

Supplier Requirements Agreement 03-01

December 2013

OPR: PZ



EXCHANGE
ARMY & AIR FORCE EXCHANGE SERVICE

Supplier Requirements
2013 Significant Changes
2014 changes in red

LOCATION	SIGNIFICANT CHANGE
Section 1 General Provisions	The following clauses were added to Section 1:
	1 Legal Status
	2 Authority to Bind
	3 Examination of Records
	4 Procurement Integrity
	5 Advertisements
	6 Indemnify and Hold Harmless
	7 Assignment
	8 Contractor Personnel and Representatives
	9 Termination by Notice
10 Termination by Notice (Retail)	
11 Disputes (Dec 07)	
13 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era	
14 Affirmative Action for Individuals with Disabilities	
15 Convict Labor	
16 Taxes	
17 Robinson-Patman	
18 Trademarks	
19 Mailing Lists	
20 Environmental Protection	
29 Defaults	
30 Restrictions on Purchases of Foreign Goods	
34 Conformance with Applicable Laws and Regulations	
35 Choice of Law and Forum	
43 Notification of Debarment/Suspension Status	
47 Logistical Support	
	The following clauses were revised (replaced with current versions):
	23 Prices
	24 Returns
	36 Privacy Act
	40 Personal Identity Verification of Contractor Personnel
	44 Policy of Social Responsibility and Labor Standards
	Non-Waiver of Defaults – removed from directive.
	Paragraph 12 – Equal Employment Opportunity
	New subparagraphs:
	12c Reference to EEO website
	12d List of DOL websites which provide DOL and EEO posters
Section 1A Additional General Provisions	Paragraph AO20 – Recalled Merchandise Return Policy
	This clause is a new addition.
Section 2A Drawback	Paragraph 2 – Duty Drawback
	This clause was revised.

LOCATION	SIGNIFICANT CHANGE
Section 3 Invoicing and Payment	Paragraph 1 – Invoicing Procedures
	<ul style="list-style-type: none"> • Text concerning the submission of paper invoices – deleted • "Invoices must be sent via Electronic Data Interchange (EDI 810)." – new sentence
	Paragraph 2 – Payment Procedures "The Exchange makes payments to all suppliers via Financial EDI (FEDI). Only in rare and extenuating circumstances will the Exchange issue a check for payment." – new sentences
Section 4B Payment by Electronic Funds Transfer	Paragraph 1 – Method of Payment Text concerning the Contractor's option of accepting payment by check (if the Exchange is unable to release payment by EFT) – removed
Section 5 Logistics Information	Paragraph 1 – Packing
	1c(1) – Conveyable Box Min/Max Requirements – updated
	Paragraph 3 – Exchange Standard Shipping Label Guidelines
	Figure was updated.
	Paragraph 4 – Loading/Unloading
	New sentence: "CHEP pallets are not to be used for overseas shipments."
	Paragraph 8 – Movement Information
	8a – updated, to include: Final sentence – "Small package carrier (U.S. mail, FedEx ground, etc.) shipments will not be accepted at an Exchange CC."
	8c – Final sentence (containing reference to Exchange website) – new
	Paragraph 9 – Shipping to Overseas Locations
	Revised
	Paragraph 11 – Air Shipments
	11a – Commercial "Call LG, Traffic Division, for routing." – is now – "Call the Exchange Logistics Customer Service Office (CSO) for instructions."
11b – Military Airlift – 1 st two sentences – updated	
Paragraph 12 – Imports – Shipping from Overseas Locations	
12f – Direct Imports – revised	
Section 10 eCommerce – Virtual Vendors	Section title was previously "Exchange Catalog." The following clauses were added to Section 10: MO8 VendorNet® for Drop Ship Vendors MO9 Virtual Vendor Customer Privacy Policy
Section 13 Logistics Telephone Numbers	HQ Logistics – telephone numbers updated Exchange Transship Warehouse section – deleted
Section 13A DC Addresses & Telephone #s	The following sections were removed: Atlanta DC Southeast DC

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Supplier Requirements

Section 1 – GENERAL PROVISIONS

1. LEGAL STATUS (SEP 08)

The Army and Air Force Exchange Service (Exchange), including its activities, offices and individual exchanges, is an integral part of the Departments of the Army and Air Force and an instrumentality of the United States (U.S.) Government. Exchange contracts are U.S. contracts; however, they do not obligate appropriated funds of the United States except for a judgment or a compromise settlement in suits brought under the provisions of the Contract Disputes Act of 1978, as amended, in which event the Exchange will reimburse the U.S. Government. Exchange procurement policy is established by applicable directives and instructions promulgated by the Department of Defense (DoD). The Federal Acquisition Regulation (FAR) does not apply to the Exchange.

2. AUTHORITY TO BIND (AUG 08)

a. “Contracting Officer” means a person authorized by the Exchange Director/Chief Executive Officer (CEO) to execute and administer contracts, purchase orders or other agreements on behalf of the Exchange. Only Contracting Officers may waive or change contract terms: impose additional contract requirements; issue cure, show-cause and termination notices; issue claims against contracts and issue final decisions on Contractor claims.

b. The Contracting Officer may authorize other Exchange and government officials to perform actions of an administrative nature, such as conducting inspections and audits: placing orders against existing contracts, forwarding request for contract changes to the Contracting Officer, collecting contract payments and processing routine documents. These officials are not Contracting Officers, as defined in [subparagraph 2a](#), above.

c. The Exchange has no obligation to recognize or accept waivers or changes to this contract that result from the actions of officials other than the Contracting Officer. Claims based on such actions may be denied. Contractors should refer questions concerning the authority of other Exchange or government officials to the Contracting Officer.

3. EXAMINATION OF RECORDS (SEP 08)

a. This clause applies if the amount of the contract exceeds \$10,000 and the contract was entered into by means of negotiation. The Contractor agrees that the Contracting Officer or his duly authorized representative will have the right to examine and audit the books and records of the Contractor directly pertaining to the contract, during the period of the contract and until the expiration of three years after the final payment under the contract. The Contractor agrees to include this clause in all subcontracts that exceed \$10,000.

b. “General Accountability Office” may be substituted for “Contracting Officer or his duly authorized representative” when the prospective Contractor does not accept the standard wording of the examination clause.

c. Contracts awarded to foreign Contractors may exclude the examination clause when its use is precluded by the laws of the country involved, subject to the approval of the servicing Exchange General Counsel (Exchange Headquarters [HQ] and Europe). Contract files in such circumstances will be documented to show the basis for exclusion of the clause.

4. PROCUREMENT INTEGRITY (APR 12)

a. By submission of an offer or performance of this contract, the offeror or contractor certifies, with respect to this Exchange purchase action:

(1) That no discussion, offer or promise of future employment or business opportunity has been or will be made to the Exchange civilian or military personnel who participated personally and substantially in the purchase action.

(2) That no offer, promise or gift of any gratuity, entertainment, money or other thing of value has been or will be made to any Exchange civilian or military personnel or any other employee of the U.S. Government or member of their family or household.

(3) That no proprietary information of other offerors or other purchasing information (offeror list, prices offered, technical evaluations or rankings, etc.) is sought or obtained until it is available to the public under the Exchange procedures.

(4) That no person or selling agency has been employed or retained to secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except bona fide employees or bona fide established commercial selling agencies retained by the contractor for the purpose of securing business.

b. Contractor certifies that no gratuities (entertainment, gifts, money, kickbacks or other things of value) were or will be solicited or accepted by the contractor or any person representing the contractor, from any subcontractor or person representing the subcontractor, for the purpose of obtaining or rewarding favorable treatment in connection with this contract or any subcontract under it.

c. Contractor will report in writing, to the Director, Loss Prevention (LP), any possible violation of this clause when the contractor has reasonable grounds to believe a violation may have occurred. The contractor shall cooperate fully with any federal agency investigation of a possible violation of this clause.

d. For breach of any of these certifications, the Exchange may terminate this contract for default and/or deduct from amounts due under this or other contracts, or charge contractor for, the total value of any contingent fee, gratuity or kickback or other loss to the Exchange arising out of the breach.

5. ADVERTISEMENTS (SEP 08)

The Contractor will not represent in any manner, expressly or by implication, that products purchased under this contract are approved or endorsed by any element of the United States, including the Exchange. All Contractor advertisements that refer to the Exchange or military exchanges will contain a statement that the advertisement was neither paid for nor sponsored, in whole or in part, by the Exchange, the military exchange system or the U.S. Government.

6. INDEMNIFY AND HOLD HARMLESS (APR 12)

The Contractor will indemnify and hold harmless and defend the Exchange and all other U.S. agencies and instrumentalities, their agents, representatives, employees and customers from any and all suits, judgments and claims, including those established by or pursuant to court decisions, international agreements or duly promulgated U.S. Government regulations, and all charges and expenses incident thereto which arise out of the following:

a. The alleged or established violation or infringement of any patent, copyright or trademark rights asserted by any third party with regard to items or services provided by the Contractor.

b. Loss, damage or injury alleged or established to have arisen out of or in connection with items or services provided by the Concessionaire, unless such loss, damage or injury was caused by or resulted solely from the acts or omissions of the Exchange, its agents, representatives or employees.

c. Any loss, damage or injury alleged or established to have arisen out of or in connection with any other acts or omissions of the Concessionaire.

The Exchange will give the Concessionaire notice and an opportunity to defend.

7. ASSIGNMENT (APR 12)

The Assignment of Claims Acts, 31 United States Code (U.S.C.) 3727 and 41 U.S.C. 15, are not applicable to amounts due under Exchange contracts. The Contractor may not assign its rights or delegate its obligations under this contract, and the Exchange will neither consent to, nor recognize, any purported assignment. The Contractor may request permission from the Contracting Officer to have contract payments forwarded to a third party. The Contractor may request that the contract be novated.

8. CONTRACTOR PERSONNEL AND REPRESENTATIVES (SEP 08)

a. The Contractor will discontinue using any individual in Exchange facilities upon the Contracting Officer's written notice that the individual is not acceptable for performance under this contract. The Contractor will not use any such person to perform other Exchange contracts without the prior written consent of the Contracting Officer.

b. The Contractor will not employ any individual to work in Exchange facilities that an Exchange Contracting Officer has determined unacceptable under any other Exchange contract without the prior written consent of the Contracting Officer.

c. Contractor personnel will abide by applicable regulations and directives, and conduct themselves so as not to reflect discredit on the Exchange.

d. The Contractor will not represent himself/herself to be an agent or representative of the Exchange, another instrumentality or an agency of the United States.

9. TERMINATION BY NOTICE (DEC 07)

a. Either party may, by written notice to the other party, terminate all performance under the contract which is not scheduled or required earlier than 30 days after receipt of the notice.

b. The Contracting Officer may, by written notice to the Contractor, terminate the Contractor's right to ship/deliver any retail or off-the-shelf items when shipment/delivery is past due and has not left the Contractor's shipping point. This provision may, at the Contracting Officer's option, be used in lieu of termination by default.

c. If the Contractor has received several purchase orders which call for successive deliveries of the same or similar items over a period of time, and if the Contractor has not satisfactorily performed any two or more outstanding purchase orders, the Contracting Officer may, by written notice to the Contractor, terminate the Contractor's right to ship/deliver any retail or off-the-shelf items which have not left the Contractor's shipping point. This provision may, at the Contracting Officer's option, be used in lieu of other provisions set out above or in the defaults clause.

10. TERMINATION BY NOTICE (RETAIL) (JUN 96)

Either party may terminate any and all performance under an individual purchase order, provided such notice is given not less than 10 calendar days before performance is required. Notice must be given in writing, to include electronic mail.

11. DISPUTES (DEC 07)

a. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613). Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

b. "Claim" as used in this clause means a written demand or written assertion by one of the contracting parties seeking the payment of money in a sum certain or other relief arising under or relating to this contract. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Contract Disputes Act.

c. A claim by the contractor shall be made in writing and submitted to the contracting officer for a written decision. A claim by the Exchange against the contractor shall be made by a written decision by the contracting officer.

d. For contractor claims exceeding \$100,000, the contractor shall submit with the claim a signed certification that:

(1) The claim is made in good faith;

(2) Supporting data are accurate and complete to the best of the contractor's knowledge and belief, and

(3) The amount requested accurately reflects the contract adjustment for which the contractor believes the Exchange is liable.

e. The claim must be executed by an individual with authority to bind the contractor.

f. The contracting officer will mail or otherwise furnish a written decision in response to a contractor claim, within the time periods specified by law. Such decision will be final and conclusive unless:

(1) Within 90 calendar days from the date of contractor's receipt of the final decision the contractor appeals the decision to the Armed Services Board of Contract appeals (ASBCA), or

(2) Within 12 months from the date of contractor's receipt of the final decision the contractor brings an action in the United States Court of Federal Claims.

g. Pending final resolution on any request for relief, claim, appeal, or action arising under or relating to this contract, contractor will proceed diligently with the performance of this contract and will comply with the contracting officer's decisions.

h. Submission of false claims to the Exchange is a violation of federal law and may result in civil and/or criminal penalties. If contractor cannot support all or part of its claim as a result of fraud or misrepresentation of fact, then in addition to other remedies or penalties provided for by law, contractor will pay the Exchange an amount equal to the unsupported part of the claim and all the Exchange's costs attributable to reviewing that part of the claim.

12. EQUAL EMPLOYMENT OPPORTUNITY (OCT 98)

a. The Contractor agrees to comply with regulations of the Department of Labor (DOL) contained in Title 41, Code of Federal Regulations (C.F.R.), Chapter 60, which are incorporated by reference.

b. Contracts or orders in the amount of \$10,000,000 or more will not be made unless the Contractor, and each first-tier Subcontractor which will receive a subcontract of \$10,000,000 or more, are found on the basis of a review to be in compliance with the Equal Employment Opportunity (EEO) regulations of the DOL

c. Additional information can be found on their website: <http://www.eeoc.gov/policy/index.html>.

- d. EEO posters are available at the following DOL websites:

DOL Poster page:

<http://www.dol.gov/osbp/sbrefa/poster/main.htm>

EEO Poster in Spanish (for black and white printer):

<http://www.dol.gov/esa/regs/compliance/posters/pdf/eeospbw.pdf>

EEO Poster in English (for color printer):

<http://www.dol.gov/esa/regs/compliance/posters/pdf/7975eops.pdf>

EEO Poster in Spanish (for color printer):

<http://www.dol.gov/esa/regs/compliance/posters/pdf/eeosp.pdf>

13. AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (DEC 07)

If the contract or the total of all orders issued during a calendar year equal or exceed \$25,000 and are not otherwise exempt, the Contractor agrees to comply with the regulations of the DOL, the Office of Federal Contract Compliance Program and the Affirmative Action clause, as set out in C.F.R., Title 41, Part 60-250, which are incorporated herein by reference.

14. AFFIRMATIVE ACTION FOR INDIVIDUALS WITH DISABILITIES (DEC 09)

If the contract or the total of all orders issued during a calendar year equals or exceeds \$10,000 and are not otherwise exempt, the Contractor agrees to comply with the regulations of the Department of Labor and the Affirmative Action clause as set out in Title 41, Code of Federal Regulations, Part 60-741, which are incorporated herein by reference.

15. CONVICT LABOR (SEP 91)

In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment, except as provided by Public Law 89-176, September 10, 1985 (18 U.S.C. 4082[c][2]) and Executive Order 11755, December 29, 1973.

16. TAXES (MAY 89)

The Contractor assumes complete and sole liability for all federal, state and local taxes applicable to the property, income and transactions of the Contractor. The prices charged the Exchange will be deemed to include all applicable taxes. The prices charged will not include any amount for taxes that are not applicable:

- a. Because of the Exchange's legal status as an instrumentality of the U.S. Government;
- b. Because of the Exchange's immunity from direct state or local taxation;
- c. Because of federal, state or local tax exemptions for sales to the federal government; or
- d. Otherwise, such as items purchased for export. It will be the sole responsibility of the Contractor to explain, to the reasonable satisfaction of the Contracting Officer, the applicability and amount of any taxes they have included in the prices charged. The Contracting Officer, upon request, will furnish additional documentation to support tax exemptions if required by an appropriate tax authority.

17. ROBINSON-PATMAN (JUN 96)

a. The Exchange is a joint military command of the U.S. Army and the U.S. Air Force. It is a non-appropriated fund instrumentality (NAFI) of the U.S. Government performing governmental functions, and partakes of all the immunities of the U.S. Government (Standard Oil Company of California v. Johnson, 316 U.S. 481, 62 S.Ct. 1168 [1942] and U.S. v. State Tax Commission of Mississippi, 421 U.S. 599, 95 S.Ct. 1872 [1975]).

b. The Robinson-Patman Act makes it unlawful to discriminate in price between different purchasers if it may substantially lessen competition or create a monopoly. Inquiries are often received after Contractors are requested by the Exchange to offer prices favorable as or better than those offered to their other customers. The Act does not apply to sales to the Exchange or other elements of the U.S. Government. Contractors may legally offer the Exchange prices more favorable than they offer to other customers. Neither the offer by the Contractor nor the acceptance by the Exchange is a violation of the Robinson-Patman Act (Champaign-Urbana News Agency, Inc. v. J.L. Cummins News Co., Inc., 632 F.2d 680 [7th Cir. 1980]).

18. TRADEMARKS (NOV 11)

The Exchange is the holder of numerous trademarks including, but not limited to, Exchange™, PX® and BX™. All Exchange trademarks are designated by the ™ or the ® symbol, and are the exclusive property of the Exchange. Exchange trademarks may not be reproduced or used in any manner without the prior written consent of the Contracting Officer.

19. MAILING LISTS (AUG 92)

Under no condition will the Contractor sell or otherwise disseminate name and address information on Exchange customers to other persons or firms. The Contractor agrees to restrict its use of such information to the performance of this contract.

20. ENVIRONMENTAL PROTECTION (AUG 09)

a. This clause will apply to any contract in excess of \$100,000, and indefinite quantity contracts estimated to exceed \$100,000 in one year; however, it will not apply to use of facilities located outside the United States.

b. Unless this contract is exempt, by acceptance of this contract, the Contractor (and, where appropriate, the Subcontractor) stipulates:

(1) Any facility to be used in the performance of any nonexempt contract or subcontract is not listed on the Environmental Protection Agency (EPA) List of Violating Facilities as of the date of contract award.

(2) Its agreement to comply with all requirements of Section 114 of the Air Act and Section 308 of the Water Act relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in Sections 114 and 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder.

(3) As a condition of award of contract, the Contractor shall promptly notify the Contracting Officer of the receipt of any communication from the Director, Office of Federal Activities, U.S. EPA or delegate, indicating a facility to be used for the contract is under consideration to be listed on the EPA List of Violating Facilities.

(4) Its agreement to include the criteria and requirements in subparagraphs 41b(1) through 41b(4) in every nonexempt subcontract, and to take such actions the government may direct to enforce such provisions.

21. WARRANTY (DEC 91). The Contractor warrants that:

a. The items furnished will be merchantable, fit and sufficient for the use intended. "Seconds," "imperfects" or "irregulars," as those terms are normally understood in the trade, will be accepted only when specifically required in the contract. This warranty will survive the Exchange's acceptance of the items and is in addition to other warranties of additional scope given to the Exchange by the Contractor. Any warranty given by the Contractor will be at least as good as the warranty offered to other agencies and instrumentalities of the United States.

b. The items or services furnished are covered by the most favorable warranties the Contractor gives to any customer for such items or services, and the rights and remedies provided in the Contractor's warranties are in addition to and do not limit any rights afforded to the Exchange by any other clause of this contract.

c. Item warranty, packing and packaging will comply with all contract terms and all laws, rules and regulations applicable to delivery for domestic resale.

d. With respect to hazardous materials not purchased for subsequent resale, the Contractor agrees to comply with all applicable laws and regulations; and whether required by law or regulation or not, will submit a Material Safety Data Sheet (MSDS) as prescribed in Federal Standard No. 3138. The MSDS must be submitted, at least five days prior to delivery of the hazardous materials, to:

Exchange HQ, ATTN: LP
P.O. Box 660202
Dallas, TX 75266-0202

22. INSPECTION/QUALITY ASSURANCE (QA) (MAR 94)

a. The Contractor will maintain an in-process and end-item quality control program to ensure Exchange shipments do not include defective/nonconforming items. The Exchange reserves the right to review and evaluate the program. Review and evaluation may include in-process inspections and initial pilot lot inspections, as deemed appropriate, at the Contractor's or Subcontractor's facility. See www.aafes.com/QA/docs/supqap-ascertaining_quality.htm for additional information.

b. Where applicable, U.S. made items furnished under this contract are manufactured in accordance with Underwriters Laboratories, Inc. (U.L.) standards or the equivalent. If manufactured overseas, items furnished must meet the U.L. standards, or equivalent, or more stringent overseas standards. The applicable items or component items, regardless of where manufactured, must carry the appropriate U.L. or equivalent seal or listing mark.

c. Items furnished under this contract are subject to inspection and test at all reasonable times, to include verification inspections, and at all reasonable places including, but not limited to, the manufacturing or assembly plant, shipping point, depot and the using or selling activity. The Exchange may, at its option, inspect in accordance with any commercial or military inspection procedure and determine the acceptable quality levels used during the inspection. HQ-QA sampling plans can be accessed at www.aafes.com/QA/docs/supqap-statistical_sampling_plans_home_page.htm, or obtained by calling QA at (214) 312-3411 or writing:

Director, Quality Assurance
Army and Air Force Exchange Service
3911 S. Walton Walker Blvd.
Dallas, TX 75236 U.S.A.

E-mail: QAManagement@aafes.com

Associated handling and freight costs incurred by the Exchange will be charged back to the Contractor for all rejected lots/shipments.

Supplier Requirements

d. If items purchased are defective/nonconforming, the Contracting Officer may take any of the following actions:

(1) Prior to acceptance, the Contracting Officer may:

- (a) Reject items and return them to the Contractor, charging the Contractor for all associated handling and freight costs.
- (b) Reject items and require the Contractor to repair or replace them in a reasonable specified time.
- (c) Accept the items at an equitable adjustment in price determined by the Contracting Officer.

(2) After acceptance, the Contracting Officer may revoke acceptance and proceed under subparagraph 2d(1), above.

e. If lots furnished are defective/nonconforming, the Contracting Officer may take any of the following actions:

(1) Prior to acceptance, the Contracting Officer may:

- (a) Reject and return the lot to the Contractor, charging the Contractor for all associated handling and freight costs;
- (b) In lieu of rejection, screen (100% inspect) the items. Items meeting contract requirements will be accepted; defective/nonconforming items will be treated as indicated in subparagraph 2d, above;
- (c) Reject the lot and require the Contractor to screen all items and repair or replace defective/nonconforming items in a reasonable specified time;
- (d) Accept the lot and have the items repaired for the Contractor's account; or
- (e) Accept the lot at an equitable adjustment in price.

(2) After acceptance, the Contracting Officer may:

- (a) Revoke acceptance for any reasonable lot (group of items available for inspection) and proceed as in [subparagraph 2e\(1\)](#); or
- (b) Revoke acceptance of items and proceed as in [subparagraph 2d](#), for rejected items.

f. If items/lots are shipped/delivered late, the Contracting Officer may:

(1) Reject the items/lots and return them to the Contractor, charging the Contractor for all associated handling and freight costs; or

(2) Accept the items/lots at an equitable adjustment in price.

(3) If it is necessary to cover in part or totally because of late shipment/delivery, the Contracting Officer may include costs of cover in determining the equitable adjustment even though the contract has not been terminated.

g. Exercise of any of the options in the [INSPECTION/QUALITY ASSURANCE](#) paragraph will not preclude action under other clauses of the contract (e.g., Defaults, Returns, etc.) or in accordance with general provisions of law.

h. Invoices, for due dating and prompt payment discount qualifying purposes, will be considered received on the date inspection is completed.

i. **Heavy Metal Leaching:**

(1) The Contractor warrants that any product furnished under this contract that can reasonably be used to carry food or liquid for human consumption and is made of a substance prone to heavy metal leaching (such as pewterware, earthenware, ceramicware, chinaware, ironware, lacquerware, bronzeware, brassware, leaded crystalware and coated/plated items with a heavy metal base) contains no leachable levels of metals dangerous to users. Maximum leachable levels and test methods are established by the U.S. Food and Drug Administration (FDA).

(2) The Exchange reserves the right to test the Contractor's products on an unannounced basis. If a heavy metal leaching failure is found, the Contractor agrees to reimburse the Exchange for all follow-up costs to sample test the remainder of the items ordered. This provision does not supersede other provisions allowed by the contract. The Contractor further warrants that products have been tested by either the FDA or a nationally recognized, independent test laboratory and found to be in compliance with the current FDA action levels and test methods. Test data will be furnished to the Exchange upon request by the Contracting Officer.

23. PRICES (FEB 12)

a. The Contractor warrants that during this contract, the net price to the Exchange (considering unit price, discounts, allowances, co-op advertising, rebates and other terms and conditions) for each item purchased will be as favorable as, or better than, the price the item is being sold by the Contractor to other customers under the same or similar conditions and in the same general geographical area pursuant to agreements made during the same period. In the event the Contractor subsequently agrees to sell the item to another customer at a lower price, the Contractor is obligated to promptly offer the lower price, in writing, to the Contracting Officer. If requested by the Contracting Officer, the Contractor will provide evidence (invoices, price lists, etc.) of recent sales to other customers to establish that the price meets the warranty.

b. In the event the Contractor subsequently extends special offers (e.g., vendor price reductions [VPRs], rebates, coupons) or other special terms to other customers, the Contractor is obligated to promptly extend them, under the same conditions and in writing, to the Contracting Officer. If the Contracting Officer accepts, the Contractor's obligation under [subparagraph 23a](#) and this subparagraph will be to provide a net price as favorable as the terms (as set forth in [subparagraph a](#) and herein) extended to other customers.

c. Price changes must be submitted in writing or sent electronically (Electronic Data Interchange [EDI] transaction 879). Notification, along with justification, must be given to the Contracting Officer 60 days prior to the requested price increase effective date. Granting of any price increase is at the sole discretion of the Contracting Officer. In the event the Contractor submits price protection pricing, the reductions will be taken on stock on-hand, on-order and in-transit.

d. The prices will remain firm for the contract period; however, written requests for adjustment may be considered when accompanied by documentation substantiating significant and unforeseen cost increases which occurred after the date of award. Granting of any price increase is at the sole discretion of the Contracting Officer.

e. The above warranty and obligations may be modified only by written contract amendment between the Contractor and the Contracting Officer, based upon written justification acceptable to the Contracting Officer.

Supplier Requirements

24. RETURNS (DEC 07). In any case where items or lots are to be returned (e.g., as defective/nonconforming, late or under another clause), the contract value of the goods as of the date the items are returned will be charged back to the Contractor plus negotiated handling fees, and the following will apply:

a. The Contracting Officer will notify the Contractor of the Contracting Officer's decision to return the item/lot and request disposition instructions. Returns of items or lots with a cost price under \$250 may be made without prior notification. The Contracting Officer may request a refund of any payments and an advance to cover the costs of the Contractor's instructions (e.g., transportation and other related expenses). Title and risk of loss pass to the Contractor upon shipment from the Exchange facility.

b. The Exchange will deduct the cost of returned items, including any transportation costs, from any payment due the Contractor. If no money is due the vendor to offset the cost of the returns, a notice of the balance due will be sent to the vendor. The vendor must reimburse the Exchange within 30 days of the date of the notice. In the event the 30 days expire and the vendor's debt has not been paid by check or deducted from payments due the vendor, the Exchange will begin to accrue interest against the balance for each 30 days thereafter. The interest charge will be calculated using the balance due at the end of each 30-day period. The interest rate will be prime plus one percentage point.

c. Unless otherwise provided, the Exchange will retain earned discounts and allowances, such as, but not limited to: prompt payment discounts, anticipation, distribution allowances, bottom line discounts, special allowances, advertising allowances, discounts in lieu of warranty and freight allowances. With the exception of freight allowances, all of these discounts or allowances may be credited the Contractor on a pro rata basis in conjunction with the return of defective/nonconforming items resulting from inspection and rejection of all or part of a "lot."

d. If the Contractor fails to provide instructions within ten days or such other reasonable time as the Contracting Officer allows, refuses to accept returned items or lots, or fails to provide a requested advance or refund of payments; the Contracting Officer may, at Contracting Officer option and in addition to other remedies specified elsewhere in the contract:

(1) Advertise the item/lot in one or more local newspapers or trade journals and sell the item/lot for the best price at the place where the item/lot is located; or

(2) Turn the item/lot over to a government property disposal office if there is no responsive offer from a responsible source to an advertisement ([subparagraph 23d\[1\]](#)) or if the Contracting Officer otherwise determines the item/lot is not readily saleable for other than scrap or salvage.

e. The Exchange will credit the Contractor for any surplus over the amount due from the Contractor for payment for the goods and incidental and consequential damages.

f. The Contractor must notify the Contracting Officer in writing within 90 days after a request for payment or a deduction from payments is made if returned merchandise is not received or is received in quantities or at prices different from the document supporting a deduction. Claims against the Exchange for non-receipt will not be honored after this 90-day period.

25. CONTRACTOR LIABILITY (FEB 10). In addition to the liabilities specifically provided for in other clauses, the Contractor will be liable, as follows, in the event the Contractor fails to fully and timely perform in accordance with all contract provisions:

a. Incidental damages, including expenses reasonably incurred in the inspection, receipt, packing, rejection or screening of goods in lieu of rejection; care and custody of goods rightfully rejected, transportation and any other reasonable expense incident to the Contractor's failure to fully and timely perform in accordance with all contract provisions.

b. The Exchange may charge the Contractor for any costs incurred as a result of non-conformance. Non-conformance may include, but is not limited to:

(1) Failure to follow transportation routing guide, purchase order (PO) routing or Transportation Management System (TMS) routing, when applicable.

(2) No cross dock Advance Shipping Notification (ASN).

(3) Bad or incorrect Uniform Code Council (UCC) 128 label.

(4) Noncompliant pallets for foreign destinations.

(5) Cross dock overages.

(6) Incorrect or no case markings.

(7) Incomplete documentation.

(8) Failure to ship free-on-board (FOB) origin orders, or failure to deliver FOB destination orders on time.

(9) Merchandise not prepriced, if required.

(10) No universal product code (UPC)/incorrect UPC.

(11) UPC not readable.

(12) Incorrect bill of lading.

(13) POs not segregated.

(14) Item substitution not authorized.

(15) Quantity changes not authorized.

(16) Incorrect case pack received.

c. Vendors must have written confirmation of any changes to the POs (i.e., ship date changes, quantity changes, etc.). Verbal approvals are not valid and cannot be substantiated or cause for chargeback reversal.

d. The Contractor will not be liable for incidental damages if the failure to perform arises out of causes beyond the control and without the fault or negligence of the Contractor, Subcontractors and suppliers. Such causes may include acts of God, the public enemy or the Government (in either its sovereign or contractual capacity), to include: fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather. In such cases, the Contractor must provide prompt written notice to the Contracting Officer. The Contracting Officer may accept late, partial or substituted performance, or may terminate the contract in whole or in part, effective immediately upon receipt of written notice by the Contractor.

26. SURVEILLANCE (JAN 94)

a. The Exchange may perform electronic or other types of surveillance in Exchange facilities. The Contractor will inform its employee representative that such surveillance may be conducted, and individuals implicated in improprieties may be found unacceptable for employment in any Exchange facility and prosecuted in Federal court for any resulting law violation. The Contractor will obtain written certification from all its personnel, to include employees and representatives, performing contract functions at Exchange facilities, and will maintain the certification on file for the period of the contract. The form for this certification is shown below.

<p>EMPLOYEE CERTIFICATION</p> <p>I, _____, certify that _____ has informed me electronic surveillance may be used to verify contract compliance and detect improper handling of funds. If a violation is detected, I understand that I may be found unacceptable for employment in any Exchange facility and prosecuted in federal court for any resulting law violation.</p> <p>Signed _____ Dated _____</p>
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b. The Contractor is liable and will pay the Exchange for losses under this contract detected by surveillance or otherwise discovered.

27. WITHHOLDING (DEC 07). The Exchange may withhold payment for:

a. Amounts due or creditable to the Exchange under this contract; e.g., returns, damages.

b. Amounts otherwise due or creditable to the Exchange. Any dispute will be processed under the Disputes clause unless it became due pursuant to another contract which included a Disputes clause.

c. In conjunction with any withholding, the Exchange will retain the benefit of all earned discounts and allowances, including: prompt payment discounts, anticipation, rebates, distribution allowance, discounts in lieu of warranty and freight allowances. Prompt payment discounts, anticipation and rebates will also be considered earned if they would have been earned except for the withholding.

28. NON-WAIVER OF DEFAULTS (JUN 94). Any failure by the Exchange at any time, or from time-to-time, to enforce or require strict performance of any terms or conditions of this contract will not constitute waiver thereof, and will not affect or impair such terms and conditions in any way or the Exchange's right at any time to avail itself of such remedies as it may have for breach or breaches of such terms and conditions.

29. DEFAULTS (OCT 11)

a. The Contracting Officer, by written notice of default, may terminate any bilateral contract in whole or in part for the Contractor's failure to:

(1) Ship/deliver conforming items or provide conforming services within the time specified.

(2) Timely comply with other contract requirements, including; e.g., the obligation to provide disposition instructions, repair or replace defective items.

(3) Make progress such that performance of the contract is endangered, provided the Contractor does not cure such failure after receipt of notice from the Contracting Officer specifying such failure.

b. In the event of default, the Contracting Officer may "cover" by making, in good faith and without unreasonable delay, any reasonable purchase of, or contract to purchase, goods or services in substitution for those due from the Contractor. Substitute items need not be identical or similar as long as they meet the same general needs of the Exchange at the time of cover, as determined by the Contracting Officer.

c. Except as to performance terminated in accordance with the above, the Contractor is obligated to continue to perform the contract.

d. Time is of the essence in performance of Exchange contracts.

30. RESTRICTIONS ON PURCHASES OF FOREIGN GOODS (MAR 12)

a. The Contractor will not acquire for use in the performance of this contract any merchandise, equipment, supplies or services originating from, processed in or transported from or through the countries prohibited from commerce by the U.S. Government. A current list of restricted countries is available on the U.S. Department of Treasury webpage at <http://www.treasury.gov>. This restriction includes merchandise, equipment, supplies or services from any other country that is restricted by law, regulation or executive order at any time during performance of the contract.

b. The Contractor agrees to insert the provisions of this clause, including this paragraph, in its subcontracts.

31. AUTOMATED DATA PROCESSING VIRUS (AUG 92)

a. Vendor-furnished Automated Data Processing (ADP) products must be virus-free. ADP products include, but are not limited to: firmware (e.g., cash registers, modems, printers, personal and mainframe computers), packaged software programs, software programs tailored for the Exchange, demonstration diskettes, subscribed data bases, electronic mail, drawings, reports, EDI systems and maintenance diskettes.

b. The vendor warrants the ADP products provided have been controlled and protected to avoid virus contamination. This warranty will end 90 calendar days after proper product installation unless the vendor changes (modifies, upgrades or provides approved substitutes for) the product. If a change occurs, the warranty will end 90 calendar days after such changes are installed on Exchange property.

c. In the event there is evidence reasonably tracing a virus contamination to the product provided under this contract, the Exchange will notify the vendor. The vendor will be liable for all costs incurred by the Exchange in removing the virus and correcting damaged ADP products, including labor, repair costs and replacement ADP products.

32. AUTOMATED DATA PROCESSING VIRUS (RETAIL) (NOV 96). The vendor warrants that all software sold to the Exchange for retail sales is virus-free. The vendor warrants that ADP products have been controlled and protected to avoid virus contamination. If a vendor product is returned to the Exchange by a customer because of virus contamination, the vendor agrees to accept return of the product, regardless of when it was purchased by the Exchange or shipped by the vendor, and to replace it at no cost to the Exchange or the customer. Claims against the Exchange as a result of virus contaminated retail products will be handled in accordance with the Hold Harmless and Indemnification clause in this agreement.

33. EXCHANGE/VENDOR PARTNERSHIP MARKETING PROGRAM (JUL 94). The Exchange Marketing Program consists of numerous elements to enhance the sale of consumer products and services. At the Contractor's request, the Exchange will give the Contractor the opportunity to participate in selected elements of the program. All participation will be in conjunction with the sale of authorized products and services to authorized customers. The Exchange reserves the right to limit the degree of participation based on availability, designated themes of special events and the overall goals of the program.

34. CONFORMANCE WITH APPLICABLE LAWS AND REGULATIONS. By contracting with the Exchange, the Contractor warrants it has complied with all applicable laws and regulations governing the manufacture, sale, packing, shipment and delivery of the items provided. The Contractor certifies that it, its Subcontractors and its suppliers have complied with applicable labor laws, including but not limited to the Fair Labor Standards Act (FLSA). The Contractor will notify the Subcontractor that the Exchange requires goods to be made in compliance with the FLSA and will provide Subcontractors with information regarding FLSA requirements. If requested by the Contracting Officer, the vendor will promptly provide Subcontractor names and manufacturing sites. The vendor will have an effective monitoring program for it, its Subcontractors and suppliers, and will display Wage and Hour Division posters in the workers' language, and other appropriate materials provided by the DOL through the Exchange at U.S. work sites, inviting workers to make inquiries about the FLSA.

35. CHOICE OF LAW AND FORUM (OCT 11). This contract shall be construed and interpreted in accordance with the Federal laws of the United States of America.

36. PRIVACY ACT (APR 12)

a. **The Contractor agrees to:**

(1) Comply with the Privacy Act of 1974 (the Act) and Department of Defense rules and regulations issued pursuant to the Act in the design, development or operation of any system of records on individuals that accomplish an agency function.

(2) Include this clause in all subcontracts which require the design, development or operation of a system of records.

b. In the event of violations of the Act, a civil action may be brought against the concession activity when the violation concerned the design, development or operation of a system of records on individuals that accomplish an Exchange function. Criminal penalties also apply to the concession activity if it is accomplishing an Exchange function. For the purposes of applying the criminal penalties section of the Act, the Contractor is considered to be an employee of the Exchange.

c. "Operation of a system of records," as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use and dissemination of records.

d. "Record," as used in this clause, means any item, collection or grouping of information about an individual that is maintained by an agency, including, but not limited to, education, financial transactions, medical history and criminal or employment history, and that contains his/her name or the identifying number, symbol or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.

e. "System of records on individuals," as used in this clause, means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol or other identifying particular assigned to the individual.

f. The system of records under this contract is the system of records that is the result of information collected, compiled and/or utilized to build a customer database. Instruments used to collect information in written or electronic formats include, but are not limited to, application for services, verification of credit rating, customer inquiries or comments, data for invoicing current customers, change of address notification, information used for marketing purposes, etc.

g. Subcontracting and outsourcing customer data outside the Continental United States (OCONUS) is not allowed.

37. VENDOR COMPLIANCE PROGRAM (NOV 09). All shipments are subject to non-compliance charges identified in the Exchange Vendor Performance Program. Descriptions of non-compliances and applicable charges can be found at the Exchange website: <http://www.aafes.com/vendors>; click on "claims and deductions."

38. GREEN CLAUSE (NOV 09)

The Exchange encourages Contractors/vendors to embrace, establish and promote environmentally "Green Initiatives." We look to the Contractor to accomplish this by:

- a. Utilizing environmentally friendly products, where possible.
- b. Promoting energy-efficiency and water conservation, where possible.
- c. Eliminating/reducing the production or generation of hazardous waste and the need for special material processing (including special handling, storage, treatment and disposal), where possible.

39. COMBATING TRAFFICKING IN PERSONS (NOV 09)

a. **Definitions** – As used in this clause:

(1) **Coercion**

- Threats of serious harm to or physical restraint against any person.
- Any scheme, plan or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person.
- The abuse or threatened abuse of the legal process.
- Withholding any document (e.g., passport, visa, identification [ID], etc.) that prevents or restricts the person from moving freely.

(2) **Commercial sex act** – Any sex act on account of which anything of value is given to or received by any person.

(3) **Debt bondage** – The status or condition of a debtor arising from a pledge by the debtor of his/her personal services, or of those of a person under his/her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt, or the length and nature of those services are not respectively limited and defined.

(4) **Employee** – An employee of the Contractor directly engaged in the performance of work under the contract who has other than a minimal impact or involvement in contract performance.

(5) **Forced labor** – Knowingly providing or obtaining the labor or services of a person:

- By threats of serious harm to, or physical restraint against, that person or another person.
- By means of any scheme, plan or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint.
- By means of the abuse or threatened abuse of law or the legal process.

(6) **Involuntary servitude** includes a condition of servitude induced by means of:

- Any scheme, plan or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint.
- The abuse or threatened abuse of the legal process.

(7) **Severe forms of trafficking in persons:**

- Sex trafficking in which a commercial sex act is induced by force, fraud or coercion, or in which the person induced to perform such act has not attained 18 years of age.
- The recruitment, harboring, transportation, provision or obtaining of a person for labor or services through the use of force, fraud or coercion, for the purpose of subjection to involuntary servitude, peonage, debt bondage or slavery.

(8) **Sex trafficking** – The recruitment, harboring, transportation, provision or obtaining of a person for the purpose of a commercial sex act.

b. **Policy** – The U.S. Government and the Exchange have adopted a zero tolerance policy regarding trafficking in persons. Contractors and Contractor employees shall not:

(1) Engage in severe forms of trafficking in persons during the period of performance of the contract.

(2) Procure commercial sex acts during the period of performance of the contract.

(3) Use forced labor in the performance of the contract.

c. **Contractor requirements** – The Contractor shall:

(1) Notify its employees of:

- The U.S. Government's and the Exchange's zero tolerance policy described in [paragraph 39b](#) of this clause.
- The actions that will be taken against employees for violations of this policy. Such actions may include, but are not limited to, removal from the contract, reduction in benefits or termination of employment.

(2) Take appropriate action, up to and including termination, against employees or Subcontractors that violate the policy in [paragraph 39b](#) of this clause.

d. **Notification** – The Contractor shall inform the Contracting Officer immediately of:

(1) Any information it receives from any source (including host country law enforcement) that alleges a Contractor employee, Subcontractor or Subcontractor employee has engaged in conduct that violates this policy.

(2) Any actions taken against Contractor employees, Subcontractors or Subcontractor employees pursuant to this clause.

e. **Remedies** – In addition to other remedies available to the Exchange, the Contractor's failure to comply with the requirements of [paragraphs 39c, d or f](#) of this clause may result in:

(1) Requiring the Contractor to remove a Contractor employee or employees from the performance of the contract.

(2) Requiring the Contractor to terminate a subcontract.

(3) Suspension of contract or fee payments.

(4) Loss of award fee, consistent with the award fee plan, for the performance period in which the Exchange determined Contractor non-compliance.

(5) Termination of the contract for default or cause, in accordance with the termination clause of this contract.

(6) Suspension or debarment.

f. **Subcontracts** – The Contractor shall include the substance of this clause, including this paragraph, in all subcontracts.

g. **Mitigating Factor** – The Contracting Officer may consider whether the Contractor had a Trafficking in Persons awareness program at the time of the violation as a mitigating factor when determining remedies. Additional information about Trafficking in Persons and examples of awareness programs can be found at the website for the Department of State's Office to Monitor and Combat Trafficking in Persons: <http://www.state.gov/g/tip>.

40. PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (MAY 11)

This clause is to provide guidance concerning compliance with Homeland Security Presidential Directive (HSPD) 12 and Policy for Common Identification Standard for Contractors and Subcontractors when contract performance requires routine physical access to a Federally controlled facility and/or routine access to a Federally controlled information system. As processes and procedures could change over time, go to <http://www.shopmyexchange.com>; click on "Doing Business with the Exchange;" under "Important Documents," click on "Authorization to Enter Military Installations" for the most up-to-date instructions. Questions should be directed to the Exchange HQ Chief of Staff, Force Protection (CS-FP) or your Contracting Officer.

a. After contract award and prior to performance on any Federal installation, the Contractor shall comply with the local installation's personal identity verification procedures identified by that installation which implements HSPD-12 policy for a Common Identification Standard for Federal Employees and Contractors.

(1) If the Contractor employee is to work at only one site, the Exchange's Contractors must follow local installation guidelines and directives concerning identification, access and security requirements. These guidelines may vary from one installation to another and it is the Contractor's responsibility to seek guidance concerning these issues from the Exchange Services Business Manager (SBM) or General Manager (GM).

(2) If the Contractor or their employees will access sensitive data, go to multiple DoD facilities or access to multiple non-DoD facilities on a recurring basis for a period of six months or more (CONUS or OCONUS), they must obtain a Common Access Card (CAC) and will be required to submit a clearance package to CS-FP, no less than 30 days in advance of needed access. Authorization must be received from CS-FP before Contractor can be issued a CAC card. CAC card will be issued after a thorough background check, which includes the completion of an FBI fingerprint check with favorable results and submission of a National Agency Check with Inquiries (NACI) to the Office of Personnel Management (OPM) or a DoD determined equivalent investigation. You will then be directed to the nearest military installation where the card can be obtained.

b. The Contractor shall insert this clause in all subcontracts when the subcontractor is required to have routine physical access to a Federally controlled facility and/or routine access to a Federally-controlled information system.

c. The Contractor is responsible for securing and returning to the issuing office all identification cards issued under these procedures:

(1) For all employees at the end of the contract; and

(2) For individual employees no longer employed or no longer assigned to perform the Exchange contract.

d. As a reminder, any costs associated with the clearance process are the responsibility of the Contractor.

41. CONSUMER PRODUCT SAFETY IMPROVEMENT ACT (CPSIA) FEDERAL REQUIREMENTS FOR DIRECT IMPORT SUPPLIERS (NOV 09)

a. **Toys/children’s products (for ages 12 and younger)** – Suppliers providing imported or private label products to the Exchange, where the Exchange is the importer of record, must have all finished products tested to CPSIA requirements by an accredited third party laboratory. The supplier is responsible for all product testing costs. To substantiate compliance, a valid lab report and a General Certificate of Conformity (GCC) must be submitted to the Exchange electronically via the Exchange web-based document repository, at least 10 days prior to the PO “ship date.” Lab reports and GCCs must also be submitted to our shipping agent (Freight Forwarder) at the time of the actual shipment along with the required customs documentation. Please note that the supplier will be assessed/charged back any fees or costs incurred by the Exchange due to federal non-compliance issues. To register for the Exchange Document Repository, contact the HQ-QA Management Team at: QAQuestions@aafes.com or call 214-312-3411.

b. **Other products federally regulated by the Consumer Product Safety Commission (CPSC)** – Suppliers providing imported or private label products to the Exchange (not including children’s products), where the Exchange is the importer of record, must certify that all products meet CPSIA requirements via a reasonable testing program. To substantiate compliance, a GCC denoting the applicable ban and/or regulation must be submitted in the same manner as the document submission process described for children’s products, above. Non-compliance issues will be the supplier’s responsibility. A comprehensive list of regulated products can be found at the following website: <http://www.cpsc.gov/BUSINFO/reg1.html>.

42. CPSIA/FEDERAL REQUIREMENTS FOR OTHER SUPPLIERS (ALL PRODUCTS) (NOV 09).

Federally regulated products provided to the Exchange by suppliers who fall into the following categories must also comply with CPSIA requirements: domestic and brand name suppliers, manufacturers, importers, brokers or resellers. To substantiate compliance, a high ranking company official must submit an annual conformity statement certifying items sold to the Exchange meet federal regulations, industry standards and Exchange requirements for safety, quality and performance. While the Exchange does not require lab reports to be submitted, those documents must be maintained by the supplier for three years and be made available to the Exchange upon request in case of a regulatory inquiry. Exchange certifications must be e-mailed to the HQ-QA Team at: QAQuestions@aafes.com.

43. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS (MAY 13). The Contractor shall provide immediate notice to the Contracting Officer in the event of being suspended, debarred or declared ineligible by any other Federal department or agency, or upon receipt of a notice of proposed debarment from another Federal agency, during the performance of this contract.

44. POLICY OF SOCIAL RESPONSIBILITY AND LABOR STANDARDS (JUL 13)

a. Policy Standards:

(1) **Child Labor** – Suppliers and/or subcontractors shall not employ any person under the age of 14 years, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age will apply.

(2) **Forced Labor** – Suppliers and/or subcontractors shall not use forced or other compulsory labor in the manufacture of products. Suppliers and/or subcontractors shall not require employees to lodge “deposits” or identity papers upon commencing employment with the company.

(3) **Working Hours** – Suppliers and/or subcontractors shall comply with applicable local laws on maximum daily/weekly working hours.

(4) **Compensation and Benefits** – Suppliers and/or subcontractors shall ensure that wages paid for a standard workweek are consistent with local/national laws.

(5) **Disciplinary Practice** – Suppliers and/or subcontractors shall not engage in or support the use of corporal punishment, mental or physical coercion, verbal abuse or withholding passports or travel documents.

(6) **Freedom of Association and Right to Collective Bargaining** – Suppliers and/or subcontractors shall respect the right of all employees to form and join trade unions of their choice, consistent with prevailing local/national law, and to bargain collectively, without any activity that impedes or suppresses freedom of association. Suppliers and/or subcontractors shall ensure that representatives of such employees are not subject to discrimination and that such representatives have access to their members in the workplace.

(7) **Discrimination** – Suppliers and/or subcontractors shall be consistent with local laws regarding discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, maternity status, union membership or political affiliation.

(8) **Safe and Healthy Workplace** – Suppliers and/or subcontractors shall provide their employees with a safe and healthy workplace in compliance with all local laws.

b. A copy of these standards, translated in the language(s) of the workers, shall be posted in an accessible central location, visible to all employees, at all production facilities that manufacture goods and merchandise for the Exchange/Navy Exchange Service Command (NEXCOM)/Marine Corps Exchange (MCX). Suppliers and/or subcontractors shall also verbally explain each of the elements of the policy to all employees/workers. Any person having knowledge of any violation of these standards is encouraged to contact:

Army & Air Force Exchange Service (Exchange)
Chief, Quality Assurance
3911 S. Walton Walker Blvd.
Dallas, TX 75236 U.S.A.
Email: QAmanagement@aafes.com

Navy Exchange Service Command (NEXCOM)
Chief Merchandising Officer
3280 Virginia Beach Blvd.
Virginia Beach, VA 23452 U.S.A.

Services Division (MR)
Head, Merchandising Branch
3044 Catlin Avenue
Quantico, VA 22134 U.S.A.
Semper Fit and Exchange

c. To ensure full compliance with our Policy of Social Responsibility and Labor Standards, the Exchange/NEXCOM/MCX (or a third party designated by the Exchange/NEXCOM/MCX) shall assert its right to conduct announced or unannounced inspections of suppliers' and/or subcontractors' production facilities.

d. If the item contains precious metals, gemstones, diamonds or pearls, the Contractor will confirm to the Contracting Officer and affix a label to the package that states:

“The jewelry (precious metals, gemstones, diamonds or pearls) herein has been purchased from legitimate sources not involved in funding conflict and is in compliance with United Nations Resolutions. The seller hereby guarantees that all merchandise is conflict-free and mined in an environmentally responsible manner, based on personal knowledge and/or written guarantees provided by the supplier of these products.”

45. EXCHANGE PRIVATE LABEL. Items produced or furnished with packaging that bears the Exchange brand, logo, design or name will not be sold or released to another party. This prohibition includes, but is not limited to, quality control rejects, production overruns and overstocks. The items may be sold only if repackaged with the brand, logo, design or name removed.

46. EXCHANGE SELL PRICE. Any reference to Exchange sell or retail prices is solely for Exchange information and internal purposes and does not constitute an agreement to sell any product at a particular price.

47. LOGISTICAL SUPPORT. The Contractor's technical representatives, performing services under the contract who qualify under provisions of command directives, may be furnished logistical support, provided such support is consistent with the terms of international agreements entered into by the United States with the government of the nation concerned, and such support would not place the privileges and immunities of the United States in jeopardy. The provision and the extent of such support rests with the military commander concerned and not with the Exchange, and the contract in no way guarantees that such support will necessarily be provided.

Section 1A – ADDITIONAL GENERAL PROVISIONS

AO1. ALCOHOLIC BEVERAGE HEALTH WARNING STATEMENT

a. All containers of alcoholic beverages supplied under this contract will include the following health warning statement on the product label:

GOVERNMENT WARNING: According to the Surgeon General, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects. Consumption of alcoholic beverages impairs your ability to drive a car or operate machinery, and may cause health problems.

b. An alcoholic beverage includes any beverage in liquid form that contains not less than one-half of one percent (0.5%) of alcohol by volume and is intended for human consumption.

c. A container is defined as the innermost sealed container, irrespective of the material from which it is made, in which the bottler places an alcoholic beverage and in which such beverage is offered for sale.

d. All labels will be designed in a manner to make the health warning statement readily legible under ordinary conditions. The statement will be on a contrasting background with the words, **GOVERNMENT WARNING**, capitalized and in bold type.

e. **Size:**

(1) For containers of 237 milliliters (ml) (8 fluid ounces [fl oz]) or less, the statement will be in script type or printing no smaller than 1 millimeter (mm) with a maximum of 40 characters per inch (2.54 centimeters [cm]).

(2) For containers between 237 ml (8 fl oz) and 3 liters (101 fl oz), the statement will be in script type or printing no smaller than 2 mm with a maximum of 25 characters per inch (2.54 cm).

(3) For containers larger than 3 liters (101 fl oz), the statement will be in script type or printing no smaller than 3 mm with a maximum of 12 characters per inch (2.54 cm).

f. The labels will be affixed to the containers so they cannot be removed without a thorough application of water or other solvents.

AO2. CONTRACTOR-OWNED EQUIPMENT/FIXTURES

a. Contractor equipment/fixtures provided for performance of the contract are subject to approval by the Contracting Officer. The equipment/fixtures will be in like-new condition and maintained in good, working order by the Contractor. Title to all Contractor-furnished equipment/fixtures will remain with the Contractor. Any required investment is a business risk for which the Exchange assumes no liability.

b. All charges incident to shipping, furnishing, installing or removing Contractor-owned equipment/fixtures will be at the Contractor's expense. If destined for an overseas facility, the Exchange will provide transportation support from the port of embarkation. No equipment/fixtures will be removed without Contracting Officer approval.

c. The Exchange will have the first option and right to purchase any or all of the Contractor-furnished equipment/fixtures used in performing the contract. If the Exchange exercises this option, the value of the equipment/fixtures will be determined by a five-year, straight-line depreciation rate from the date of original purchase and purchase price or one dollar (\$1.00), whichever is higher. If the Exchange does not exercise this option, the Contractor will remove the equipment/fixtures or provide disposition instructions to the Contracting Officer. The instructions must be provided within 15 days of contract expiration.

AO3. CONTRACTOR'S WARRANTY. A copy of the Contractor's warranty for the contract item(s) is shown in the Contractor Warranty Exhibit. The Contractor will provide the Contracting Officer, upon request, a copy of applicable warranties. Nothing contained in the Contractor's warranty may supersede or restrict the warranty contained in the Exchange [Warranty](#) clause. The Exchange will accept Contractor's warranty provisions that are more favorable than the Exchange Warranty clause. The Contractor will furnish a copy of the warranty with each item.

AO4. INVENTORY ADJUSTMENTS. Exchange inventory will not exceed the overall stock-to-sales ratio agreed upon by the Contractor and the Contracting Officer. The Contractors that assist in store ordering will ensure that only models/styles, colors and required sizes that are on a store's plan-o-gram module will be shipped. The Contractor must accept undamaged merchandise for replacement on an item-for-item basis, when necessary, to ensure a selling facility has a balanced selection of sizes, colors and models/styles consistent with the store's module. Disposition of merchandise that exceeds the agreed upon stock-to-sales ratio is the responsibility of the Contractor. The Contractor will bear the risk of loss upon shipment, cost of insurance, if any, and transportation.

AO5. LOGO/ARTWORK/PROOF. All Exchange-furnished artwork bearing the Exchange logo or trademark will remain Exchange property. The Exchange logo, trademark or artwork may not be changed, revised or altered. Within 20 calendar days after expiration or termination of contract, the Contractor will return all Exchange-furnished artwork to the Contracting Officer. The Contractor will provide a mock-up/proof for approval before initial production run. A first-run sample for the item(s) will be furnished to the Contracting Officer for approval, before full production.

AO6. MERCHANDISE UNIT CONTROL (MUC). The Contractor will provide personnel to perform the services required under this paragraph. The Contractor will also provide the Contracting Officer with the name, telephone number and Area of Responsibility (AOR) for each representative who will perform service in Exchange activities. The Contractor's representatives must have proper identification. Individuals without proper identification will not be admitted to Exchange facilities. The Contractor agrees that any person who is unacceptable to the Contracting Officer will not be used to perform MUC service. HQ will provide Exchange activity managers with a list of the Contractor's representatives. Contractor MUC services to be provided are:

a. The Contractor's representative will visit each participating activity at least once each month, or at mutually agreed times, as approved by the Contracting Officer. This is the minimum visit frequency. Activities with higher sales volumes may require more frequent visits; i.e., weekly. Even more frequent visits may be required for activities with the highest retail sales volumes. Visits will correspond to the approved schedule. Approved schedules will be provided the applicable activities. These activities may take order action if the Contractor's representative fails to appear within 48 hours of the scheduled visit.

b. The representative will report to the activity manager immediately upon arrival, present their identification and sign in.

c. The representative will use and maintain either the Exchange Open Order Facility MUC form or the Contractor's MUC form. If the Contractor format is to be used, it must be approved by the Contracting Officer. If the Contractor's system is approved, it will be furnished by the Contractor to each participating location. MUCs provide a format for the store to record monthly on-hand and on-order figures along with three months' sales history. The MUC must include a basis for figuring stock levels. This is normally average monthly sales times the prescribed stock-to-sales ratio. The representative will complete the on-hand and on-order information for each of the four months shown on the form. The form will be filed in the facility manager's office. Exchange personnel will be responsible for posting receipts for accountability purposes. Store MUC records (MUC book, computer printouts, etc.) will remain in the Exchange facility.

d. The Contractor's representative will inventory stock on-hand, update the stock control record and prepare an order, if needed. The order will be submitted, with the stock control record, to the respective Exchange department supervisor for signature. Orders will not exceed the stock-to-sales ratio established for the participating activity considering sales, stock control records, approved open-to-buy funds, items on-hand and due-ins. Orders will only include the items approved for the activity. The representative has no authority to represent the Exchange. The representative will not sign documents for the Exchange nor complete customer sale transactions.

e. The representative will report overstocks, unusual sales and aged, deteriorated or damaged stocks to the activity manager. Stock structure addition or deletion recommendations will be reported to the activity manager and the Contracting Officer. Activity stock structure additions are limited to the items in a contract or mechanized system. The Contracting Officer must approve the addition of another item.

f. The representative will remove from stock any defective, aged or excess merchandise and include with the Contractor's merchandise that the Exchange may have removed. The Contractor's representative will determine if the items are to be destroyed or returned. If the representative chooses to destroy the merchandise, the representative will witness the destruction and sign a charge voucher. The representative will sign a charge voucher for merchandise being returned. If the Contractor's return labels are used, the representative must have the labels on-hand for immediate use. Unless otherwise stated, risk of loss will pass to the Contractor upon shipment. The cost of return, to include transportation and any insurance, will be at the Contractor's expense.

g. The representative will assist the Exchange in the display of merchandise within space allocations. Exchange personnel will be informed of product improvements, proper application or use of product and instructed in improved selling techniques.

AO7. PLACE OF PERFORMANCE AND SUBCONTRACTORS. The Contractor will not subcontract the manufacturing process for the items supplied under the contract nor change the place of manufacture without the prior written consent of the Contracting Officer. Any Subcontractor, so approved and used in connection with the contract, is the agent of the Contractor and not the agent of the Exchange.

AO8. PRICE ADJUSTMENTS, GOLD or SILVER

a. The contract price of line items containing gold or silver may be recomputed if the gold or silver price, listed in the Wall Street Journal Handy and Harmon quote, changes by 10% or more (cumulative). The change will compare the price in effect on the date of contract award or a subsequent price recomputation. Either party may request a price adjustment in writing. The request must be supported by a copy of the Handy and Harmon quotation. The request will be based on the first publication of the Wall Street Journal quotation in each month and made within 10 days following publication. The request must specify the amount of adjustment, limited to the content of gold or silver shown for the contract line items. A price adjustment (increase or decrease) will be effective the first day of the Exchange fiscal month (on or about the 26th of the calendar month) following receipt of request.

b. Any request for price adjustment, based on factors other than mentioned above, will be made according to the [Prices](#) clause.

AO9. PRICE ADJUSTMENTS, LEAD

a. The price of contract line items containing lead may be recomputed if the price of lead, shown in the Wall Street Journal Commodities "Cash Prices" metals quote, fluctuates by 10% or more (cumulative). The change will compare the price in effect on the date of contract award or a subsequent price recomputation. Either party may request a price adjustment in writing. The request must be supported by a copy of the Wall Street Journal quotation. The request will be based upon the first publication of the Wall Street Journal quotation in each month and made within 10 days following publication. The request must specify the amount of adjustment, limited to the content of lead shown for the contract line item(s). A price adjustment (increase or decrease) will be effective on the first day of the Exchange fiscal month (on or about the 26th of the calendar month) following receipt of request.

b. Any request for price adjustment, based on factors other than mentioned above, will be made according to the [Prices](#) clause.

AO10. PRICE MARKING. The Contractor will price-mark merchandise before or at delivery with tickets prepared according to Price Marking Instructions.

AO11. PRODUCT DEMONSTRATION

a. When requested by the Contracting Officer, the Contractor will provide personnel acceptable to the Contracting Officer to demonstrate product(s). Demonstration frequency will be determined by activity sales volume and complexity of the category; i.e., high-volume activities or activities selling computers may require daily visits in order to properly demonstrate the merchandise. Demonstrations will be conducted at times and locations mutually agreed to by the Exchange and the Contractor.

b. Products and display material used for product demonstration will be at the Contractor's expense. Any material/product taken from the Exchange's shelf will be documented on a charge voucher, signed by the Contractor's representative, acknowledging receipt of the material/product and assuming responsibility for the Contractor's payment.

AO12. SALES RACKS. Unless otherwise provided, any equipment, racks, sales fixtures or other display devices delivered to the Exchange for use in conjunction with the Contractor's products become Exchange property upon delivery, at no additional charge.

AO13. SEASONAL DECORATIONS. The Contractor warrants that all seasonal decorations furnished are flame-retardant or noncombustible according to National Fire Protection Association definitions.

AO14. SPECIFICATIONS/PURCHASE DESCRIPTIONS. The Contractor will provide the brand name products listed in this contract which are the contractor's regular commercial products.

AO15. SPECIFICATIONS/PURCHASE DESCRIPTIONS. The specifications/purchase descriptions specified in this contract represent the minimum quality standards of items to be furnished.

AO16. SPECIFICATIONS/PURCHASE DESCRIPTIONS. Item(s) furnished must comply with all requirements of this contract and equal or exceed the quality of the sample(s) reviewed by the Contracting Officer and/or purchased by the Exchange.

AO17. SPECIFICATIONS/PURCHASE DESCRIPTIONS. The Contractor will provide the brand name products listed in this contract which are the Contractor's existing regular commercial products. Items furnished must comply with all requirements of this contract and equal or exceed the quality of the samples submitted to the Contracting Officer; such samples may be used as a basis for ensuring that items subsequently furnished are as called for by this contract. Additionally, product descriptions and specifications contained in the Contractor's catalog trade offerings will apply to items furnished, to the extent they do not reduce the quality of the Contractor-furnished samples.

AO18. STOCK STRUCTURE/AUTHORIZED ORDERING ACTIVITIES. All items are coded to correspond to a facility's/store's classifications. The Contractor will not ship any items to a store which are not in the authorized stock structure for that facility. For example, an item coded "D" may be stocked in any facility/store classified as S, A, B, C or D. B-coded items may be stocked in any facility/store classified as S, A or B, but not in C or D facilities/stores. An item coded "R" may be stocked in any retail facility. F-coded items may be stocked in any food facility. Items coded "RF" may be stocked in both.

AO19. STOCK STRUCTURE/AUTHORIZED ORDERING ACTIVITIES. Items authorized for purchase under this contract and facilities/stores authorized to stock specific items are listed in an Inventory Management Purchase Order (IMPO) Catalog. The Contractor will not ship any items which are not in the authorized stock structure for that facility.

AO20. RECALLED MERCHANDISE RETURN POLICY. Vendors will be charged merchandise cost, a 10% handling charge and return freight charges if vendors request recalled merchandise be returned to vendors or a third-party. If vendors request recalled merchandise be destroyed by the Exchange facility, vendors will be charged merchandise cost plus a 10% handling charge. These costs will not be covered by the usual defective/returned merchandise allowance.

Section 2 – TAX EXEMPTION CERTIFICATE

Articles described herein are either for use of the Exchange or for resale in foreign countries or possessions of the United States, and when purchased for resale, these articles will be sold or disposed of in a foreign country or possession of the United States and will not be returned to the United States before such resale or other disposition, and are accordingly exempt from all applicable taxes imposed on such articles pursuant to the Internal Revenue Code. (NOT FOR SHIPMENT TO ALASKA OR HAWAII.)

Section 2A – DRAWBACK

1. FOR CONTRACTORS AGREEING TO IMMEDIATE PRICE REDUCTIONS. The price for merchandise purchased on this order includes a price reduction for refundable customs duty and/or federal excise tax less the cost of claim processing. The Exchange will execute the required waiver(s) and certification(s) of export upon submission of documents covering claims.

Note: The following paragraph relates to the reclamation of duty when the Exchange subsequently exports products purchased from your firm for which your firm paid import duties. The Exchange can, with your help, reclaim the duty component from U.S. customs in instances where we have exported your products outside the U.S.

2. DUTY DRAWBACK.

a. Drawback is defined as the refund or remission, in whole or in part, of customs duty, fee or internal tax which was imposed on imported merchandise under 19 C.F.R. § 191.2(i).

b. The Exchange exports a large amount of product overseas in support of our global military community. As a result, the Exchange participates in the U.S. Customs Duty Drawback program to maximize our savings and support our global mission. The Exchange vendor partners play an important part in supporting our military community who provide imported goods that have been subject to the payment of customs duties. To have an effective program, vendors are required to provide a manufacturer contact as well as necessary documents to support a duty drawback claim. The required documents are as follows:

- Completed Delivery Certificate for Purposes of Drawback (Customs Form 7552)
- Copy of the pertinent Entry Summary (Customs Form 7501)
- Commercial Invoice

c. The Exchange values the relationships we have with our vendor partners and understands that import data and the information provided are sensitive. To provide confidentiality and security of vendor information, the Exchange uses a third party Duty Drawback Broker. Currently, the Exchange uses Comstock & Theakston as our drawback broker. Documentation may be submitted to Comstock and Theakston at the following address:

Comstock & Theakston, Inc.
466 Kinderkamack Road
Oradell, NJ 07649
(201) 967-1220

Any questions should be addressed to the Exchange Import Compliance Department at ImportCompliance@aafes.com.

Section 3 – INVOICING AND PAYMENT

Questions concerning invoicing and payment should be directed to the Accounts Payable Office. Invoice status can be viewed online at partners.aafes.com/vendor/. If Internet access is not available, fax your inquiry to 214-465-2900.

To prevent fraud and reporting discrepancies to the IRS, the Exchange requires the attached W-9 form (see Figure 1) to be submitted prior to activating/establishing a vendor code within the Accounts Payable system. Please ensure the vendor name and address appear on the W-9 as filed with the IRS. Accounts Payable will verify/validate the information on the IRS website. Any discrepancy will be returned to the vendor for correction.

1. INVOICING PROCEDURES.

a. To be considered a proper invoice for Prompt Payment Act purposes, a separate numbered invoice is required for each order or part of an order. Do not duplicate an invoice number used in prior billings. The company named on the order must submit the invoice. Invoices must be sent via Electronic Data Interchange (EDI 810). Once invoices are sent electronically, do not submit paper invoices. **Each invoice must contain the following information:**

(1) **Invoice number** – Each invoice will have its own unique number. Do not recycle invoice numbers.

(2) **Invoice date** – The invoice date cannot be earlier than the order ship/delivery date. The Exchange will return the invoice if it is dated earlier than the ship/delivery date or if it is improper for another reason.

(3) The delivery order (DO) number, vendor order number (VON) or PO number.

(4) The Exchange-assigned vendor ID (procurement number from POs).

(5) DO/PO line number, item description, UPC and quantity shipped/delivered for each item.

(6) Line item cost for EDI transmissions.

(7) Currency code if other than U.S. dollars.

(8) Shipping, payment and discount terms; distribution allowance; special allowance, in dollars.

(9) Packing, palletizing and crating charges, if reimbursable. The Contractor must prepay the reimbursable charges. State “packing and crating charges” and add to the total cost of the invoice. If these charges cannot be included, then submit a separate packing, palletizing and crating invoice. The invoice must cross-reference the merchandise invoice and include the order number.

(10) Invoices for Exchange Catalog orders should be submitted within three days of shipment. Each PO must be invoiced separately using the 10-digit PO number.

b. A correcting invoice or credit memo must be so marked; cross-reference the merchandise invoice and include the PO/DO number.

c. Mark meat or meat food product invoices: INVOICE FOR MEAT OR MEAT FOOD PRODUCTS–EXPEDITE. Mark dairy product, edible fat or oil, or food product prepared principally from edible fat or oil invoices: INVOICE FOR DAIRY, FATS or OIL PRODUCTS–EXPEDITE.

d. **Improper invoices:**

(1) Invoices with errors, including those that do not meet the above invoicing procedures and/or those with cost price discrepancies (invoice cost greater than PO cost), or invoices for quantities greater than ordered, will be returned to the Contractor unpaid, indicating the reason(s) the invoices are improper.

(2) The vendor must submit a corrected invoice. Payment terms will be suspended until receipt of a proper invoice. For discount terms, the corrected invoice must be submitted with a new invoice date.

2. PAYMENT PROCEDURES:

The Exchange makes payments to all suppliers via Financial EDI (FEDI). Only in rare and extenuating circumstances will the Exchange issue a check for payment.

a. A proper invoice is considered received, and the net payment period begins, on the later of the following dates:

(1) The date the invoice is actually received by the designated paying office if, at the time of receipt, the Exchange marks the invoice with the date received.

(2) The date of the invoice if the designated paying office, at the time of receipt, fails to mark the invoice with the date received.

(3) The date an EDI invoice is received by the Exchange EDI data bank, if received during normal business hours; otherwise, the next business day.

(4) The seventh day after the date on which, according to the terms and conditions of the contract, the property is actually delivered or performance of the service is actually completed, unless:

(a) The Exchange has actually accepted such property or services before such seventh day; or

(b) The date of actual acceptance, if an acceptance period is specified in the contract.

(5) Acceptance occurs only when an authorized Exchange official accepts the goods or services.

b. To determine if payment is timely, we count each calendar day. Payment due on a Saturday, Sunday or U.S. holiday may be made the next business day without incurring late payment interest.

c. Payment is considered to be made on the date of the check or the date of receipt of an electronic fund transfer (EFT) (see [Section 4B](#)), no matter the date the financial institution posts the transfer, or the date withholding is initiated.

d. **Exchange payment terms are as follows:**

(1) **Special item categories:**

- (a) Meat and meat food products, as defined by the Packers and Stockyard Act of 1921, 7 U.S.C. 182(3), including any edible fresh or frozen poultry meat, any perishable poultry meat food product, fish (fresh or frozen), fresh eggs and any perishable egg product. Payment will be made within seven days after delivery.
- (b) Perishable agricultural commodities, as defined in the Perishable Agricultural Commodities Act of 1930, 7 U.S.C. 499 a (4). The term “perishable agriculture product” includes fresh fruit and fresh vegetables of every kind, whether or not frozen or packed in ice, and cherries in brine. We will make payment not later than 10 days after delivery, unless the contract specifies otherwise.
- (c) Dairy products, as defined in the Dairy Production Stabilization Act of 1983, 7 U.S.C. 4502(e). It includes liquid milk, cheese, certain processed cheese products, butter, yogurt, ice cream, edible fats or oils and food products prepared principally from edible fats and oils, such as mayonnaise, salad dressings and other similar products. We will make payment not later than 10 days after receipt of a proper invoice.

(2) **End of Month (EOM) or Proximo (PROX) Terms** – When the contract specifies payment terms based upon an EOM term, the 25th day of the calendar month will establish the EOM. When the contract specifies PROX, the payment term begins on the first day of the next calendar month. These terms are illustrated below, using invoice receipt date:

Net 10 EOM – If a proper invoice is received on or before the 25th day of the month, then payment is due on the tenth day of the next calendar month. If a proper invoice is received after the 25th day of the month, then payment is due on the tenth day of the second calendar month.

Net 10 PROX – Payment is due on the tenth day of the calendar month following the calendar month that the Exchange receives a proper invoice. Depending upon date of receipt, the length of the terms can vary from 10 days (we receive the invoice on the last day of the month) to approximately 40 days (we receive the invoice on the first day of the month).

(3) For items other than those specified as special item categories, if the contract does not specify when net payment is due:

- (a) But the contract specifies a prompt payment discount period of less than 30 days, then net payment will be due 30 days after receipt of a proper invoice.
- (b) But the contract specifies a prompt payment discount period of 30 days or more, then net payment will be due 30 days after the prompt payment discount period ends.
- (c) But the contract has no prompt payment discount, then net payment will be due 30 days after receipt of a proper invoice.

e. The Exchange will send payment to the Vendor Master File (VMF) address. If the Contractor wants to change the address where we should send payment or wants payment sent to a financial institution or factor, send a request, signed by a responsible official of the Contractor, to the Contracting Officer. The request must clearly state the new address and the address being superseded. The change is normally effective 30 days after approval by the Contracting Officer. The approval is with the understanding that no legal obligation is imposed on the Exchange for failure to make payment to the new payee/address. The Contractor may revoke such changes in a similar manner.

f. Invoice payment questions should be directed to the paying office designated in the order. The Contractor should wait at least 10 days after payment is due before contacting the paying office. Proof of delivery may be requested by the paying office for FOB destination contracts if payment of the invoice in question cannot be found. The inquiry concerning unpaid invoice or other payment discrepancy must include the following data:

- Vendor Name
- Vendor Remit to ID (if known)
- Unpaid Invoice and explanation of Payment Discrepancies
- Order No. (if applicable)
- Invoice No.
- Date of Invoice Charge/Credit Voucher No.
- Invoice Amount
- Check No. (if applicable)
- Ship To Address

g. Any interest penalties due the Contractor will be computed according to the Prompt Payment Act, 31 U.S.C., Chapter 37.

h. A discount for prompt payment can be taken by the Exchange if the discount payment is made within the discount period specified. The discount period begins to run on the date of the invoice. Computation for discounts begins with the date of invoice; computation for net payment begins with receipt of a proper invoice, as described above.

3. PROOF OF SHIPMENT. The Contractor must retain the proof of shipment on FOB origin shipments and proof of delivery on FOB destination shipments for three years after completion of the contract. In the event the Contractor fails to provide a requested proof of shipment, the Contractor will be liable for any loss or costs to the Exchange. The following is a list of acceptable proof of shipment documents:

a. Original bill of lading, properly receipted by the carrier for all shipments made via railroad, motor carrier, freight, steamship or air.

b. Original post office forms bearing canceled postage, signed and dated by the post office, indicating number of packages and destination. The Exchange does not reimburse "insured" fees.

c. Parcel delivery service pickup record-computer manifest, or the equivalent, which will be required by the Exchange (unless exceptions are made in advance by the Contracting Officer), and signed and dated by the driver. Must reference number of packages and destination.

Section 4 – ELECTRONIC DATA INTERCHANGE

Vendor Managed Inventory (VMI) requires EDI capability.

1. VMI is defined as the exchange of the following EDI documents:
 - Transaction Set (TS) 852 Product Activity Data (from the Exchange to Vendor)
 - TS 855 PO Acknowledgment (from Vendor to the Exchange)
 - TS 997 Functional Acknowledgment
2. A VMI partnership is conducted at either store level or DC level.
3. VMI partnerships will exist only if such an agreement is beneficial to both parties.
4. Prior to entering into a VMI agreement, the Exchange and Contractor representatives will discuss/review EDI procedures, item movement, inventories (turn rate and stock to sales ratios) and service levels.
5. The Exchange buyer and the Contractor must mutually agree on performance standards.
6. The Exchange will provide product activity and PO numbers on a mutually agreed upon schedule.
7. The Contractor is responsible for monitoring reported issues, inventory and fill rates.
8. The Contractor is responsible for successfully transmitting orders, as required.
9. EDI documents will be transmitted and acknowledged according to guidelines in either Uniform Communication Standard (UCS) or American National Standards Institute (ANSI) X12, as mutually agreed upon.
10. The Exchange and the Contractor agree to use reasonable and standard procedures to protect the data and systems from unauthorized access or release (see [Privacy Act](#) requirements).
11. The Contractor may designate a third party to receive and/or send EDI documents for VMI purposes. The Contractor remains responsible for any acts or omissions of the third party as it relates to order processing, handling, shipping and inventory objectives.
12. The Contractor is responsible for all overstocks. If overstock conditions exist, Exchange buyers have the right to return overstocked goods at the Contractor's expense.
13. The Contractor will promptly inform the buyer of any shortages in production, pipeline supply or stock inventories.

Section 4A – CONTRACTOR USE OF THE EXCHANGE COMPUTER SYSTEM

1. Exchange computer systems are for official Exchange business. HQ Information Technology (IT) Computer Security Officers are the approving authority and are responsible for establishing new user accounts. The sharing of accounts (USERID) on Exchange computers is prohibited. Violators will lose their accounts.
2. Upon acceptance of a new account, we will provide the Contractor a USERID and an initial password. To activate the account, the Contractor must log on to the Exchange computer system. The Contractor must change the password when accessing the Exchange computer system for the first time. The Exchange will delete an account not started within 10 business days from the date the USERID and initial password are provided. The system requires the Contractor to change their password at fixed intervals. The Contractor's use of the system is subject to Exchange audit.
 - a. The Contractor is responsible for the protection of their password. Should a user suspect password compromise, they must change the password immediately and report the suspected compromise to the Exchange Computer Security Officer.
 - b. After three consecutive unsuccessful log-in attempts, we will suspend the USERID. The Contractor must contact the Exchange Help Desk to remove the suspension.
3. The Exchange will validate Contractor accounts twice a year. If an account is inactive for six months, it will be deleted without notice. To reestablish the account, the Contractor must complete a new registration. The Contractor will promptly notify the Exchange Computer Security Officer of any change in their user's employment status. Contractors no longer needing an account will promptly notify the Exchange Computer Security Officer. Contractor accounts will be deleted upon the completion (expiration) of their contract.
4. Contractor users will not copy software to or from Exchange computers without the Exchange's written permission. Any misuse of system resources (e.g., games, profit) or circumvention of security mechanisms will result in the suspension and/or deletion of the Contractor's account and possible prosecution under the law. The Exchange will not tolerate unsuitable language on Exchange computer systems.
5. Contractor access will be limited to data the Exchange has approved as necessary for conducting business with the Exchange. Exchange operations and/or employees associated with Exchange computer systems will not be liable for the loss of any data resulting from user error, operator error or system malfunctions. Exchange Operations is not obligated to ship tapes or hard-copy to Contractors.
6. Exchange computer systems are normally available 24 hours a day, seven days a week. The Exchange cannot guarantee uninterrupted service. We may change or modify any or all system-provided software at any time and without prior notice to the Contractor. Exchange Computer Operations will try to notify users, in advance, of any scheduled outages (e.g., preventive maintenance, equipment shutdowns, etc.).
7. The Exchange Help Desk will provide limited user assistance on tasks related to system software; however, they will not provide formal or time-consuming training.

Section 4B – PAYMENT BY ELECTRONIC FUNDS TRANSFER (OCT 98)

1. Method of payment

a. All payments by the Exchange under this contract shall be made by EFT. The term “EFT” refers to the funds transfer and may also include the payment information transfer.

b. If the Exchange is unable to release payment by EFT, the Contractor agrees to request the Exchange to extend the payment due date until such time as the Exchange can make payment by EFT.

2. The Exchange shall make payment to the Contractor using the EFT information provided by the Contractor. In the event the EFT information changes, the Contractor shall be responsible for providing the updated information to the Exchange, not less than 30 days prior to the effective date.

3. If the Contractor's EFT information in the Exchange database is incorrect, the Exchange need not make payment to the Contractor under this contract until correct EFT information is entered into the Exchange database; and any invoice shall be deemed an improper invoice for the purpose of prompt payment under this contract.

4. If the Contractor has identified multiple payment receiving points in the Exchange database and the Contractor has not notified the Exchange of the payment receiving point applicable to this contract, the Exchange shall make payment to the first payment receiving point listed in the Exchange database.

5. The payment or disbursing office shall forward available payment information to the Contractor. The Exchange shall send the payment information to the remittance address contained in the Exchange database.

Section 5 – LOGISTICS INFORMATION

SHIPPING TO CONUS/OVERSEAS LOCATIONS. The Exchange will charge the Contractor for all costs incurred for failure to follow the instructions in the Logistics Information Section. These costs can include transportation, packing, marking and administrative expenses.

1. PACKING

a. All boxes used for vendor products must be designed and manufactured to ensure safe delivery and must comply with all the applicable standards set forth by the National Motor Freight Classification (NMFC). There must be a certificate of the box maker printed on each box/container.

b. All vendor shipments must be packaged in Exchange order-designated case quantities. Vendors consolidating shipments into master cartons are not exempt from ensuring all inner pack cases are packaged according to the order and in designated order case quantities.

c. **Package/box quality requirements:**

(1) **CONVEYABLE BOX MIN/MAX REQUIREMENTS**

Maximum Size (L x W x H)	36" X 24" X 24"
Minimum Size (L x W x H)	9" X 9" X 4"
Maximum Weight	70 lbs.
Minimum Weight	3 lbs.

Note: Flaps must be glued or securely taped. Liquid must be marked: "THIS SIDE UP."

(2) **DISTRIBUTION CENTER NON-CONVEYABLE BOX.** The Exchange prefers that all boxes be conveyable boxes. Packages which fall under the following criteria are not conveyable. This type of packaging should be avoided when possible.

- **Protrusions** – Package has protrusions, plastic banding or metal banding on the outer packaging material.
- **Exceeds Case Size** – Dimensions are less than or greater than the conveyable case size requirement.
- **Wrong Package Structure** – Bags are not enclosed within a box.
- **Shape** – Containers are round or irregularly shaped.
- **Strapping** – Items are loosely strapped.
- **Hazardous** – Liquids hazardous to associates or conveyors if broken.
- **Weight** – Cartons weigh less than or greater than the conveyable case weight.

d. Multiple Exchange orders must not be consolidated or packaged inside one carton. If packing more than one order line item per carton, mark the carton "REPACK" and enclose a packing list.

e. All hazardous and flammable commodities will be packaged and marked according to state and U.S. laws and regulations, international agreements and military or carrier rules.

f. Costs required to protect the cargo are the Contractor's responsibility.

Supplier Requirements

2. MARKING. Marking must be clear and easily read. Remove or cover markings that are not pertinent. A carton tag or label will be used if printing or stenciling is not practical. Mark each carton as follows:

a. All cartons must have the following information printed on at least one side of each standard pack shipping container:

- (1) Exchange PO number.
- (2) Exchange destination facility (seven/ten-digit number).
- (3) Item description.
- (4) Color, size, style (if applicable).
- (5) Case pack (number of selling units in carton).
- (6) Selling unit Universal Product Code (UPC) label.
- (7) Date of manufacture (month, year) or date of expiration (day, month, year for perishable commodities).
- (8) "REPACK" must be clearly printed on all consolidated cartons.

Repack cartons contain more than one order case pack in a single shipping case. An example of a repack carton is when an order calls for an item to be packed 6, but is shipped in a carton packed 72 (12 x 6). This carton must be marked "REPACK." Each inner carton of 6 must be packaged in a shippable carton meeting above stated NMFC guidelines.

b. Carton marking information can be printed directly on the corrugated carton or printed on labels and applied to the shipping carton. If stenciling is the only means to mark the cartons, then a minimum 1/4-inch lettering must be used. Exceptions would only pertain to bagged products or non-corrugated packaging (e.g., potting soil, bagged dog food, ladders, etc.). It is permissible to print all carton markings on the shipping label. Refer to [Exchange Standard Shipping Label Guidelines](#) in [paragraph 3](#).

c. Hazardous Goods

(1) All hazardous and flammable commodities will be marked in accordance with state and U.S. laws and regulations, international agreements and military or carrier rules.

(2) The Contractor will mark all packages/cartons of hazardous/dangerous goods to meet U.S. Department of Transportation (DOT) and United Nations (UN) rules and regulations. Classify these goods using [Form 3900-004, Hazardous Materials Identification Classification Questionnaire](#). Complete all applicable blanks with the required information. Return the completed form, attached to an MSDS, to the Contracting Officer. The MSDS must contain the proper shipping name, class/division, UN number, packing group (when applicable) and the flash point (for Class 3 dangerous goods).

(3) Packing requirements can be found in the following regulations:

- International Maritime Dangerous Goods (IMDG)
- International Air Transport Association (IATA)
- C.F.R., Title 49, Transportation

d. If additional markings are required, they will be shown in the order's "MARK FOR" block. Special markings (e.g., fragile, keep refrigerated, date of manufacture, date of expiration, use by date) may be required.

3. EXCHANGE STANDARD SHIPPING LABEL GUIDELINES. Contractors are required to use a UCC label. The UCC 128 barcode is required along with the advanced shipping notification, preferably through EDI. The standard shipping label must contain the following information:



Zone A Supplier's name and address

Zone B Destination – where merchandise is being shipped to

Zone C Barcode (zipcode from ship-to address) – this information is for the Carrier, as specified by transportation company moving shipment

Zone D Carrier Name, tracking numbers (PRO#, Bill of Lading, Airway Bill [AWB], etc.)

Zone E Exchange PO number – 10-digit numeric. Readable number required; barcode and department # optional.

Zone F Exchange department number, if used, below PO number

Zone G 7-digit facility number in barcode form

Zone H Readable Exchange facility number – 7-digit numeric

Zone I 18-digit serial shipping container code (SSCC) – with application ID "00"

Note: Highlighted items denote mandatory information.

a. Items shipped by full pallet or slip-sheet quantities will require one designated shipping label placed on the upper right-hand corner (representing the entire pallet) of the unitized load.

b. Items shipped as individual carton (floor-loaded) quantities and/or mixed on a pallet will require one designated shipping label placed on each carton of merchandise in the shipment.

c. Palletted items or slip-sheet quantities, designed to be delivered intact, will not be broken down in-transit. To ensure these pallets maintain their integrity, place large labels or tags on all four sides stating: "DO NOT BREAK DOWN PALLET."

4. LOADING/UNLOADING. The Contractor will load all Exchange shipments at its own expense. The Exchange uses all modes of transportation; therefore, loading may involve commercial and/or Exchange equipment. The carrier may be required to unload at destination. Unloading charges for FOB destination POs are the vendor's responsibility.

a. Palletized shipments are preferred and should be used whenever possible. Regardless of FOB terms, do not load multiple POs on one pallet or slip sheet.

b. **Pallet standards will meet these minimums:**

(1) Grade A four-way, flush non-reversible to be of:

- Good sound material free of knots.
- Seven boards on top and five on bottom with three stringers.
- No missing or broken boards on top or bottom.
- No double stringers or patched boards.
- All stringers to be solid, not broken or cracked.
- Not required to be bleached or white, but should be clean.

(2) All shipments destined to foreign countries must meet requirements outlined in [Section 5, paragraph 9c](#). CHEP pallets are not to be used for overseas shipments.

c. Contractors may be required to palletize the shipment by specific pallet stacking pattern identified in the order's special instructions.

d. **Overhang.** Merchandise must be stacked on pallets with NO OVERHANG product over the edge.

e. **Stack by Item.** Merchandise MUST be segregated and stacked on the pallet by item.

f. **Slip Sheets.** Slip sheets may be used for additional layers on top of the stack to help maximize the full cubic space of a trailer.

g. **Double Stacks.** Pallets may be double-stacked in the trailer, providing the weight and/or height will permit.

h. **Stretch Wrap.** All slip sheets and/or pallet merchandise must be stretch-wrapped to help prevent merchandise loss or damage during shipment. Please do not put labels on the stretch wrap. Ensure all labels are securely placed on the inside of the stretch wrap. Stretch wrap must be of top quality and memory; retention specifications must be 80 gauge, 15" or the equivalent of Mobil, Borden or Lineal brands.

i. **Pallet Exchange.** The Exchange does not do pallet exchange except when coordinated in advance with the individual delivery destination. CHEP pallets must be identified on the bill of lading for accountability. Pallets are considered part of the cost-of-goods and charges must be approved by the Contracting Officer and itemized, with costs, on the invoice and bill of lading.

5. PALLET PICK PROGRAM. The Exchange has a pallet pick program that lets its large-volume retail stores receive pallet quantities of warehouse-stocked merchandise. Vendors providing merchandise for this operation will be required to identify items for ease of receipt at Exchange DCs.

- a. Exchange orders will specify items that must be shipped in pallet quantities.

Note: The same vendor stock/style number may be on the order, but listed as a different 7-digit Computer Reference Code (CRC) or 15-digit item number for individual case pack distribution to smaller retail stores.

b. Items designated in pallet pick quantities must be delivered in the following manner to ensure proper receipt upon delivery to Exchange DCs:

- (1) Pallet each item based on quantity predetermined by the Contracting Officer.
- (2) Stretch-wrap product to meet the guidelines in [paragraph 4h](#).
- (3) To ensure these pallets maintain their integrity, place a large label or tag on all four sides stating: "DO NOT BREAK APART PALLET PICK."
- (4) No change to the order pallet quantity is authorized without Contracting Officer approval.

6. HAZARDOUS ARTICLES. Shipments of hazardous/dangerous articles must follow U.S. laws and regulations, international agreements and military or carrier rules. Exchange Logistics Export Routing can provide specific instructions for shipments destined overseas. Shipments for overseas locations routed through an Exchange-operated Consolidation Center (CC) or DC, or a military terminal, must be marked, packaged and documented for subsequent international shipment.

7. DOCUMENTATION. Bills of lading will be completed according to the rules of National Motor Freight/Uniform Freight Classification. Include the following on all bills of lading:

a. The Exchange purchase order number, pieces, weight and cube for each order, and if for export shipment, the transportation control number (TCN). For shipments subject to density ratings, such as toys or plastic articles, show the density per cubic foot and total cubic feet. The actual weight of the shipment is the only weight to be shown. Call HQ Logistics (LG) before shipping merchandise with less than 6 lb. per cubic foot density and a volume of more than 300 cubic feet.

b. Carrier delivery appointment required.

c. Unless palletized shipments are documented with pallet "Said To Contain (STC)" on the freight bill or bill of lading, individual cases must be counted at pick up and transshipment points as well as at the ultimate destination.

d. **FOB origin freight charges:**

(1) Less Than Truckload (LTL) and truck load shipments to Exchange DCs, CCs and retail facilities must be third-party billing to the Exchange. Bills of lading should be marked as follows:

"Collect," Third-Party Bill to: Exchange Logistics
ATTN: LG-T/FBA
P.O. Box 660202
Dallas, TX 75266-0202

(a) Include the Exchange 10-digit purchase order number, pieces, weight and cube for each order number on the bill of lading.

- (b) FOB origin FedEx Ground Service shipments must be collect. Refer to the Exchange website at <http://www.shopmyexchange.com>; click on “Doing Business with the Exchange,” “Logistics,” for additional information.
- (c) FOB origin United States Postal Service (USPS) shipments routed to an Army/Air Force Postal Office (APO) address, Alaska, Hawaii and Puerto Rico must be prepaid and added to the merchandise invoice.

(2) **Packing Slip/Invoice.** Include a packing slip or invoice copy for each order, or part of an order if partial shipments were authorized. Enclose the packing slip or invoice copy in Carton Number One or in the document envelope, if provided. Mark the outside of Carton Number One, “Packing Slip Enclosed.” The invoice copy serves as a packing slip only.

- (a) Shipments that include more than one order will require more than one invoice. A separate packing slip, corresponding one-to-one for each invoice, is required.
- (b) Include the order number and contract line numbers on the packing slip or invoice copy. The packing slip must include an identifying number on the invoice for matching the invoice to the packing slip.
- (c) If shown on the order, include the facility name and building number on the packing slip.

8. MOVEMENT INFORMATION. The following provisions apply to CONUS shipments and CONUS-to-Overseas (see additional provisions in [paragraph 9](#)):

a. The Contractor must follow FOB origin routing as shown on the order. If an order is received without routing, or a deviation is required, contact zzLG CONUS Routing, zzLGCONUSRouting@aafes.com. LG must authorize any deviation to the routing instruction before shipment is made. Unless otherwise directed, call for routing at least three days before the scheduled ship date. Small package carrier (U.S. mail, FedEx ground, etc.) shipments will **not** be accepted at an Exchange CC.

b. If the FOB terms are changed, the Contractor must contact zzLG CONUS Routing, zzLGCONUSRouting@aafes.com, for routing instructions.

c. Vendors that have routing instructions that read “partners.aafes.com” are receiving routing instructions from the Exchange TMS. Vendors are required to go to the Exchange Partners website (partners.aafes.com/vendor/), release orders and follow routing instructions provided by the TMS. Orders cannot be released past the scheduled ship date and will require PO amendments from the Contracting Officer to change the ship date. Failure to follow TMS routing instructions may result in non-compliance charges for any excess freight charges incurred by the Exchange. Refer to the Exchange website at <http://www.shopmyexchange.com>; click on “Doing Business with the Exchange,” “Vendor Compliance,” for further information.

d. **FOB origin orders.** The Contractor will arrange pick-up on the scheduled ship date. If the Contractor cannot ship on the scheduled ship date, prior approval must be obtained by the Contracting Officer to avoid carrier charges and order cancellation. The Exchange may cancel the order and return shipments made after the scheduled ship date and charge the vendor for the cost of returning or disposing of the shipment, or charge the Contractor the cost of expedited handling and transportation to retail stores, where applicable.

e. **FOB destination orders.** The Contractor must deliver the shipment on the scheduled required delivery date. If the Contractor cannot meet this delivery date, prior approval must be obtained from the Contracting Officer. The Exchange may refuse shipments arriving after the scheduled required delivery date and cancel the order or, if accepted, charge the Contractor the costs of expedited handling and transportation to retail stores, where applicable.

f. **Order Consolidation.** Consolidate FOB origin shipments to the same “Ship To” address on the same ship date on a single bill of lading. If the consolidated shipment is more than 5,000 lbs. or more than 700 cubic feet – or, if small parcel orders are consolidated and are more than 200 lbs. or more than 15 cubic feet, contact zzLG CONUS Routing, zzLGCONUSRouting@aafes.com, to verify routing.

Note: The above order consolidation does not apply to shipments routed by the Exchange TMS.

9. SHIPPING TO OVERSEAS LOCATIONS. In addition to provisions stated in [paragraph 8](#), the following will apply. The Exchange will charge the Contractor for failure to follow these instructions. These costs can include transportation, packaging, marking, handling and administrative expenses. The Contractor must follow FOB origin routing as shown on the order. If an order is received without routing, or a deviation is required, contact zzLG CONUS Routing, zzLGCONUSRouting@aafes.com. The Exchange must authorize any deviation to the routing instruction before shipment is made. Unless otherwise directed, call for routing at least 14 days before the scheduled ship date.

a. **MARK** all cartons with the required UCC 128 labels which contain “MARK FOR” data.

b. **CONTAINER LOADING.** Regardless of FOB terms, the Exchange may require the Contractor to load ocean containers. The Contractor, when loading is complete, will provide container and seal numbers to Logistics Export Routing at least 3 days before sail date. ***The Contractor is responsible for meeting a vessel cutoff date/time provided by Logistics Export Routing. The Contractor must provide Logistics Export Routing notice 3 days prior to sail date if it cannot meet this obligation.*** In the event the Contractor does not provide prior notice to the Export team of a failure to meet vessel sail date, the Contractor will be assessed an administrative fee for late van and seal, which will equal an initial charge of \$150 for processing the paperwork. The Contractor will be charged \$150 after the first roll when given 48 hours notice before sail date. The Contractor will be charged a “no show” fee of \$250, if prior notice is not provided within 48 hours of sail date, for every container that does not make the sailing. Logistics Export Routing can be contacted at zzlgExport@aafes.com.

(1) The Contractor may be required to ship to a DC or Consolidator.

(2) The Contractor will ensure special instructions are included on the bill of lading (i.e., calling for delivery appointment, delivery to a specific building number, etc.) when shipping via commercial carrier.

c. **PALLET AND WOOD PACKING MATERIALS FOR OVERSEAS.** Shipments on wood pallets and shipments containing wood packing materials destined overseas must comply with the International Standards for Phytosanitary Measures and all regulations found on the U.S. Department of Agriculture (USDA) website: <http://www.usda.gov/wps/portal/usda/usdahome>. CHEP pallets are not to be used for overseas shipments.

10. SPECIAL PROGRAMS (Crossdock/Vendor Managed Inventory)

a. Crossdock Shipments

(1) Vendors must not back order any merchandise on crossdock orders. Any item balance unable to be filled will be canceled after initial shipment.

(2) Vendors must not substitute any merchandise on crossdock orders.

(3) Vendors agree to no minimum purchase order or store order quantities on crossdock items.

(4) Vendors must ship orders complete to the extent possible. If a trailer overflow is experienced, all remaining merchandise must be shipped immediately via preferred Exchange Carrier.

(5) Vendors must give our DCs return authorization within two working days to return any merchandise shipped to the DC which was not on the order and/or is in excess of what was ordered.

(6) Vendors must immediately notify the Contracting Officer when model numbers or style numbers are changed or when model changes or production problems create shipment delays.

(7) Crossdock origin vendors will be provided with a Route Guide by HQ-LG, if not on Exchange TMS.

b. **Vendor Managed Inventory.** FOB origin vendors that are participating in the Exchange VMI program should follow the Route Guide provided by HQ LG-T Negotiations and Compliance. Contact HQ LG-T Negotiations and Compliance at zzlgneg@aafes.com if a Route Guide was not provided.

11. AIR SHIPMENTS

a. **Commercial.** Call the Exchange Logistics Transportation Customer Service Office (TCSO) for instructions.

b. **Military Airlift.** The Contractor must call 48 hours prior to delivery for air clearance. **Do not ship without clearance.** Logistics Distribution Center will give the contractor Military Airlift shipping labels and instructions. **Do not ship without Military Airlift labels.**

12. IMPORTS – SHIPPING FROM OVERSEAS LOCATIONS (see Sections 2, 2A, 3 and 5A).

a. **MARK** all cartons with the order's "MARK FOR" data.

*** See [Figure 2](#) for samples of carton markings. ***

b. **SHIPPING TO DISTRIBUTION CENTERS OR CONSOLIDATORS.** The Contractor may be required to ship to a DC or Consolidator.

c. **ROUTING.** The Contractor must follow the routing shown on the order. If an order is received without routing, or a deviation is required, call HQ-LG. LG must authorize any deviation to the routing instructions before shipment.

d. **LOADING.** Contractor shipments must be loaded by destination, order number and style number. For shipments that are not loaded by destination, order number and style number, a sorting charge may be assessed to the Contractor. Sorting charges assessed by an overseas consolidator will be based on their local rates.

e. **CONSOLIDATION CENTER CHARGES.** The overseas consolidator will assess Container Freight Station (CFS) and Forwarders Cargo Receipt (FCR) charges based on local trade tariffs in the area of the consolidator.

f. DIRECT IMPORTS

(1) The Modernization Act of 1993 (Mod Act) places the legal responsibility on the importer for declaring value, classification and other information necessary to assess the correct duty rate applicable to entered merchandise. Furthermore, the Mod Act requires importers to use reasonable care to ensure Customs and Border Protection (CBP) is provided accurate and timely data, or be subject to civil and criminal penalties for negligent or fraudulent failure to comply with Customs requirements. The Exchange imports goods purchased from our vendor partners from all over the world. As such, the Exchange takes its shared responsibility of reasonable care and compliance with all U.S. laws and regulations seriously.

(2) Import Documentation:

- (a) Pursuant to 19 C.F.R. § 141.0a, the term “entry” means the documentation required by CBP has been filed to secure the release of imported merchandise. The proper documentation that is required by CBP is listed under 19 C.F.R. § 142.3, which states that the entry documentation required to secure release of merchandise shall consist of the following:
- Entry (Exchange provided).
 - Bill of Lading or Airway Bill (vendor provided).
 - Commercial Invoice (vendor provided).
 - Packing List (vendor provided).
 - Country of Origin Declaration (vendor provided).
 - Other documents which may be required by Customs or other Federal, State or local agencies for a particular shipment (Toxic Substance Control Act Certification, Trademark Certificate, Textile Declaration, Textile Export Visa, Country of Origin Declaration, Federal Communications Commission [FCC], FDA, Manufacturer Affidavit, etc.) (vendor provided).
 - Identification of the ultimate consignee (name, street and identification number) (vendor provided).
- (b) In order to maintain a high level of compliance and continued vendor support, the Exchange maintains the right to charge back to vendors for missing or incomplete documentation.
- (c) Due to changing requirements, documentation that is not listed may be requested.
- (d) Turn over all documentation to the Exchange Consolidator. The Exchange has a “no documentation, no ship” policy.

(3) The Exchange Customs Commercial Invoice Requirements:

- (a) CBP has specific requirements for invoices. Pursuant to 19 C.F.R. § 141.86(a), each invoice of imported merchandise shall set forth the following information:
- Complete name and address for all manufacturers.
 - Port of entry to which the merchandise is destined.
 - Ship date and origin of shipment, as well as consignee.
 - Exchange 10-digit PO number and UPC.
 - Each item must be identified by the UPC and provide a complete description, to include the Harmonized Tariff Schedule of the United States (HTSUS) number.
 - Quantities in weights and measures, to include net and gross weight of each item.
 - Cost price to the Exchange, to include currency information.

- All charges upon the merchandise itemized by name and amount.
- Terms of purchase (such as FOB).
- Country of origin – must agree with the markings on the items.
- Invoice and all paperwork must be in English.

(b) Above are the minimum requirements for the commercial invoice.

(c) Only HTS codes provided by the Exchange will be accepted on the commercial invoice. If the vendor is not sure what HTS code to use, they should refer to the Exchange PO.

(d) First sale values on invoices, which are the price of the goods from the manufacturer to the vendor or middleman, are not acceptable on the Exchange import documentation. Only manufacturers that have partnered with the Exchange in our First Sale Program are allowed to state the first sale pricing on invoices.

(e) Items that are sold in sets require a breakdown of the set on the commercial invoice. The breakdown must include a complete description, as well as the cost price of each individual item. The cost price of the items in the set should total to the total cost of the items to the Exchange.

(f) All paperwork must be compliant with the appropriate Customs/other government agencies rules and regulations.

(g) The Exchange will charge vendors per the Vendor Compliance charge back program (reference [Vendor Compliance Document \[VCD\] 7-9](#) on the Exchange internet at <http://www.shopmyexchange.com/>; click on “Doing Business with the Exchange,” “Vendor Compliance”). This program is intended to recoup the expenses violations cause, as well as demurrage or actual expenses related to paperwork violations.

(h) Any questions regarding invoicing customs requirements should be addressed to Exchange Import Compliance at ImportCompliance@aafes.com.

(4) Importer Security Filing Requirements (10 + 2):

(a) Pursuant to Section 203 of the SAFE Port Act and beginning on January 26, 2009, CBP implemented Importer Security Filing (ISF), commonly referred to as “10 + 2,” which requires cargo information to be transmitted to CBP at least 48 hours before goods are loaded onto an ocean vessel for shipment to the U.S., for security purposes.

(b) The ten data elements are as follows:

- Manufacturer (or supplier) name and address (vendor provided).
- Seller (or owner) name and address (vendor provided).
- Buyer (or owner) name and address (Exchange provided).
- Ship-to name and address (Exchange provided).
- Container stuffing location (vendor provided for factory loads).
- Consolidator (stuffer) name and address (Exchange provided).

- Importer of record number (Exchange provided).
 - Consignee number(s) (Exchange provided).
 - Country of Origin (vendor provided).
 - Commodity HTSUS number (either provided by the vendor or by the Exchange on the PO).
- (c) Two additional data elements must be submitted as early as possible, but no later than 24 hours prior to the ship's arrival at a U.S. port:
- Vessel stow plan (Exchange provided).
 - Container status message (Exchange provided).
- (d) Failure to provide required data elements at time of booking with the Exchange import provider indicated on the PO, in the format specified, could result in the Exchange being fined by CBP. In the event the Exchange receives a fine and/or liquidated damages due to vendor failure to provide the required data elements, the Exchange will recoup those fines (up to \$5,000 per PO shipped) and/or liquidated damages from our payment to the vendor. Additional deductions may be taken for late deliveries, demurrage and other expenses incurred due to failure to comply with the import security filing requirements.
- (e) If you have any questions, please contact the Exchange Imports Office at zzlgimports@aafes.com.

(5) Booking Compliance

- (a) Vendors who make bookings with our consolidator and then change or cancel the bookings cause the Exchange to ship containers that are not fully loaded, thus increasing our transportation expenses.
- (b) The Exchange will charge vendors a fee for violation of the imports compliance program. It is possible to be charged twice per an individual PO that has multiple non-compliance issues.
- (c) This program is not intended to be a profit center. The intent is to recoup some of the expenses violations cause.
- (d) If you have any questions, please contact the Exchange Logistics Import Office at lgimports@aafes.com.

Section 5A – GENERAL INSTRUCTIONS

GO0. Pallet Shipments. The type of pallet pattern varies. Vendor NON-BULK shipments to all DCs will be on pallet type in GO5. Vendors will use pallet type GO7 for BULK shipments to DCs. BULK pallets (GO7) are used when a case exceeds 50 pounds, 36 inches in length, 23 inches in width and 3 inches in height.

GO1. RESERVED

GO2. Mark **Aerosol** in bold lettering, not less than 7/16" high, on all shipping containers with aerosol dispensers.

GO3. Partial shipments are authorized.

GO4. Inspection will be at Contractor or Subcontractor facility. The Contractor will provide, at no cost to the Exchange, inspector parking, assistance in moving merchandise, sample unpacking, repacking, adequate inspection space, inspection table(s), sufficient lighting and any special or support equipment (e.g., for product function tests) needed to accomplish the inspection.

GO5. Use a 40" x 48", four-way entry, flush side, non-reversible pallet. No product overhang is permitted. The maximum height, including the pallet, will not exceed 39". Wrap each pallet using one of the following methods: stretch film, shrink film or top-capped strapped four ways. Stretch film is preferred. If using the top-capped method, we prefer plastic strapping.

GO6. RESERVED.

GO7. Use a 48" x 40" pallet for bulk storage. Maximum height will not exceed 60". No product overhang is permitted. Wrap each pallet using one of the following methods: stretch film, shrink film or top-capped strapped four ways. Stretch film is preferred. If using the top-capped method, we prefer plastic strapping.

Section 6 – UNIVERSAL PRODUCT CODE – PRODUCT IDENTIFICATION

1. UNIVERSAL PRODUCT CODE or EUROPEAN ARTICLE NUMBER (EAN). All merchandise must have a UPC or EAN on the merchandise.

a. The UPC is a 12-digit code that identifies the consumer package. The barcode includes the UCC Company Number (a six-digit, globally unique number assigned by the UCC to the manufacturer of the product) followed by a five-digit item reference number. The last digit is a check digit for the entire ID number (the number is calculated from the values of the other digits to perform a mathematical check for the accuracy of the encoded message).

b. The EAN is a 13-digit code that identifies the consumer package. The barcode consists of a UCC/EAN Company Number (seven digits) formed by combining a UCC/EAN Numbering Organization Prefix (two digits) with a number (five digits) that uniquely identifies a UCC/EAN member company. The Item Number (next five digits) is typically assigned by the supplier to their products (serves as a key to the supplier to retrieve information associated with it). The last digit is a check digit for the entire ID number (the number is calculated from the values of the other digits to perform a mathematical check for the accuracy of the encoded message).

2. EXCHANGE BRAND MERCHANDISE/NON-UNIFORM CODE COUNCIL MEMBERS. UPCs and/or EANs are required on all items as follows:

a. **Exchange Brand Merchandise** – The Exchange will assign a UPC to each item.

b. **Non-Exchange Brand Merchandise** – If the supplier does not belong to the UCC or EAN International, then the Exchange will assist the Contractor in obtaining a UPC upon request.

3. The cost of UCC/EAN codes is the responsibility of the Contractor.

4. The Contractor will be liable for costs incurred by the Exchange because of merchandise received with erroneous, misapplied or no barcode markings.

5. Refer questions concerning UPC/EAN markings to the Contracting Officer.

6. The UCC is the central code management agency. They will assign the manufacturer identification numbers according to UCC rules, but will not assign the item numbers. They do not maintain a listing of the five-digit item code assignments made by each manufacturer. Each manufacturer will assign, control and record its own five-digit item codes with the UPC configuration. Companies interested in obtaining their globally unique UCC Company Number should apply directly to the Uniform Code Council, Inc.

Uniform Code Council, Inc.
7887 Washington Village Dr., Suite 300
Dayton, OH 45459-8605
Phone: (937) 435-3870
Website Address: www.uc-council.org

7. Foreign suppliers may contact the UCC and/or EAN International for barcode guidance.

EAN International
Rue Royale 29 B-1000
Brussels, Belgium
Phone: (322) 218-7674
Website Address: www.ean-int.org

8. Both the UCC and EAN will provide barcode location guidelines. The guidelines define the recommended areas to place the barcode on consumer packages. The purpose is to simplify the use of automated checkouts.

Note: These guidelines are valid as of the date published; however, the UCC and EAN International can make changes and/or additions daily. Please refer to their websites for the most current information.

Section 7 – FASHION DISTRIBUTION FACILITY (FDF)

YO1. PACKING, MARKING and SHIPPING MERCHANDISE. Failure to comply with these requirements will be considered a failure to ship conforming items timely. The Exchange may reject the items or lots. The Exchange may also take other action, according to contract provisions such as [Returns](#), [Non-Waiver of Defaults](#) and Latent Defects. The Contractor should refer questions to the Contracting Officer.

YO2. GENERAL REQUIREMENTS. The Contractor will ship all merchandise following the order routing instructions. Contractors making local delivery by truck must call for a delivery time. Multiple shipments are not authorized. The order must be complete in one shipment. The Contractor must ship orders for coordinate groupings together. The Exchange will charge the Contractor for storage charges if incomplete coordinate groupings have to be held. The Contractor must contact HQ-LG seven business days prior to the order ship date for routing.

YO3. RESERVED

YO4. MERCHANDISE SHIPPED IN CARTONS, ON HANGERS

a. Garments must lay face-up in the carton on the appropriate give-away hanger. Garments must be on the hanger with the open-mouth hook facing the right sleeve. A 3/4 mil weight poly garment bag will completely cover each garment.

b. Sizes must be clearly separated in the carton. Colors must be separated within each size in the same sequence.

c. Orders will not be mixed in a carton. A flat-type carton is preferred to a wardrobe carton. Do not describe as hanging garments on the bill of lading. Each carton shipping label must be marked with the line item number from the Exchange order. Only one item will be packed in a carton. Repack is not authorized.

d. Each carton must clearly show the complete order number, number of cartons in the shipment (1 of 20, 2 of 20, etc.) and a two-digit designator for the type of merchandise, as follows:

70Mens Clothing
71Mens Furnishings and Accessories
72Ladies Clothing
73Ladies Lingerie/Accessories
74Boys
75Girls
76Infants/Toddlers

e. Sizes must be separated within each color in the same sequence.

YO5. MERCHANDISE SHIPPED FLATPACK TO REMAIN FLAT PACK; i.e., VENDOR PREPACKS (ONLY WHEN SPECIFICALLY AUTHORIZED BY THE EXCHANGE)

a. Do not mix orders in a carton. Any inner carton must be packed according to the lowest distribution unit (LDU) specified in the order (2/12, 3/12, 4/12, 6/12, 12/12) and one size to an LDU. Colors can be assorted or solid pack. Each carton shipping label must be marked with the line item number from the Exchange order. Only one item will be packed in a carton. Repack is not authorized.

b. Each carton must clearly show the complete order number, number of cartons in the shipment (1 of 20, 2 of 20, etc.) and a two-digit designator for the type of merchandise as follows:

- 70Mens Clothing
- 71Mens Furnishings and Accessories
- 72Ladies Clothing
- 73Ladies Lingerie/Accessories
- 74Boys
- 75Girls
- 76Infants/Toddlers

c. Each carton must be packed with a full size scale assortment as specified in the order. For example, if the order calls for:

- 30 units of redsmall
- 60 units of redmedium
- 30 units of redlarge
- 30 units of bluesmall
- 60 units of bluemedium
- 30 units of bluelarge
- 30 units of whitesmall
- 60 units of whitemedium
- 30 units of whitelarge

An acceptable prepack carton would contain:

- 1 red small
- 2 red medium
- 1 red large
- 1 blue small
- 2 blue medium
- 1 blue large
- 1 white small
- 2 white medium
- 1 white large

YO6. MERCHANDISE SHIPPED FLATPACK TO BE REPACKED

a. Do not mix orders in a carton. Sizes must be clearly separated in the carton. Colors must be separated within each size in the same sequence. Each carton shipping label must be marked with the line item number from the Exchange order. Only one item will be packed in a carton. Repack is not authorized.

b. The outside of each carton must clearly show the complete 10-digit order number, number of cartons in the shipment (1 of 20, 2 of 20, etc.) and a two-digit designator for the type of merchandise, as follows:

- 70 Mens Clothing
- 71 Mens Furnishings and Accessories
- 72 Ladies Clothing
- 73 Ladies Lingerie/Accessories
- 74 Boys
- 75 Girls
- 76 Infants/Toddlers

c. Sizes must be separated within each color in the same sequence.

YO7. FOOTWEAR. Unless other instructions accompany the order, footwear must be packed according to the order size scale, in a single carton per size scale. Each carton shipping label must be marked with the line item number from the Exchange order. Only one item will be packed in a carton. Repack is not authorized. The outside of each carton must clearly show the complete 10-digit order number, number of cartons in the shipment (1 of 20, 2 of 20, etc.) and a two-digit designator of 77 – FOOTWEAR.

YO8. ANY ADDITIONAL LABOR/MATERIAL COSTS incurred by the FDF to correct an order not in compliance with the applicable terms and conditions, will be charged back to the Contractor.

Section 8 – FINE JEWELRY

JO1. STONES INSPECTION/QUALITY ASSURANCE. Stones may be removed from their mountings for inspection. We will return stones to the Contractor for replacement/resetting. If the item is defective, provisions covering defective items apply. If the item is acceptable, we will pay for packing, remounting and round trip mail charges. Remounting costs are limited to the setting charges in the Cost Analysis Worksheets the Contracting Officer approved. The Exchange may use the Gemological Institute of America (GIA) for inspection or verification inspection service. GIA inspections will be final and binding.

JO2. ITEM DESCRIPTION – INVOICE. Invoice item description must include the **exact size** of the center stone supplied for items with major stones of **.12 carat or larger**. This is a requirement for paper invoices only; the requirement is excluded for EDI invoice transmissions.

JO3. REINVOICE INSTRUCTIONS FOR DEFECTIVE/NONCONFORMING ITEMS. Defective/nonconforming items or lots will be returned to the Contractor for repair or replacement. A charge voucher for the defective/nonconforming jewelry will accompany the shipment. Upon return of the repaired/replaced items or lots to the Exchange, the Contractor will reinvoice using the original order number and referencing the charge voucher number.

JO4. PACKING. In addition to [Section 5A – GENERAL INSTRUCTIONS](#), the following applies:

a. Pack items in boxes suitable for registered mailing. Enclose each item in a plastic bag. The plastic bags will be equal to or better than Mason Box Company, 2" x 3" or 3" x 3" mini-grip, see-through, with zipper closure. If more than one style is ordered, like items will be consolidated in a paper envelope marked with the Exchange style number.

b. The Contractor will ship chained items in plastic bags, with .5" of the chain draped over the outside of the bag to prevent knotting. Price tickets will be attached to the chain and must be readable without removal from the plastic bag.

c. The Contractor will fasten pierced earrings to cards and place in plastic bags. Price tickets will be attached to the earring post on the back of the card. The ticket must be readable without removal from the plastic bag.

JO5. MARKING. In addition to [MARKING](#) in [Section 5](#), the following applies: The order number must be clearly identified on the outside of the shipping box. If more than one order is included, items for each order will be separately packaged in the shipping box and each order number shown on the box. If more than one shipping box is used, each box will be identified in numerical sequence (for example, 1 of 3, 2 of 3, 3 of 3). Replacement shipments will reference the charge voucher number and the original order number.

JO6. TAXES/DUTIES/DRAWBACKS. If, on a retroactive or current basis, the Contractor is relieved from payment of any tax or duty included in the contract price, the Exchange will be refunded and/or the contract prices correspondingly reduced. The Contractor certifies they have made no drawbacks of duties nor refunds or remission of taxes, nor will any be taken on merchandise for the Exchange's overseas resale. The Contractor will assist the Exchange in processing requests for drawbacks or refunds.

Section 9 – FOOD AND BEVERAGE

FO1. Products will originate in an establishment listed in the DoD Directory of Sanitarily Approved Food Establishments for Armed Forces Procurement, or from an establishment approved or exempt, in accordance with [AR 40-657, Veterinary/Medical Food Safety, Quality Assurance and Laboratory Service](#)/Air Force Instruction (AFI) 48-116, [Food Safety Program](#). The directory is maintained (WEB based) by the U.S. Army Veterinary Command, Fort Sam Houston, Texas (<http://veda.amedd.army.mil/86256F90007C2D1D/VETCOM>).

FO2. Products shipped must be from the latest date of pack. However, seasonally packed products will not have been in storage more than 12 months. Identify food in Groups I, III, V, VI and IX with a readable date. Use either date of production, date of processing/pasteurizing or a “use by” or “pick up” date. For shelf-stable items, we prefer open-dating, but coding is acceptable. Contractors who do not use open-dating will give the Contracting Officer a code “key” explaining the actual date of production or processing within 30 days following the initial order.

FO3. Ship products supplied against this contract from the latest pack. Prepackaged food items may be open- or closed-coded according to regular commercial practices. When closed-coding is used, the Contractor will provide the Contracting Officer a code key explaining the information coded and the product shelf life.

FO4. Additional delivery charges, owing to Saturday, Sunday and holiday overtime rates, are reimbursable if incurred following delivery instructions.

FO5. Protect from heat. Ship and store under 70° Fahrenheit (F) (21.1° Celsius [C]).

FO6. Chill. Ship and store under refrigeration at 32°F to 40° F (0°C to 4.4°C).

FO7. Frozen. Ship and store under refrigeration at 0°F (-17.7°C) or lower.

FO8. Foreign nations may require certification on all meats, meat by-products, poultry, poultry products, fish, seafood products and dairy and egg products. This certification attests the products have been placed in cans or hermetically sealed packages, then processed at 100°C (212°F). The Contractor will provide the Contracting Officer a copy of this certificate, if requested.

FO9. Foreign nations import certification requirements for meats, meat by-products, poultry, poultry products, fish, seafood products and dairy and egg products for military shipments differ from those for commercial shipments. Required certification is normally provided by in-plant USDA or U.S. Department of Commerce (USDC) personnel when containers are source-loaded. Items sent to port for container loading may be certified by military veterinary personnel. Contractors must be aware of import/export certification requirements and FDA Certification and Bioterrorism Act Registration requirements and ensure compliance, as required. Ongoing updates to these requirements can be found at the USDA Food Safety and Inspection Service Site, <http://www.fsis.usda.gov>. A copy of the certificate must accompany the shipment when shipped to the Exchange consolidation facility. The original certificate must be sent via Fed Ex to:

Army and Air Force Exchange Service
ATTN: LG-T (Export Supervisor)
3911 S. Walton Walker Blvd.
Dallas, TX 75236

F10. Contractors will ensure that both they and their food supply sources are compliant with current Federal, FDA, DoD, local, state and Military Force Protection requirements. These include, but are not limited to, Facility Registration in accordance with (IAW) FDA Bioterrorism Act, 2002, conducting appropriate background checks on drivers delivering to a military installation, and ensuring every effort is made to protect food from intentional or accidental contamination during storage or shipment.

F11. Europe wine procurement must be in accordance with Europe (EU) labeling regulations. New EU wine labeling regulations, as of 1 January 2003, require specific information such as alcoholic strength, lot number, name of the bottler, use of certain optional terms dealing with production methods, traditional expressions and regulation of the names of the vineyard or the vintage year, to include the language in which the terms are used. "Vintage" is, for example, only reserved in regards to its use for liqueur wines, but there is no restriction on its use for ordinary still wines. The rules distinguish between traditional expressions that fulfill a set of specifications and those that relate wine to a certain geographical indication. Provisions applying to third country wines marketed in the EU are also outlined (reference EU Labeling Commission Reg, Title V, CH II, Annexes VII, VIII).

F12. The Exchange requires the freshest inventory available. Short shelf life items (4 months or less) must be no older than 10 calendar days at the time of shipment. Shelf life items (5 to 9 months) must have 75% shelf life remaining at the time of shipment. Shelf life items (10 months or more) must have 50% shelf life remaining at the time of shipment. For annual pack items, products will be from the latest seasonal pack available.

F13. Items normally shipped at room temperature should be protected from freezing.

F14. Contractor is required to take all measures necessary to provide safe and unadulterated products. At a minimum, the supplies delivered under this contract shall be transported in delivery conveyances maintained to prevent tampering with and/or adulteration or contamination of the supplies and, if applicable, equipped to maintain a prescribed temperature. All delivery vehicles will also be subject to inspection at all times and at all places by the Contracting Officer's Representative, Post Veterinarian, and/or Law Enforcement officials. When the sanitary conditions of the delivery conveyance have led, or may lead, to product contamination, adulteration, constitute a health hazard, the delivery conveyance is not equipped to maintain prescribed temperatures, or the transport results in products "unfit for intended purpose," supplies tendered for acceptance may be rejected without further inspection. As the holder of a contract with the DoD, it is incumbent upon the Contractor to ensure that all products and/or packaging have not been tampered with or contaminated. Delivery conveyances will be locked or sealed at all times, except when actively loading or unloading. Unsecured vehicles will not be left unattended. All incoming truck drivers will provide adequate identification upon request. In the event of an identified threat to an installation, or a heightened Force Protection/Homeland Security Threat Level, the Contractor may be required to adjust delivery routes to minimize vulnerability risks and enable direct delivery to DoD facilities.

Section 10 – eCOMMERCE – VIRTUAL VENDORS

MO1. DELIVERY ORDERS

- a. Individual orders will be sent via EDI or will be made available via a web-based application called ECOMS (Exchange Catalog Order Management System).
- b. The Contractor agrees to process orders for shipment immediately upon receipt of the order and to ship within negotiated time frames; i.e., three calendar days, 14 calendar days, etc. Negotiated shipment time frame is on the Final Selection/Procurement Data Log. If the Contractor cannot ship within the negotiated time frames, the Contractor must provide the Exchange Drop Ship Management Team (DSMT) with an explanation for delay, along with a firm ship date. The DSMT has the option to either cancel the order or accept the revised ship date. If the DSMT requests cancellation of the order, the Contractor will confirm cancellation of the order in their system via e-mail (dropship@aafes.com) or ECOMS within 24 hours. If the Contractor does not confirm the cancellation within 24 hours, the order will be considered cancelled and the Exchange will not be responsible for any shipments made against the order.
- c. The Contractor will accept orders from the DSMT via phone, fax or e-mail.

MO2. SHIPPING/PACKING INSTRUCTIONS

- a. Orders shipping to a CONUS address may be shipped via United Parcel Service (UPS), FedEx or the USPS. The Contractor will provide tracking numbers to the DSMT for UPS and FedEx shipments.
- b. If the Contractor receives orders via ECOMS, a copy of the packing slip will be included with each shipment.
- c. All merchandise going to an APO/fleet post office (FPO) address must be mailed via USPS. The Contractor will mail merchandise, through the USPS, via Parcel Post, Air or Registered, to the recipient address shown on the EDI PO or the ECOMS packing slip.

Individual orders valued over \$50.00 will be insured with the post office for the dollar value shown on the shipping ticket. Orders addressed to the State Department at zip code 20520 or 20521 will not be sent insured or registered mail. Place the Address and Customs portion of the Shipping Ticket on each parcel.

- d. If shipping terms are origin versus destination, an original proof of shipment is required for each order sent insured or registered mail. Use Post Office Form 3800, 3806, 3813-P or 3877 for proof of shipment. A postal official, where the parcels are mailed, must stamp and sign the form. The form must include the following information:
 - (1) **Number of Articles** – Insured or Registered Number, if any.
 - (2) **Mailing address** – shown on the EDI transmission or the ECOMS packing slip.
 - (3) **Postage** – Amount Paid.
 - (4) **Fee** – Amount Paid.
 - (5) **Remarks** – Order/PO number shown on the EDI transmission or the ECOMS packing slip.
- e. The shipping notification must include the date mailed and any insured or registered number.

f. All merchandise must conform to the applicable packing requirements in the current Domestic Mail Manual C010.2.0. We will charge the Contractor for damaged merchandise resulting from a nonconformity with packing requirements. Packing is also subject to Contracting Officer approval. If approved packing is not sufficient to prevent damage, the Contracting Officer may withdraw approval and require the Contractor to provide acceptable packing.

MO3. INVOICING. See [Section 3 – Invoicing and Payment](#).

MO4. RETURNS. The Exchange's policy of Satisfaction Guaranteed backs items sold through the Exchange Catalog Program. As a condition of selling items through the Exchange Catalog, the Contractor will accept returns from the Exchange Catalog unless a subsequent agreement is negotiated. The Contractor will credit the Exchange with the Exchange purchase price for returned goods.

MO5. SPECIAL INSTRUCTIONS

a. Partial shipment is not authorized without the prior written approval of the Contracting Officer.

b. Each week, EDI Contractors will receive an open order list from the Exchange Catalog. The Contractor will update the list with the date shipped and invoice number. For orders being held, the Contractor will provide the reason for hold and the scheduled ship date. The Contractor will return the updated report within 48 hours of receipt.

Note: Orders will not drop from the open order report until the invoice is received and processed for payment.

c. EDI Contractors using ECOMS to provide notices for delayed shipping on POs will ensure POs are updated with delayed shipping information within the negotiated timeframe for prompt customer notification.

d. Contractors using ECOMS exclusively will ensure all orders are shipped within negotiated timeframes; and, if for any reason orders cannot be shipped within the negotiated timeframe, the Contractor must put the PO on hold in ECOMS and provide the reason for the delayed shipment, to include a revised shipping date if the item is just on backorder. If the PO is for a discontinued item, it will be noted as such in ECOMS.

MO6. WARRANTY OF AVAILABILITY. The Contractor warrants that their items as listed in the current Exchange Catalog will be available, without change and in the quantities ordered. Failure will make the Contractor liable for costs incurred in getting a substitute item of equal or better value or, in the alternative, for lost revenues. Lost revenues will be the difference between the contract purchase price and the Exchange Catalog sell price and will include administrative costs. Administrative costs include, but are not limited to, catalog costs, hourly costs to tell customers of items not available, etc. This warranty is in addition to any other provisions in this contract. The Contracting Officer must approve any change to the items sold hereunder.

MO7. VENDOR SHIPMENTS TO EXCHANGE WAREHOUSES. The Contractor will ensure that merchandise shipped to Exchange catalog distribution warehouses will be individually prepackaged to the extent possible. Packing must conform to the applicable packing requirements in the current Domestic Mail Manual C010.2.0. All apparel items must be individually poly-bagged to avoid damage. The Contractor may be charged for damaged merchandise resulting from a nonconformity with packing requirements.

MO8. VENDORNET[®] FOR DROP SHIP VENDORS (JUN 13). Effective 1 September 2013, the Exchange requires drop ship vendors to utilize the VendorNet[®] Dropship Manager in order to automate drop ship and to communicate between the Exchange and the vendor. VendorNet[®] is a subscription service the vendor must subscribe to for processing Exchange orders. VendorNet[®] will contact the vendor within 30 days of notification from the Exchange.

MO9. VIRTUAL VENDOR CUSTOMER PRIVACY POLICY

a. All Internet Suppliers must use some form of encryption mechanism (for example, Secure Sockets Layer [SSL] or Pretty Good Privacy [PGP] encryption) to protect Exchange online customers' sensitive information when shopping at an Internet Supplier's Internet site(s). Sensitive information, such as credit card information, must be encrypted before it is sent over the Internet. Exchange information must be stored on secured computer servers in a controlled, secure environment, protected from unauthorized access, use or disclosure.

(1) Internet Suppliers must have written procedures in place for notifying the Exchange within 8 hours, and all Exchange online customers within 24 hours, on any security incident that might adversely affect the Exchange online customer, measured from when the Virtual Vendor becomes aware of the incident. Security incidents include, but are not limited to, the following:

- (a) Web servers/site compromise
- (b) Stolen credit card information
- (c) Identity fraud

(2) Internet Suppliers are responsible for safeguarding Exchange online customers' information and may be held liable if the best common security practice was not adhered to and negligence can be proven.

b. Internet Suppliers are prohibited from asking Exchange online customers for their Social Security Numbers (SSN), and are prohibited from asking them for personal information not necessary to complete the transaction.

c. Internet Suppliers must obtain written consent for the collection, use and sharing of a child's (age 12 and under) personal information online, from the child's parent.

d. Internet Suppliers must provide Exchange online customers the option and ability to accept or decline cookies. Internet Suppliers must inform Exchange online customers of the type of cookie that will be installed on their computer and the information it will be collecting when the user visits the Internet Supplier's site(s). Information allowed to be collected and analyzed includes the Internet Protocol (IP) address used to connect the Exchange online customer's computer to the Internet, login, e-mail address, password, computer and connection information (such as browser type and version), operating system and platform, purchase history, the full Uniform Resource Locator (URL) that redirects to a secure shopping environment from the Exchange website (including date and time), cookie number, products viewed or searched for, Exchange online customer preference, shopping history and phone number.

e. Internet Suppliers must not sell, rent or lease its customer lists that include Exchange online customers to third parties without the written consent of the Exchange. Exchange online customer data must only be shared with other trusted partners to perform statistical analysis that will provide benefits to all parties involved. Internet Suppliers are prohibited from using Exchange online customers' information except to provide quality service, and are required to maintain the confidentiality of such information.

f. Internet Suppliers must not add Exchange online customers to their mailing list without the Exchange online customer's consent, but must use an "opt in" system for Exchange online customer consent for mailing lists and sharing of such information with others. Exchange online customers must be given the option to request to have their information removed from the Internet Supplier's mailing list and to modify, correct or update their information on the Internet Supplier's database.

g. Internet Suppliers may disclose Exchange online customers' personal information, without notice, only if required to do so by law or in the good faith belief that such action is necessary to:

- (1) Conform to the edicts of the law or comply with legal process served on the Exchange or the site.
- (2) Protect and defend the rights or property of the Exchange, or an Exchange website.
- (3) Act under exigent circumstances to protect the personal safety of users of the Exchange, its websites or the public.

h. Internet Supplier's security and privacy practice will be reviewed on a quarterly basis, and information regarding specific Internet Supplier's connections will be updated, as necessary. Internet Suppliers not conforming to this policy and the Privacy Act of 1974 will have their link removed from the Exchange website.

i. This policy will remain in effect after the business relationship between the Exchange and the Virtual Vendors has ended to ensure Exchange online data will continue to be safeguarded.

Note: Questions or concerns regarding this specific policy, or Exchange general computer security policies, should be directed to the contracting officer. Online Specialty Store vendors will coordinate site requirements with eCommerce.

Section 11 – RETAIL MERCHANDISE

- CO1.** Merchandise must be properly labeled before shipment. Label size, fabric content and type of cleaning.
- CO2.** Pins and metal parts used on price and size tags, garments and footwear must be rustproof and not tarnishable.
- CO3.** Clothing must bear the brand name or manufacturer's label.
- CO4.** Merchandise will be supplied according to sizes, styles and colors specified. Substitutions are not authorized without prior approval of the Contracting Officer.
- CO5.** Preticket according to [Section 12](#).
- CO6.** Seed price tickets according to [Section 12](#).
- CO7.** Case only price marking according to [Section 12](#).
- CO8. Piece Goods.** Each bolt must be poly wrapped. Burlap wraps for drapery and upholstery fabric are acceptable.
- CO9. Care Labels.** The Contractor will label wearing apparel and piece goods with regular care information according to the Federal Trade Commission's Care Labeling Rule.
- C10.** Use three-digit age code for [Price Marking \(Section 12\)](#).
- C11.** Pack lamp shade and lamp base together in one box. Tag shade and base with style number. Mark Exchange stock numbers on the outer box.
- C12.** Pack lamp shade and lamp base separately. Tag the shades and lamps with style numbers. Mark Exchange stock numbers on outer boxes. Pack and ship shades and bases in pairs or multiple pairs. Mark the lamp shade's shipping container and bill of lading: "Lamp Shades – Use as Top Freight."
- C13.** Mail pack each item within the master case pack.
- C14.** Notify the Contracting Officer if individual item weight and dimensions have changed from those originally specified to Exchange Direct Marketing.
- C15.** Apply UPCs according to [Section 6](#).

Section 11A – UNIFORMS AND INSIGNIA

U01. UNIFORMS

a. Fabric and completed garments will be manufactured in accordance with U.S. Army or U.S. Air Force specifications, as outlined in current applicable military specifications and Government regulations as to fabric construction, fabric shade, garment design and garment fabrication. Tailoring and construction will be equal to or better than applicable military specifications. There will be no defects adversely affecting salability from a consumer viewpoint, as determined by the Exchange.

b. The Contractor will attach the label reflecting Contractor's certificate number and applicable specification required by military regulations to each article delivered against the contract.

U02. INSIGNIA. The Contractor warrants they have a certificate of authority from the Department of the Army or the Department of the Air Force to manufacture the items ordered, or they will supply only such products of a manufacturer who has such certificate(s).

Section 12 – TRADITIONAL PRICE MARKING

1. If the Exchange requires a vendor to price ticket merchandise in the traditional manner, it will be in one of the following formats. The only difference between these two formats is the age code. The second format allows for three digits instead of a two-digit code.

For 2-Digits

Line Number (e.g., 2002 1st quarter)
(Optional) Age Code is **21**

For 3 Digits

(e.g., 2002 Dec)
Age Code is **212**

Exchange Item Number (will be 9, 11 or 15 digits)
Retail Department Code (RDC)

2. The age code may have two or three digits.

a. In a **two-digit format**, the first digit represents the calendar year, the second the calendar quarter. The Contractor will code merchandise according to the quarter receipt will be made. First quarter is January-March; second quarter is April-June; third quarter is July-September; fourth quarter is October-December. Age code 31 is used for estimated receipt dates during the 1st quarter of 2003. Age code 32 is used for estimated receipt dates during the second quarter of 2003.

b. In a **three-digit format**, the first digit represents the calendar year and the second and third, the calendar month. Age code 312 is used if the estimated receipt date is December 2003. Age code 307 is used if the estimated receipt date is July 2003.

3. DEFINITIONS.

a. **Preticketing** – The Contractor is to attach price tickets to each unit of sale.

b. **Seeding** – Price tickets, in a quantity equal to the units of sale in each case plus 5%, will be placed in a clear plastic price-ticket envelope and attached to each case. If a ticket envelope is not available, place tickets in a plain envelope with "Price Tickets" stamped or printed on the envelope. Attach the envelopes to each case. Apply one ticket to the upper right corner of each carton.

c. **Case Only Price Marking** – The price label will be placed on the end of each carton in the upper right corner. Inner packed items will not be preticketed or seeded.

4. Price tickets may be gummed or pressure-sensitive labels, pin tickets or string tags, but they must be appropriate for the merchandise they are used on. Do not cover the UPC. Price tickets will be affixed to the merchandise in a manner not to detract from salability, and will not damage the item when removed. Price tickets will be according to the following general guidelines:

a. Handwritten tickets are not acceptable.

b. Gummed or pressure-sensitive labels should be used on packaged or boxed items. The price label should be placed in the upper right corner of the box end panel. Tickets should not cover product information.

c. Do not use pin tickets on items that are easily torn or scratched.

Section 13

LOGISTICS TELEPHONE NUMBERS

HQ Logistics

Logistics CSO800-234-1204
CONUS Routing 214-312-2213 **or** 3123
Export Routing 214-312-2915 **or** 4120

Electronic Data Interchange

Support Staff214-312-2011

Exchange Mail Order Catalog

Vendor Drop Ship Unit214-312-3827
Mail Order Catalog fax 214-312-3775
Questions about Day-to-Day Operations214-312-2945

Loss Prevention800-527-6789
fax 214-312-3728

Uniform Code Council, Inc.

UPC Codes800-543-8137

Section 13A – DISTRIBUTION CENTER ADDRESSES AND TELEPHONE NUMBERS

Dan Daniel DC Customer Service757-888-2867
 Carrier Appointment Scheduling757-888-2846

Ship to: 231 Enterprise Drive Mail to: Same as “Ship to”
 Newport News, VA 23603-0666

Dan Daniel Transship Customer Service757-888-2867
 Carrier Appointment Scheduling757-888-2846

MARK FOR: (store name and facility number)

Ship to: 233 Enterprise Drive Mail to: Same as “Ship to”
 Newport News, VA 23603-0666

Waco DC..... Customer Service254-666-8505
 Carrier Appointment Scheduling254-666-8540

Ship to: 1801 Exchange Parkway Mail to: Same as “Ship to”
 Waco, TX 76712

West Coast DC Customer Service209-234-3742
 Carrier Appointment Scheduling209-234-3722
 Carrier Appointment Schedulingfax 209-234-3731

Ship to: Building 550, 700 East Roth Road Mail to: Same as “Ship to”
 Sharpe Army Depot
 French Camp, CA 95231

Fashion DF..... Carrier Appointment Scheduling757-888-2906

Ship to: 233 Enterprise Drive Mail to: Same as “Ship to”
 Newport News, VA 23603

Section 13B

OVERSEAS TELEPHONE LIST and DISTRIBUTION CENTER ADDRESSES

MAIL TO

SHIP TO (OVERSEAS VENDORS ONLY)

Giessen Distribution Center

Unit 20702
APO AE 09143
Telephone: 011-49-641-407-374 (from USA)
0641-407-374 (within Germany)

GDC

Postfach 11 01 20
35346 Giessen, Germany

Gruenstadt Food Plant Prod.

Unit 29804 Box 51
APO AE 09056
Telephone: 011-49-6359-808101

Gruenstadt Food Plant Prod.

Kirchheimer Str. 104
67269 Gruenstadt, Germany

Hawaii Retail Whse

Building 1728, Kuntz Ave.
Hickam AFB, HI 96853-5297
Telephone: 808-422-6122

Hawaii Retail Whse

Building 1728, Kuntz Ave.
Hickam AFB, HI 96853-5297

Japan Distribution Center

Unit 5203
APO AP 96328-5203
Telephone: 011-81-425-52-2511, ext. 3714

Japan Distribution Center

Bldg. 4084, Yokota Air Base
Yokota Air Base, Japan

Korea Central Retail Whse

Unit 15500 (Camp Market)
APO AP 96284-0566
Telephone: 011-82-32-520-6521

Korea Central Retail Whse

Bldg T-1715, Camp Market Depot
Bupyong-Ku, Inchon, Korea

Okinawa Retail Whse

Unit 35163
APO AP 96378-5163
Telephone: 011-81-98-892-5111

Okinawa Retail Whse

Bldg. 801, Camp Kinser
Okinawa, Japan

Request for Taxpayer Identification Number and Certification

**Give form to the
requester. Do not
send to the IRS.**

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name, if different from above	
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
or
Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here

Signature of
U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Supplier Requirements

Figure 1

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹See Form 1099-MISC, Miscellaneous Income, and its instructions.

²However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ³
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

²Circle the minor's name and furnish the minor's SSN.

³You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

Sample Carton Markings

Left Side of Carton

From:	Super Products 111 Best Street Best Town, CA 96000-0000
Ship To:	AAFES West Coast DC (WCDC) Bldg 550, 700 E. Roth Rd. Sharpe Army Depot French Camp, CA 95231-0000

Front of Carton

TCN:	HXRHAR-4070-5011xxx RDD 092 TP-3 HXYAA AAFES XE2 Honolulu HXRHAR Hawaii DC
1 of 12 (if appropriate)	
Special Markings as directed on the AAFES order and Fragile, etc., as required.	

Appendix 1

Glossary of Acronyms

ACRONYM	DEFINITION
A	
ADP	Automated Data Processing
AFI	Air Force Instruction
AFR	Air Force Regulation
ANSI	American National Standards Institute
AOR	Area of Responsibility
APO	Army/Air Force Postal Office
AR	Army Regulation
ASBCA	Armed Services Board of Contract Appeals
ASN	Advance Shipping Notification
C	
C	Celsius
CAC	Common Access Card
CBP	(U.S.) Customs and Border Protection
CC	Consolidation Center
CEO	Chief Executive Officer
C.F.R.	Code of Federal Regulations
CFS	Container Freight Station
cm	Centimeter
CONUS	Continental United States
CPSC	Consumer Product Safety Commission
CPSIA	Consumer Product Safety Improvement Act
CRC	Computer Reference Code
CS-FP	Chief of Staff – Force Protection
CSO	Customer Service Office
D	
DC	Distribution Center
DDDC	Dan Daniel Distribution Center
DO	Delivery Order
DoD	Department of Defense
DOL	Department of Labor
DOT	Department of Transportation
DSMT	Drop Ship Management Team

ACRONYM	DEFINITION
E	
EAN	European Article Number
ECOMS	Exchange Catalog Order Management System
EDI	Electronic Data Interchange
EEO	Equal Employment Opportunity
EFT	Electronic Fund Transfer
EOM	End of Month
EPA	Environmental Protection Agency
EU	Europe
F	
F	Fahrenheit
FAR	Federal Acquisition Regulation
FCC	Federal Communications Commission
FCR	Forwarders Cargo Receipt
FDA	Food and Drug Administration
FDI	Fashion Distribution Facility
FEDI	Financial Electronic Data Interchange
fl oz	Fluid Ounce
FLSA	Fair Labor Standards Act
FOB	Free-on-Board
FPO	Fleet Post Office
G	
GCC	General Certificate of Conformity
GDC	Giessen Distribution Center
GIA	Gemological Institute of America
GM	General Manager
H	
HQ	Headquarters
HSPD	Homeland Security Presidential Directive
HTS	Harmonized Tariff Schedule
I	
IATA	International Air Transport Association
IAW	In Accordance With
ID	Identification
IMDG	International Maritime Dangerous Goods
IMPO	Inventory Management Purchase Order
INCO Terms	International Commercial Terms
IP	Internet Protocol
IRS	Internal Revenue Service
IT	Information Technology

ACRONYM	DEFINITION
L	
LDU	Lowest Distribution Unit
LG	Logistics Directorate
LP	Loss Prevention
M	
MCX	Marine Corps Exchange
ml	Milliliter
mm	Millimeter
MSDS	Material Safety Data Sheet
MUC	Merchandise Unit Control
N	
NACI	National Agency Check with Inquiries
NAFI	Non-Appropriated Fund Instrumentality
NEXCOM	Navy Exchange Service Command
NMFC	National Motor Freight Classification
O	
OCONUS	Outside Continental United States
OPM	Office of Personnel Management
P	
PGP	Pretty Good Privacy
PO	Purchase Order
PROX	Proximo
Q	
QA	Quality Assurance
R	
RDC	Retail Department Code
S	
SBM	Services Business Manager
SSL	Secure Sockets Layer
SSN	Social Security Number
STC	Said to Contain
T	
TCN	Transportation Control Number
TMS	Transportation Management System
TS	Transaction Set
TSCA	Toxic Substance Control Act

ACRONYM	DEFINITION
U	
UCC	Uniform Code Council
UCS	Uniform Communication Standard
U.L.	Underwriters Laboratories, Inc.
UN	United Nations
UPC	Universal Product Code
UPS	United Parcel Service
URL	Uniform Resource Locator
U.S.	United States
U.S.C.	United States Code
USDA	United States Department of Agriculture
USDC	United States Department of Commerce
USPS	United States Postal Service
V	
VMF	Vendor Master File
VMI	Vendor Managed Inventory
VON	Vendor Order Number
VPR	Vendor Price Reduction
W	
WADC	Waco Distribution Center
WCDC	West Coast Distribution Center