates
- Seasonal Napkins
- Seasonal Plastic Tubs
- Seasonal Paper Cookie Boxes
- Seasonal Paper Treat Sacks
- Gift Bags
- Beach Towels
- Seasonal Decor

**\* Please note: All children's products must have a tracking label. Tracking labels must be permanent.**

**10.3 Floor Ready Vendor Non-Compliance Fees**

I. Non-Compliance Penalties For Violations That Can Be Corrected Internally (DC or Store)

A. Floor Ready Violations

| <u>Type</u>  | <u>Assessment</u>                            |
|--|--|
| 1. Missing UPC   | \$0.25/Unit                                  |
| 2. Preticketing  |  |
| a. Failure to ship pre-ticketed  |  |
| • Mixed SKU case   | \$0.40/Unit                                  |
| • Single SKU case  | \$0.35/Unit                                  |
| b. Failure to pre-ticket correctly   |  |
| • Mixed SKU case   | \$0.40/unit                                  |
| • Single SKU case  | \$0.35/unit                                  |
| c. Failure to match proper size/color to items   | \$0.15/Unit                                  |
| d. Incorrect Price Ticket Placement  | \$0.15/Unit                                  |
| e. Incorrect Hangtag Placement   | \$0.15/Unit                                  |
| 3. Hangers   |  |
| a. Failure to ship garment on hanger   | \$50/Case or \$500/Per PO which ever is less |
| b. Not using proper hanger supplier  | \$0.25/Unit                                  |
| c. Unacceptable type and/or size of hanger   | \$0.25/Unit                                  |
| d. Damaged hangers   | \$0.25/Unit                                  |
| e. Incorrect Hanger Color  | \$0.25/Unit                                  |
| f. Incorrect Font on Size Clips  | \$0.25/Unit                                  |
| g. Incorrect Size Clips  | \$0.25/Unit                                  |
| h. Incorrect Size Clip Color   | \$0.25/Unit                                  |
| i. Missing Size Clip   | \$0.25/Unit                                  |
| j. Not placed on hanger per standards  | \$0.25/Unit                                  |
| k. Not properly securing two-piece garments  | \$0.25/Unit                                  |
| l. MIXING Garment on Hangers w/flat merchandise  | \$0.25/Unit                                  |
| 4. Packing   |  |
| Shopko's Distribution Center has a separate chargeback policy for packaging inaccuracies which disrupt distribution flow. Please contact the Distribution Center with any questions at 920-337-6220. |  |

II. Non-Compliance Violations That Cannot Be Corrected

A. Floor Ready Violations

| <u>Type</u>  | <u>Assessment</u> |
|--|-------------------|
| 1. Labeling  |                   |
| a. Lack of adherence to specified format               | \$0.15/Unit       |
| b. Non-conformance to sizing standards                 | \$0.15/Unit       |
| 2. Packaging   |                   |
| a. Incorrect Main label type, placement, or attachment | \$0.15/Unit       |
| b. Incorrect hangtag type, placement, or attachment    | \$0.15/Unit       |
| c. Trash free  | \$0.15/Unit       |
| 3. Folded Garments                                     |                   |
| a. Not folded  | \$0.15/Unit       |
| b. No size strip                                       | \$0.15/Unit       |
| c. Incorrect size strip type or placement              | \$0.15/Unit       |
| d. Non-conformance to folding standards (Trash free)   | \$0.15/Unit       |

III. Private Brand Marketing

|   | <u>Assessment</u> |
|---|-------------------|
| a. Not using proper supplier  | \$0.25/Unit       |
| b. Not using approved artwork/graphics  | \$0.15/Unit       |
| c. Non-conformance to packaging standards   | \$0.15/Unit       |
| d. Using unapproved hangtags<br>(includes disclaimer tags, vendor generated tags, etc.) | \$0.15/Unit       |
| e. Incorrect marketing placement  | \$0.15/Unit       |

Shopko's Floor Ready Manual and Label Manual are available online at <http://www.shopko.com/category/Vendors/ Vendor-Floor-Ready-Manual/pc/2191/2194.uts?&pageSize=> and <http://www.shopko.com/category/Vendors/Shopko-Label-Manual/pc/2191/2195.uts?&pageSize=>.

## 11. Product Regulatory & Quality Contact List

| CONTACTS                                | Phone Number |
|---|--------------|
| Manager of Product Regulatory & Quality | 920-429-7496 |
| Product Compliance/Inspection Analyst   | 920-429-4071 |
| Product Compliance/Inspection Analyst   | 920-429-7139 |
| Testing/Recall Specialist               | 920-429-7728 |