Kroger Manufacturing EDI Partner,

Welcome! This notification is of great importance to you because your company will now be receiving 850 purchase orders for our plants. In addition, every 850 purchase order must have a matching 810 invoice transmitted back to Kroger Manufacturing.

All payment invoice questions must be directed to our help desk at rascmfgpayables@kroger.com or by calling 1-855-574-2228 for a live person during normal business hours. Do not call and email, as this clogs the system with multiple requests for the same question.

The EDI method of conducting business transactions is one of the better tools available and is not limited to large companies. EDI is designed to expedite purchasing, invoicing, and payment for business partners. For large purchasers, such as Kroger, EDI is a necessity to keep procurement and accounting on track and keep our operating costs competitive. This will be equally true for you.

We have assembled some pertinent topics for your review:

Testing

EDI Purchase orders:
Kroger Manufacturing does <u>not</u> have the capability of transmitting "test" EDI PO's. However, if necessary, we can conduct a parallel test by sending a "production" PO through EDI <u>and</u> send a faxed copy to your company. Please be aware the orders transmitted via EDI are "live production orders" and must be processed by your company for shipment. Also, Kroger expects a 997 functional acknowledgement document from your company as a receipt of the orders sent.

EDI Invoices:
Testing is not required for 810s.

All testing and setup is in production for EDI invoicing and must be done within 60 days from your receipt of your company's first EDI purchase order.   If your company is not EDI compliant in this allotted time, you may be subject to Kroger's EDI non-compliance assessment. Failure to complete your required testing in production is not a valid reason to not be EDI compliant by Kroger EDI business standards.

If your company requires testing of EDI purchase orders or invoices, please email edi@inter-americanproducts.com.

Invoicing Receiving Requirements

If the purchase order was sent via EDI, you must submit your invoice via EDI.

A paper / faxed / emailed invoice sent to RASC for payment for an EDI purchase orders will be assessed a manual processing fees of $250.00.

1. Data must conform to the X12 EDI Standard. Purchase orders are sent as 5010 X12. All mapping requirements must be followed.

2. Special Business Requirements:
      a. Invoice documents must contain the purchase order number sent on the original purchase order transmission.

      b. Vendor must send:
- The purchase order number assigned when the purchase order is cut.

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- The Ship-to Dun & Bradstreet number and suffix (a four digit suffix number indicates the specific ship to location; N1*ST).
  - Ship-to N1*ST must include N101 – N104 data elements.
- The Bill-to Dun & Bradstreet number and suffix (a four digit suffix number indicates the purchasing and paying for the product, N1*BT)
  - Bill-to N1*BT must include the N101 – N104 data elements.
- Line number ordered.
- Remittance Dun & Bradstreet number (N1*RE) with the VENDOR NAME to whom WE ARE REMITTING PAYMENT, in the N102 data element.
- Description of product
- Terms of Sale for each invoice;
  - 810 invoicing with cash discount must have ITD elements 01 thru 010
  - 810 invoicing without cash discount must have ITD elements 01, 02, 06, and 07
- Allowance or Charge description should be in the SAC 15 element of the SAC line.
- The IT102 & IT104 data elements must be positive Units and Cost.
- Please do not send zero quantities, or zero cost on invoices, since they will cause a rejection in the accounting auto payment system.
- The TDS01 is the sum of the item totals, minus all allowances and added charges.
  - Invoice out of balance is the #1 reason for an invoice rejection by the auto payment system.

c. Data Assumptions:
- All invoices received are unique and new.
- If invoice, warehouse, and purchase order number have been received, then the original invoice will be overwritten.
- All the line numbers within the invoice are unique.

d. Internal Cooperation: Please work within your company first before seeking Kroger EDI assistance.

To avoid late payments, the Vendor Credit, A/R and EDI departments should work together to have invoices correctly transmitted.

824 Application Advice Notifications

Kroger is sensitive to the costs associated with EDI transactions; however we are sending the 997 & 824 Application Advice for specific purposes.

1. Message for EDI invoice "warning and fatal rejections" from the Matchstix Accounts Payable System.

2. Message we have not received a 997 from partners for EDI purchase orders we transmitted. The mandatory timeframe for a returned 997 is 24-hours.

3. Syntax errors in your EDI document sent to Kroger.

We feel the 997 Functional Acknowledgment and 824 Application Advice transactions are critical for Kroger and our EDI Trading Partners. If you are sending Kroger EDI documents, it is imperative that you monitor and use the 997 Functional Acknowledgment and 824 Application Advice sent by us.

To avoid manual processing and to ensure your invoice is accepted by EDI and the Kroger Matchstix auto payment system, EDI invoices should be transmitted to ISA id 9254110MFG/08, GS id 5137621274, correctly and on time. The

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electronic window for the system to process EDI invoices closes after 90 days and requires manual intervention. EDI or manual invoices that are accepted after 90 days of receipt of goods will be assessed a manual processing fee of $200.

Kroger does not provide emails or phone calls when invoices reject in the auto payment system or at EDI. It is very important to monitor acknowledgement messages transmitted to you; so you can correctly resubmit invoices that received FATAL rejection notices (i.e. 824 or 997 rejections). It is a misconception that once transmitted a rejected invoice or invoice directed to the incorrect division will be processed for payment. The invoice needs to be corrected and retransmitted to ensure the invoice is processed by the Kroger Matchstix accounts payment system. We cannot correct invoicing for your company. It is your responsibility to re-transmit acceptable, rejection free invoices for the correct plant within 90 days of the receipt of goods. Please review both the 997 and 824 messages we return to you. We are not responsible for a vendor's refusal to utilize information we transmit.

For more information on the 824, see http://edi.inter-americanproducts.com/_edisupplier.htm. There is an extended list of updated 824 code descriptions posted, in the event you need assistance with code intent.

DUNS Numbers

Sending an invalid DUNS number will prevent the processing system from loading and matching your invoice to the plant receiver, which is awaiting it. When an invalid DUNS number is sent, an invoice does not process and a payment is not issued. Therefore, the correct DUNS numbers for where product is shipped and the plant DUNS for the responsible plant to be billed, is VERY important to the business process. That is why we require the Bill-To Duns number to match to the plant responsible for that payment. Please see the website spreadsheet lists for current ship to and bill to DUNS numbers at http://edi.inter-americanproducts.com/_edisupplier.htm. Once again, an EDI or manual invoice accepted after the 90 days of ROG will still be assessed a manual processing fee of $200. To avoid manual processing, it is your responsibility to submit EDI invoices correctly and on time to be accepted by EDI and the Kroger auto payment system.

810 Format Allowances and Charges
Line item service or promotion adjustments by allowance, or, charge for specific product, and use a rate structure applied to the preceding IT1 line.
The elements used are the SAC 01, 02 and 08.

The SAC 01 indicates allowance (A) or charge (C).
The SAC 02 specifies the reason in a four-character code for the line level.

The SAC 08 element expresses the rate per case, and if an allowance the rate must be expressed with a negative (-) in the element.
…………………………………………………………………
Broad adjustments by allowances or charges to cover the entire order are written at the summary level.
The summary level uses a lump sum amount, and the system will subtract or add the lump amount to the net.
The elements used are the SAC 01, 02 and 05.

The SAC 01 indicates allowance (A) or charge (C).
The SAC 02 specifies the reason in a four-character code.

Cash Discount allowance (not terms): C310
Pick up allowance: F340
Freight charge: D240
Pallet charge: F180
Pallet Exchange charge: F170
Palletizing charge: F190

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The SAC 05 element expresses a lump sum, and if an allowance, the amount must be expressed with a negative (-) in the element.

880 Format Allowances and Charges (*usually for finished products or Goddard shipments*)

Line item service or promotion adjustments by allowance, or, charge for specific product, use a rate structure applied to the preceding G17 line. The G72 follows the G69 or G20 for line items.

The elements used are the G72 01, 02 and 05.

The G72 02 indicates if it is off invoice (02) or a charge to be paid by the customer (06). The G72 05 is the rate to be applied to the case quantity in the G17 01, and if an allowance, the rate must be expressed with a negative (-) in the element.
…………………………………………………..
Broad service or promotion adjustments by allowance, or, charge applied to the entire shipment are invoiced in the header. The G72 follows the last header N4.

The elements used are the G72 01, 02 and 08.
The G72 01 code specifies the reason for the adjustment. Codes are:

Fuel allowance: 4
Swell allowance: 95
Salvage allowance: 58
Freight charge: 504
Pallet charge: 6
Palletizing charge: 512

The G72 02 indicates if it is off invoice (02) or a charge to be paid by the customer (06). The G72 08 is the lump sum applied to the subtotal, and if an allowance, the rate must be expressed with a negative (-) in the element.

Swell allowances (*usually for finished products or Goddard shipments*)

The following information is for vendors that are to include swell allowances on EDI invoices. Note that the allowance must be listed at the specified level of your EDI invoice or our system will double deduct the allowance.

880 (UCS) documents contain the Swell allowance in the header:
G72 01 (Allowance code), 02 (Allowance Method of Handling code) and 08

(Allowance Total Amount-this must be a negative amount)

-This segment should follow the last N4 segment

-The swell allowance code for the G72 01 is 95 or 58

810 (X12) documents contain the Swell allowance at the summary level:
SAC 01 (Allowance indicator), 02 (Allowance Charge Code) and 05
(Allowance Amount-this must be a negative amount)

-This segment should follow the TDS segment
-The swell allowance code for the SAC 02 is H560 or I410

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812 Debit/Credit Memo Notifications

Your company will be provided all invoice deductions and credits done by our auto pay system when an EDI invoice is processed. EDI transmission is our main way of sending this accounting information and we do not provide it by email or a website at this time. If you are doing promotions those billings are also available to be sent EDI 812. Your EDI department will need to develop an internal process to send this information to all accounting parties that need this information within your company. The RASC Data Integrity team (rascdataintegrity@kroger.com) can assist with getting 812 EDI notifications sent by EDI for purchase credit memos, and purchase debit memos (RASC refers to them as PDM/PCM).

If you are currently not able to accept this document, we will need an indication as to when it will be possible. Please contact RASC Data Integrity (rascdataintegrity@kroger.com) to notify when you can be setup to receive the 812 documents.

Vendor Portal

Due to the updates always going on to our vendor portal it maybe more cost effective to retrieve your backup from this area. Please contact vendorportal@kroger.com to be setup to do this. If you no longer need the 812 document, please ask us to turn it off. All backup available on Vendor Portal is not available to be printed and mailed to the vendor. Please sign up for this portal today.

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