

## VFIDS Addendum to Standard Vendor Agreement

This **VENDOR FULFILLED INVENTORY DROP SHIP (“VFIDS”)** Addendum to the Standard Vendor Agreement (“**VFIDS Addendum**”) is by and between **FRED MEYER JEWELERS, INC. (“FMJ”)** and Vendor and amends and supplements the terms and conditions of the Standard Vendor Agreement (“**SVA**”, and together with the VFIDS Addendum, this “**Agreement**”) as of the Effective Date. Capitalized terms not otherwise defined herein will have the meanings assigned to them in the SVA.

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### Execution of VFIDS Addendum

**By its execution of this VFIDS Addendum, Vendor acknowledges its acceptance of the terms and conditions contained herein and represents and warrants that Vendor’s execution and delivery of this Addendum to FMJ has been duly authorized by all necessary corporate or other action on the part of Vendor.** Vendor will promptly deliver an executed original of the signature page of this VFIDS Addendum signed by a person of authority representing Vendor to FMJ, but in no event later than fifteen (15) days after Vendor’s receipt of this VFIDS Addendum

#### 1. Customer Purchase Order.

These Vendor Fulfilled Inventory Drop Ship Customer Purchase Order Terms and Conditions apply to all orders (“**VFIDS Customer PO(s)**”) of goods, merchandise and incidental services (“**Products**”) by Fred Meyer Jewelers, Inc. and its affiliates (collectively, “**FMJ**”) from Vendor which are shipped directly to the customer as part of the Vendor Fulfilled Inventory Drop Ship Program (“**VFIDS Program**”).

#### 2. Shipment Constitutes Acceptance of Agreement.

Shipment of Products by Vendor constitutes acceptance of these VFIDS Customer Purchase Order Terms and Conditions and the terms and conditions set forth in any agreement to which the VFIDS Customer Purchase Order Terms and Conditions are attached, unless FMJ has agreed to a change in writing prior to shipment

#### 3. Force Majure.

**TIME IS OF THE ESSENCE.** However, FMJ excuses Vendor from nonperformance or delays in delivery caused by acts of God, unforeseeable occurrences or other force majeure events, but Vendor agrees it is not excused by unexpected difficulty or commercial impracticality of any degree. FMJ may cancel the unconfirmed portion of a VFIDS Customer PO at any time if shipment of the goods to the customer is not timely. If Vendor can fulfill its delivery obligation only by shipping by premium routing, the premium charges shall be prepaid by the Vendor or, if not prepaid, then FMJ reserves the right to issue chargebacks relating to the additional freight costs and administrative costs.

#### 4. Retail Pricing.

FMJ makes no representation regarding the maintenance of any specific retail price for Products purchased for resale, unless otherwise negotiated on the VFIDS Terms Sheet.

#### 5. Taxes and Other Charges.

Unless otherwise agreed in writing, the contract price includes all federal, state and local taxes, tariffs, import duties, commissions and other charges, except taxes Vendor is required by law to collect from FMJ. Such taxes, if any, will be separately stated in Vendor’s invoice and will be paid by FMJ unless an exemption is available. Vendor will obtain and pay for any licenses, permits, or inspections by public bodies required in connection with the manufacture, completion, or delivery of the Products.

#### 6. Title and Risk: Shipment.

For VFIDS Customer Purchase Orders title and risk of loss with respect to the Products will remain with Vendor until the Products have been delivered to the carrier designated by FMJ, and a valid tracking number is provided as proof of such transfer.

**7. Promotion Rights/Trademarks/Ownership.**

Vendor agrees to grant FMJ rights to market, promote and sell goods or services (“Products”) within the United States and its protectorates. This includes the use of the trademarks, logos, copyrights, and all other intellectual property rights (collectively, the “Intellectual Property”) registered, owned, licensed to or used by Vendor in connection with the sale and the promotion of the Products.

**8. Use of Fred Meyer Jewelers & Subsidiaries Trade Name and Branding.**

FMJ is the owner of certain intangible assets including the trade names, “Fred Meyer Jewelers” and “Littman Jewelers” and their corresponding service marks and logos. Vendors are obligated to ensure correct usage of such intangible assets. The VFIDS Program Policies provides additional guidelines for adhering to these branding standards. FMJ reserves the right to approve a production sample of customer shipment enclosures or any other FMJ branded materials or logo reproductions prior to Vendor being authorized to ship VFIDS Customer PO(s). In no event will Vendor sell or distribute to third parties any Product(s) that contain logos, trade names, trademarks or labels of FMJ. Vendor agrees not to include any inserts with the Product that in any way promote direct sales to the Vendor or any third party.

**9. Product Content.**

Vendor guarantees that the product descriptions, written product copy, specification sheets, supplemental feature/benefit information, photography, images, video animation or interactive media, graphics, audio, website addresses and other content (collectively, “**Product Content**”) furnished by Vendor to FMJ for any Products displayed on websites relating to FMJ eCommerce programs shall be accurate, complete, and comply with all relevant laws. Vendor grants to FMJ a non-exclusive, gratis license to use the Product Content furnished by the Vendor to FMJ in any advertisement or display of the Product, including, but not limited to, any of the websites relating to FMJ eCommerce programs. FMJ may opt to publish Product Content furnished by the Vendor unaltered (verbatim). Alternatively FMJ may opt to modify images or product descriptions in order to enhance the salability of the product, so long as it does not misrepresent what the customer is purchasing.

**10. Confidential Information**

In addition to the Confidentiality provision in the SVA, in the course of supporting the VFIDS Program, Vendor will receive Confidential Information including sensitive information about customers. Vendor expressly acknowledges that it may not use the Confidential Information for any purpose other than performance of its obligations under this Agreement. All Confidential Information is proprietary and confidential to FMJ and the Vendor’s obligation to protect Confidential Information received under this Agreement shall not expire. Vendor shall take sufficient precautions to protect the confidentiality of all Confidential Information and shall not disclose it to any third parties. Vendor specifically agrees not to use any of the Confidential Information to solicit FMJ customers or to engage in any practice or campaign directed toward or resulting in FMJ customers buying any products or services from any source other than FMJ.

**11. On-time Shipment.**

TIME IS OF THE ESSENCE. Vendor agrees to ship and confirm shipment of VFIDS Customer PO(s) within the standard fulfillment timeline as outlined in the VFIDS Program Policies unless an extended fulfillment timeline is agreed to in writing on the VFIDS Terms Sheet. If an extended timeline is committed to in writing and signed by the parties, shipments for those Products will be considered on-time if they are shipped and confirmed as shipped within the extended fulfillment timeline as outlined in the VFIDS Program Policies. Orders which require expedited fulfillment must ship within the guidelines defined in the VFIDS Program Policies unless the Vendor has opted out of providing this service on the VFIDS Terms Sheet.

**12. Cancellation.**

FMJ may cancel VFIDS Customer PO(s) and/or impose charges at its discretion as outlined in the VFIDS Program Policies if they are not shipped and confirmed as shipped with a valid tracking number by the on-time ship date, as described in Section 11. “On-time Shipment.”

**13. Substitutions & Backorders.**

Product Substitutions are not allowed when shipping a VFIDS Customer PO. Neither FMJ nor its customers will have any obligation to accept or to pay for any substituted goods or excess shipment of any Products. Vendor will not backorder any Products subject to the VFIDS Customer PO without FMJ’s prior written consent.

**14. Returns**

Customers may return VFIDS Product(s) to FMJ in accordance with the published FMJ Customer Return Policies. FMJ will collect these returns and send the Product(s) back to the vendor for full credit in accordance with the process outlined in the VFIDS Program Policies. Vendor agrees to accept such returns and process them using the guidelines outlined in the VFIDS Program Guide without restocking fees or other penalties to FMJ. Vendors may not require a Return Authorization from customers for such customer returns. FMJ will have the right to return the Products for any reason within the timeframe specified in the Vendor Fulfilled Inventory Drop Ship Program Policies.

**15. Payment**

FMJ shall pay Vendor in accordance with the terms agreed to in writing on the VFIDS Terms Sheet. FMJ shall pay the Vendor the amount due for the Product(s) on the VFIDS Customer PO, minus any commercially reasonable payment reserves. The Product Cost shall be as indicated on the electronic VFIDS Customer PO and is the cost the vendor will be paid. Invoices which are submitted for a higher cost will not be accepted. Invoices submitted at a lower cost will be binding and FMJ will pay the lower cost.

**16. Non-Compliance Chargebacks**

FMJ may impose charges for any shipments not in compliance with its shipping and fulfillment guidelines, as outlined in the VFIDS Program Policies and at its discretion credit or off-set such amounts against any amounts owed to the Vendor. FMJ may also remove Vendor's Product(s) from the website at its discretion until such time as the Vendor has proven able to remedy compliance problems and is able to operate within the program guidelines defined in the VFIDS Program Policies. Additional chargebacks as outlined in the VFIDS Program Policies may apply for misuse of third party shipping accounts or other scenarios which result in financial loss to FMJ due to Vendor's failure to comply with the VFIDS Program Policies.

**17. PCI Compliance**

To the extent Vendor receives any cardholder data in the course of carrying out its obligations as a participant in the VFIDS Program (whereby "cardholder data" shall mean any element described as such by PCI Security Standards Council) and for which Payment Card Industry "PCI" compliance is required, Vendor agrees to comply with the PCI standards. Vendor is responsible for taking appropriate precautions against damage to its operations, information systems and data that could be caused by defects, interruptions or malfunctions of communications or equipment, and shall maintain any necessary means for the storage, deconstruction, and transmission of any lost or damaged data.

**18. No Minimum Purchase**

FMJ makes no promises to Vendor regarding volume or likelihood of sales, minimum purchases or potential for profits by Vendor. Any forecasts provided will be purely informational, to optionally be used by the Vendor for inventory planning. FMJ does not commit to selling the units forecasted and may not be able to assist with liquidating unsold inventory purchased by the Vendor. FMJ may decide to remove Vendor's Product(s) from being displayed for purchase on the website at any time for any reason without approval or notification to the Vendor.

**19. Full Agreement**

In addition to the terms and conditions outlined here, the Vendor agrees to adhere to the policies and procedures documented in the attached "Vendor Fulfilled Inventory / Drop Ship (VFIDS) Program Policies." Policies and procedures may change from time to time, and Vendors will be expected to comply with these changes within sixty (60) days of receipt of the new VFIDS Program Policies or remove products from the program until such time that compliance can be achieved.

**The following sections are deleted from FMJ's SVA for VFIDS orders only:**

**3. Right of Inspection**

FMJ will have the right to inspect the Products and reject any nonconforming Products within sixty (60) days of delivery. This right of inspection, whether exercised or not, will not affect FMJ's right to revoke acceptance or pursue other remedies if defects or nonconformities are discovered at a later date, notwithstanding that any defect or nonconformity could have been discovered upon inspection. Payment

by FMJ will not be construed as an acceptance of Products, or as a waiver or limitation of any of FMJ's rights as set forth herein. In no event will Vendor sell or distribute to third parties any Products that contain logos, trade names, trademarks or labels of FMJ, even if rejected by FMJ as nonconforming.

IN WITNESS WHEREOF, Vendor and FMJ have executed this VFIDS Addendum effective as of the last date signed below ("**Effective Date**").

VENDOR

FMJ

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**FRED MEYER JEWELERS, INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_