

SHOPKO[®]

Vendor Partnership Manual

Section 16 - Allowances

What's New

***Please review the following areas in this chapter.
Changes have occurred since our last update in
July 2017.***

1.2	<i>Forms Used For Vendor Allowance.....</i>	<i>16-1</i>
2.0	<i>Exhibits</i>	
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1. Introduction

1.1 What is Vendor Allowance?

Vendor Allowance (VA) is a program by which vendors financially support and help drive sales of their products at Shopko stores. Although the support usually takes the form of cash payments, in some cases a credit against merchandise received is allowed. There are four main categories of vendor allowance:

- Co-op P & A Allowance
- Purchase Credit
- Price Protection
- Other (fixtures, new store allowances, payroll credit, rescans, contests, travel)

1.2 Forms Used for Vendor Allowance

There are two forms which Shopko uses to document vendor allowance:

- Vendor Terms/Allowance Agreement – Documents allowances and vendor information [designates how allowances are billed – billback (autobill or contract) or off invoice] and frequency of billing (monthly, quarterly, yearly).
- Vendor Contract – used when billing a onetime specific amount
- Claim Form – sent to vendor when allowance is billed

2. Exhibits

Shopko Vendor Terms/Allowance Agreement

Shopko Vendor Contract

Shopko Claim Form

Shopko Vendor Terms/Allowance Agreement

SHOPKO STORES OPERATING CO., LLC.						
Vendor Name:		DMM:		Effective Date:		
Primary Vendor #:		Senior Buyer/Buyer:		Auto Renew:		
Secondary Vendor ID(s):		Buyers Assistant:		Expiration Date:		
Depts:						
Import/Domestic:	(Select from Dropdown)					
ACCRUAL						
	% of Receipts	Method of Payment Off Invoice Billback	Auto Bill (Promo Smart)	Source of Allowance	Bill Frequency	Comments
Promotional Allow (UAs / Print Ads / Seasonal Planogram Placement)						
Ad/Broadcast Branding Fund						
Promotional/Marketing-no POP						
Competitive Promotional Support						
*Defective Allowance %						
Excess Defective Allowance						
New Store Allowance						
Remodel Allowance						
Partnership						
** Planogram / Sku & Replenishment Charge Allowance						
Volume Rebate (includes Warehouse Allowances/Early Buys)						
Calculation Method:	(Select from Dropdown)					
Purchase calculation setup:						
Bracket #	Purchases up to	Accrual %				
1						
2						
3						
4						
** New Store Delivery Count:						
Freight Terms Agreement:	(Select from Dropdown)					
Freight Term Capabilities with Vendor (Make selection from the dropdown that represents all possible capabilities, regardless of what is selected above)	(Select from Dropdown)					
FOB Shipping Point						
Other Allowances	Amt per SKU	Flat \$ Amt	% Receipts	Comments		
New SKU / Running Change / Substitution Allowance per SKU / *One time Charge for New SKU Creation. \$500 minimum						
Planogram Allowance Per SKU. \$25 minimum per SKU.						
Placement/Endcap/Fastrack Allowance						
Partnership Program						
Signage/Visual Allowance						
Replenishment Pick N Pull / Annually						
Replenishment Flow / Annually						
New Store Allowance						
Margin Shortfall						
Deal Pricing						
Payroll Credit						
Other (1)						
Other (2)						
Other (3)						

Shopko Vendor Terms/Allowance Agreement (cont)

Shopko Vendor Terms/Allowance Agreement (cont)																
Markdown Support																
Markdown Support																
Comments																
PAYMENT TERMS	Regular		Seasonal or Special Payment Terms													
	New Store		Seasonal or Special Program Dates													
<p>For Billback Programs, vendor authorizes Shopko Stores Operating Co., LLC. to bill vendor monthly for any allowance as set forth hereinafter. Shopko Stores Operating Co., LLC reserves the right to offset these billings against funds currently owed the vendor. If the funds are insufficient, the vendor agrees to remit such amount within 30 days from the date of billing unless other terms have been agreed upon by Shopko's Buyer and the vendor as noted below. Shopko's Vendor Partnership Manual can be found at www.shopko.com/vendors. This manual is updated periodically. It is the vendor's responsibility to review the manual to ensure Shopko's requirements are met.</p> <p>Our seasonal gross margin expectation is <input style="width: 50px;" type="text"/> %</p> <p>Vendor profitability will be discussed on a regular basis and settled quarterly. This is our mutually agreed upon gross margin goal, but does not imply or require a guarantee.</p> <p>Excess Defectives: Vendor is responsible for the cost of the actual defectives that exceed the defective allowance received by Shopko. This is a flat dollar amount and will be deducted as a Billback.</p> <p>If No Defective Allowance how are the defectives to be handled? <input style="width: 100px;" type="text" value="(Select from Dropdown)"/> If Other: <input style="width: 100px;" type="text"/></p> <p>* This agreement will automatically renew on the anniversary of the effective date unless either party terminates, or an updated Vendor Terms & Allowances Worksheet is signed.</p> <p>Your signature signifies vendor's agreement with all of the above stated Terms & Conditions.</p> <p>Signature _____ Date _____</p> <p><small>Authorized Signature (must be signed by an authorized vendor representative)</small></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 20%;">Print Name</td> <td style="width: 30%;"><input style="width: 90%;" type="text"/></td> <td style="width: 20%;">Print Title</td> <td style="width: 30%;"><input style="width: 90%;" type="text"/></td> </tr> <tr> <td>Phone #</td> <td><input style="width: 90%;" type="text"/></td> <td>Fax #</td> <td><input style="width: 90%;" type="text"/></td> </tr> <tr> <td></td> <td></td> <td>E-mail</td> <td><input style="width: 90%;" type="text"/></td> </tr> </table>					Print Name	<input style="width: 90%;" type="text"/>	Print Title	<input style="width: 90%;" type="text"/>	Phone #	<input style="width: 90%;" type="text"/>	Fax #	<input style="width: 90%;" type="text"/>			E-mail	<input style="width: 90%;" type="text"/>
Print Name	<input style="width: 90%;" type="text"/>	Print Title	<input style="width: 90%;" type="text"/>													
Phone #	<input style="width: 90%;" type="text"/>	Fax #	<input style="width: 90%;" type="text"/>													
		E-mail	<input style="width: 90%;" type="text"/>													
Allowance Billing Information																
Attention of	<input style="width: 95%;" type="text"/>															
Phone #	<input style="width: 30%;" type="text"/>	Fax #	<input style="width: 30%;" type="text"/>													
		E-mail	<input style="width: 30%;" type="text"/>													
Address 1	<input style="width: 95%;" type="text"/>															
Address 2	<input style="width: 95%;" type="text"/>															
City	<input style="width: 30%;" type="text"/>	State	<input style="width: 30%;" type="text"/>													
		Zip Code	<input style="width: 30%;" type="text"/>													
Collection Method:	<input style="width: 95%;" type="text" value="(Select from Dropdown)"/>															

Shopko Vendor Terms/Allowance Agreement Definitions and Instructions

Definitions:

Advertising: Funding for advertising, which requires proof of performance, based upon a percent of vendor's sales to Shopko.

Billback: Shopko generates a billing to the vendor based upon either information provided by the vendor or information generated internally such as receipts, invoices, or items sold (scan based). Payment must be via check, deduction from letter of credit, or by Shopko deducting from an ACH, EFT, or paper check. (Vendor cannot provide funding by offsetting invoices.)

Branding: Funding for electronic media advertising based upon a percent of your sales to Shopko.

Collection Method: Method to be used for transferring funds to Shopko.

1. Vendor to issue check to Shopko.
2. For international purchases paid for via Letter of Credit, vendor agrees to reduce the Letter of Credit by the amount of allowances due Shopko.
3. Shopko to offset allowance money from payments due to vendor made via ACH, EFT, or Paper Check.

Defective Allowance: Funding to offset Shopko's cost associated with defective merchandise. This is generally a percentage of purchases.

Excessive Defective: Funding to offset Shopko's cost should there be either no defective allowance or should the defective allowance be inadequate.

Invoices: Vendor's invoices for product shipped to Shopko.

Margin Assistance: Vendor financial support of Shopko's margins on the vendor's product should the margin rate drop below an agreed upon rate.

New SKU: Vendor support for setting up a new SKU within Shopko's system.

New Store: Vendor support for stocking up a new store.

New Store Delivery Count: Number of shipments received at the new store

New Store Payment Terms: New store payment terms generally allow for additional dating as product is placed in store well before the store is open. Example; if regular terms are net 60, new store terms may be net 90.

Off invoice: Funding for allowances is provided by reducing the SKU cost on the vendor's invoice for product shipped to Shopko either within the SKU cost or as a separate line. Must have EDI SAC (Service, Promotion, Allowance, charge code) set up with Shopko.

Partnership Program: An agreement with the vendor focusing on exclusive product/shelf space/promotions/long-term agreements.

Placement/Endcap/Fastrack Allowances: Money to support vendor's request for product to be displayed in specific areas.

Planogram Allowance: Charges for category SKU's planogram reset.

Promotional Allowance: Funding for promotions – proof of Shopko performance is required.

Promotional/Marketing: Funding for promotions – no proof of Shopko performance is required.

Receipts: Value at Purchase Order cost of product received by Shopko.

Regular Payment Terms: Auto populated field based on payment terms used in the normal course of business. Terms such as 2% 30 Net 60 would be considered as regular payment terms. Shopko determines the payment date by using the later of the invoice date, P.O. ship date, or the date shipment arrived at our distribution centers or stores (if shipped direct to stores).

Remodel Allowance: Vendor support for stocking up a remodeled store in support of a re-grand opening.

Seasonal or Special Payment Terms: Payment terms used for seasonal dating or special buys. This field is auto populated based on vendor payment terms.

Signage / Visual Allowance: Vendor funding for in-store signage.

Vendor Number: Shopko assigned 10 digit numbers. The first seven digits are common to a corporate entity.

Volume Rebate: Funding paid to Shopko based upon the amount purchases. Purchases can be defined as gross or net receipts or as gross or net invoices. (Net receipts are gross receipts less product returned to the vendor. Net invoices are the gross invoice amount before discount less product returned to the vendor.)

Instructions:

1. Shopko buyer should fill in the Vendor Name, Numbers(s), Department(s), DMM name, Buyer name and extension, and the effective date range (can be multiple years).
2. Shopko buyer and vendor should jointly complete the Accrual, Flat Dollar Amounts, Markdown, Defective Assistance, and Payment Terms sections.
 - Blank lines have been provided in the Accrual, % Receipts, and Flat Dollar Amounts sections to allow for the use of categories not listed. For example; if advertising is to be a flat dollar amount, this can be added in the Flat Dollar Amount section.
 - The Comments section can be used to provide additional explanations to either the Accrual or Flat Dollar Amount sections.
3. Vendor should sign the document, provide contact information for authorized signor, and also provide billing information.

Shopko Stores Vendor Contract

VENDOR BILLED: _____
BILL TO ATTENTION: _____
STREET: _____

CITY: _____
STATE: _____
ZIP: _____
COUNTRY: _____
COMMENTS: _____

A/P VENDOR NUMBER: _____
CONTRACT NUMBER: _____
DEPT. NUMBER: _____
BUYER: _____
CONTRACT DATES:

START: _____ END: _____ <p style="text-align: center;">PERFORMANCE:</p>

PAYMENT METHOD: _____
 _____ DOMESTIC VENDOR

_____ IMPORT VENDOR

FOR PAYMENT METHOD OF ISSUE CHECK:
 SEND CHECK WITHIN 30 DAYS OF BILLING TO:
 Shopko Stores Operating Co., LLC
 PO Box 8787
 Carol Stream, IL 60197-8787 USA

- 1) DEDUCT FROM DOMESTIC VENDOR
- 2) LETTER CREDIT (BUYER NEEDS TO NOTIFY IMPORT DEPT.)
- 3) VENDOR WILL ISSUE CHECK (THE ABOVE IS BASED ON THE PAYMENT METHOD)

(INCLUDE CONTRACT NUMBER)

ALLOWANCE:	POP	FLAT AMOUNT	ALLOWANCE NOTES
_____	_____	_____	_____

SHOPKO RESERVES THE RIGHT TO OFFSET THIS AGREEMENT AGAINST FUNDS CURRENTLY OWING TO THE VENDOR. IF THE AMOUNT OWING THE VENDOR IS INSUFFICIENT, THE VENDOR IS TO REMIT WITHIN 30 DAYS FROM THE DATE OF BILLING UNLESS OTHER TERMS HAVE BEEN AGREED UPON BY THE BUYER AND THE VENDOR AND IS SO NOTED ON THIS AGREEMENT. VENDOR ACKNOWLEDGES FUNDING FOR ALLOWANCE(S) SHALL BE IN COMPLIANCE WITH THE VENDOR PARTNERSHIP MANUAL.

SHOPKO AUTHORIZATIONS:

 VENDOR REPRESENTATIVE

 SHOPKO GMM SIGNATURE (OVER \$100,000)

 SHOPKO DVP SIGNATURE (OVER \$25,000)

 SHOPKO BUYER SIGNATURE

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Claim Form

Project ID: WK20140503
 Program ID: C201401810002718
 Contract ID: C905960700201812014002002
 Vendor #: 9000000001

Claim #: 562972
 Claim date: 6/15/2015
 Due Date: 7/15/2015
 Accrual Start: 5/15/2015
 Accrual Stop: 5/21/2015

REMIT TO:

TO:
 FLOWERS BY !!!!
 ATTN: ACCOUNTS PAYABLE
 100 MAIN STREET
 ANYWHERE, USA 12345

Shopko Stores Operating Co. LLC
 Vendor Receipts
 P. O.Box 8787
 Carol Stream, IL 60197-8787

Claim Status: Deducted

Description	Fund Type	Claim Amount
MARKDOWN-SKU CLEARANCE	Contract	\$65,223.50
Total Amount Claimed:		\$ 65,223.50

Disclaimer:
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 IF THE AMOUNT OWING TO THE VENDOR IS INSUFFICIENT THE VENDOR IS TO REMIT WITHIN 30 DAYS FROM THE DATE OF THE
 BILLING UNLESS OTHER TERMS HAVE BEEN AGREED UPON BY THE BUYER AND THE VENDOR AND SO NOTED
 ON THIS AGREEMENT.