

Kroger Co. Final Random Inspection Process – General Merchandise

Final Inspection Audit Criteria – For accept/reject Workmanship audit at: 4.0 AQL (Accepted Quality Limit) level for minor defects; 2.5 AQL level for major defects; and 0.0 AQL level for critical defects. For accept/reject Measurements audit at: AQL 2.5 level.

- Agents and Domestic Importers are to self-govern the final product inspection process and must ensure the product being shipped to Kroger Co. has passed a final inspection based on the quality level required by the Kroger Co.
- All direct import factories will be required to use SGS as a third party inspector.
- Every P.O. must have a passing Final Random Inspection (FRI) completed and a copy sent via e-mail to DirectGlobalSourcing@kroger.com
- For direct import factories, a minimum 6 months to a year - all final random inspections must be conducted by the third party service provider (SGS); at the supplier/factory's expense.
- If after at least 6 months the supplier/factory has submitted passing final inspection reports for all shipments that subsequently prove to be accurate; and without delivery delays; the supplier/factory may request for evaluation to be considered for training and certification of an internal team or person for self-inspection. Upon certification that internal team or person would have the authority to conduct all final random inspections for that supplier/factory; in lieu of the third party service provider (SGS).
- Kroger Co. will facilitate upon request, training and certification for any qualified supplier/factory to self-inspect; which may be administered directly by Kroger staff or may be administered through the third party service provider (SGS). The cost of the training will be at the supplier/factory's expense.
- After certification, if any major defects or an excessive number of minor defects should be discovered from self-inspected shipments; where a partial or whole shipment is received but later found to include defects exceeding the above described "accept/reject" standards; the certification would be at risk of revocation making self-inspection would no longer be an option.
- Regaining certification would be at the discretion of the Kroger Co. If approval is granted for re-certification, the process and requirements would be repeated; all at the supplier/factory's expense.
- All final random inspections should be conducted when 100% of goods are produced and at least 80% of the purchase order is packed.
- All final random inspections should be conducted using the following tools: the final production measurement specifications; the final Bill of Materials; the factory "TOP/Production Keep Sample"; the fabric and trim card; the Purchase Order detailing the packing instructions; carton type; size and markings required; various packing and shipping labels and sticker placement requirements; and the packing list with carton count. These should all be supplied by the supplier/factory; some via the Kroger SharePoint site.
- To schedule a final random inspection through the third party service provider (SGS), the supplier/factory should contact their local SGS office directly. (<http://www.sgs.com>)

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