



DROP SHIP OPERATIONS MANUAL



DROP SHIP CUSTOMER BENEFITS

How Retailers work with their Suppliers to seamlessly send items ordered on-line or in stores directly to end customers is very important. Drop ship provides consumers the following benefits:

- Expanded assortment of products
- Options that are not offered in stores
- Earlier access to new styles and trends

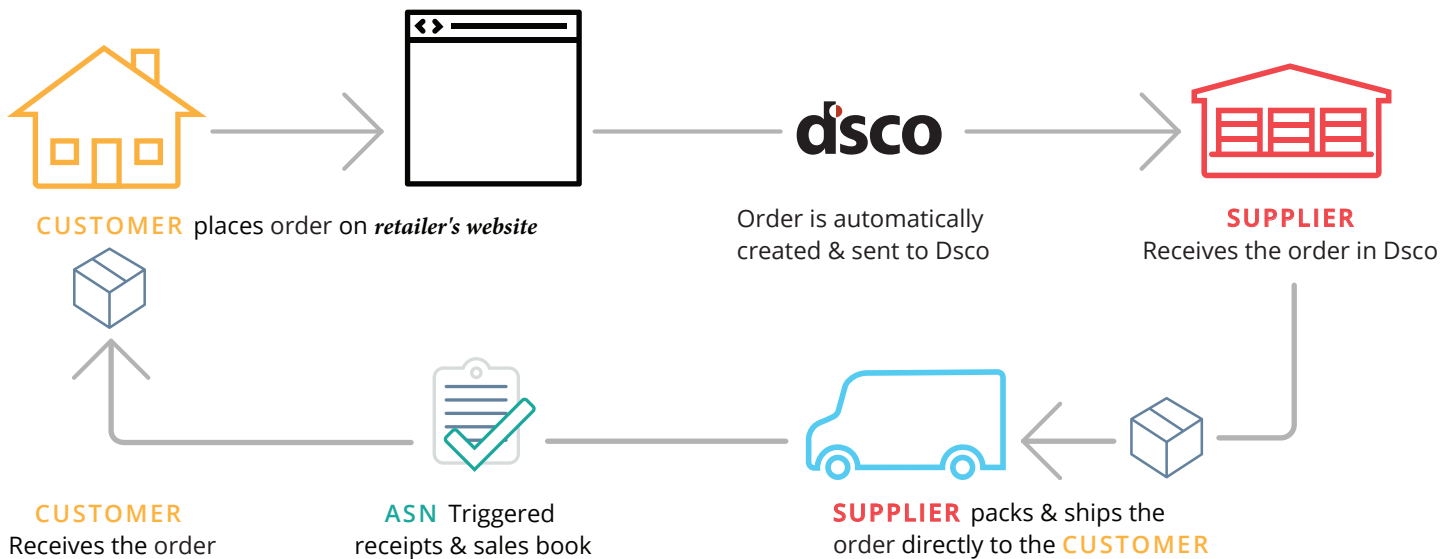


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PROGRAM REQUIREMENTS

PROGRAM REQUIREMENT	SUPPLIER CAPABILITIES
Order/Inventory Management	<ul style="list-style-type: none"> • 1x per day (or more) with actual quantities for in-stock items and a "0" for out of stock. • All orders must ship 1 business day following PO 'DSCO create date'. • ASN must be sent same day order ships • Cancel needs to be sent same day, sooner than later • Invoice must be received within 24 hours of shipment • Partner with Buying Office on inventory availability
Open RA #	<ul style="list-style-type: none"> • 1 non-expiring open RA # required per supplier • Restocking fee can be requested by supplier (\$2.50 per item)
UPS Account	<ul style="list-style-type: none"> • Must have UPS account • Retailer will issue each Supplier a UPS third party billing account number to be used in conjunction with Supplier's UPS shipping account. This billing account is to be used exclusively for customer drop ship orders <p>❗ Retailer will not pay shipping expenses for merchandise shipped unless our UPS third party billing account is used</p>
Packaging	<ul style="list-style-type: none"> • Return Label and Packing Slip required in the box; Retailer provides Return Labels • Must ship in plain brown box with no visible branding • Maximum weight 70lbs, maximum size 130" (Length + (2 x Height) + (2 x Width))
US Warehouse	<ul style="list-style-type: none"> • Required to ship from a domestic warehouse • Drop Ship purchase orders cannot be fulfilled from warehouses located in Alaska, HI, or US Territories • If a purchase order is received with an international APO, FPO PO BOX or US Territory address, the PO needs to be canceled • All warehouse changes and closures lasting longer than 1 business day must be communicated ASAP
DSCO Platform	<ul style="list-style-type: none"> • The Retailer uses DSCO, a third party platform which allows suppliers to connect and exchange data. Suppliers are required to have a DSCO account • EDI is not required but is supported by the platform
PO Terms & Conditions	<ul style="list-style-type: none"> • All drop ship orders from Retailer to Supplier are governed by the Purchase Order Terms & Conditions, at the time the order is placed. In the event of a conflict between the Purchase Order Terms & Conditions and this Manual, this Manual overrides any conflicting terms relating to the unique matters of the drop ship program.

PERFORMANCE EXPECTATIONS

PERFORMANCE EXPECTATION	SUPPLIER CAPABILITIES
Fulfillment Rate	<ul style="list-style-type: none"> • Maintain 98% or higher fulfillment rate while participating in the drop ship program
Ship on Time	<ul style="list-style-type: none"> • Must ship on time at least 97% of the time • ‘Standard Ground Shipping’ orders must ship within 1 business day
Retail Price per Unit	<ul style="list-style-type: none"> • \$40.00 USD minimum retail

DATA REQUIREMENTS & SPECIFICATIONS

DATA REQUIREMENT	DATA SPECIFICATIONS
Inventory	<ul style="list-style-type: none"> • Must ship on time at least 97% of the time • Item availability, from supplier > Dsco > retailer • Availability of an item to drop ship is controlled by Supplier; quantities must be reflected accurately in Dsco <ul style="list-style-type: none"> • <i>Actual inventory quantities must be displayed in Dsco for in-stock items, a ‘0’ must be displayed for out-of-stock items</i>
Purchase Order (PO)	<ul style="list-style-type: none"> • PO must be shipped or canceled within within 1 business day from ‘Dsco Create Date’ • Customer Order, retailer > Dsco > supplier • New orders generate automatically and are transmitted to Dsco every 5 minutes (7 days a week). Supplier action is required Monday-Friday • Orders may be eligible for cancellation at Retailer's discretion if not shipped on time
Shipment	<ul style="list-style-type: none"> • Required within 1 business day from ‘Dsco Create Date’ • Confirmation of Shipment, from supplier > Dsco > retailer • Successfully processed shipments in Dsco will charge the requesting customer for their purchase, order becomes eligible for payment • UPS tracking number linked to the order shipment will be sent to the customer to confirm shipment • Drop Ship orders are not eligible for payment until the customer is charged
Cancellation	<ul style="list-style-type: none"> • Required same day as ‘Dsco Create Date’ • Cancel Notice, from supplier > Dsco > retailer • Line item cancellations required if one or more items not available for immediate shipment within 1 business day from ‘Dsco Create Date’ • Order cancellations required if requested items are not available for immediate shipment within 1 business day from ‘Dsco Create Date’
Invoice	<ul style="list-style-type: none"> • Required within 2 business days from ‘Dsco Create Date’ • Request for payment, from supplier > Dsco > retailer • Invoice and Shipment are matched before each invoice is released for payment • Shipment required in Dsco prior to submitting invoice

DSCO INTEGRATION OPTIONS

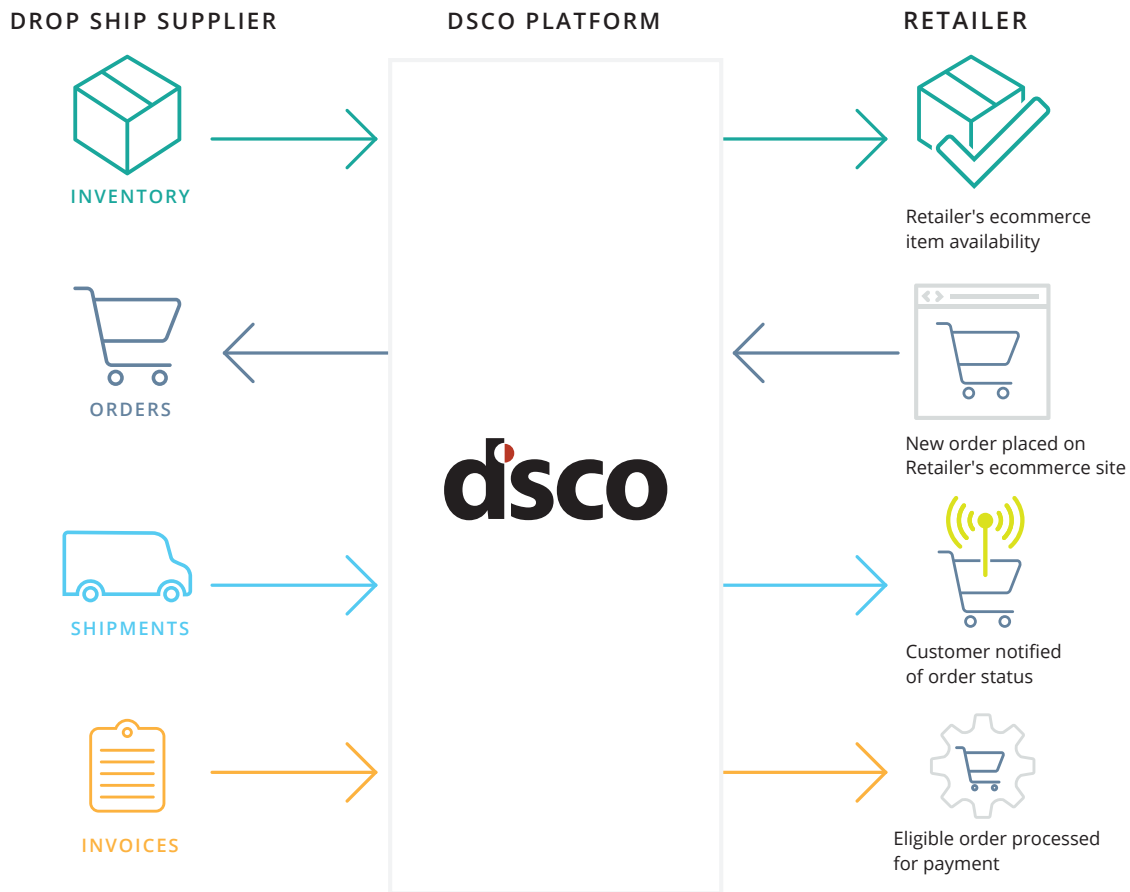
DSCO INTEGRATION OPTIONS	DSCO CAPABILITIES
DSCO Portal	<ul style="list-style-type: none"> • Drop Ship order management via DSCO website (without EDI) • Manual, one-by-one, order updates supported • Batch file/ template upload supported • CSV/ flat files supported; custom data mapping optional
Internal SFTP	<ul style="list-style-type: none"> • EDI supported • CSV/ flat files supported
Internal AS2	<ul style="list-style-type: none"> • EDI supported • CSV/ flat files supported
API	<ul style="list-style-type: none"> • Custom programming required
Third Party EDI	<ul style="list-style-type: none"> • DSCO has the capability to integrate with a third party EDI provider, using one of the available integration options (SFTP, AS2 or API)

DATA EXCHANGE

Dsco is an integration platform that simplifies and standardizes the way suppliers connect and exchange drop ship data. Here are some of the benefits you will see from using Dsco:

- No setup, data or transaction fees
- Connect the way that works best for you
- Reduction of oversell with automated inventory decrementing
- Transparency into performance, inventory, and orders

USING DSCO TO EXCHANGE DROPSHIP DATA



DROP SHIP ENROLLMENT PROCESS

Participation in the Drop Ship program is by invitation only and is designed to ensure that all participating suppliers have a clear understanding of the operational and technical requirements of Retailer's Drop Ship Program.

How to get invited: This process begins with an initial meeting of all groups involved (Retailer Buying Team and Supplier) in the implementation and maintenance of the program to review the business, product, operational, and technical requirements. During the initial meeting, future steps will be discussed and follow up sessions may be held to resolve any outstanding issues. Once all business, merchandise, operational and technical issues are resolved, Retailer's Onboarding Team will assist with the connection to the Dsco platform.

SUPPLIER BUSINESS PROCESS STANDARD

The following steps in the Supplier Drop Ship model must be included in Supplier's business process:

- Able to comply with all requirements of the program
- Able to maintain accurate inventory reporting to avoid cancellations and adverse customer experiences
- Process to complete order picks ensuring selection of the correct items
- Process to pack order ensuring all Retailer standards are met
- Must be able to meet the required shipping timeframes outlined below in Section 6
- Process to ship order ensuring the correct order is shipped to the correct location

MERCHANDISE STRATEGY

PRODUCT SELECTION & ITEM SETUP SPREADSHEET

Retailer's Asset Specialists will email a Product Attribute (PA) form that must be completed with product specifications, including styles selected (name and style #), details (size, colors, description, etc.), category information (pump, flat, evening boot, etc.), and price information (including wholesale price and MSRP).

❗ Information provided on the Product Attribute form must be accurate, as the information provided is published on the site.

COST/PRICE DISCREPANCY

If Supplier notices a discrepancy between Retailer's purchase order and Supplier's anticipated wholesale price, Supplier must NOT cancel/hold orders from being shipped to our customers. Supplier must notify Retailer Drop Ship Operations of the issue immediately, but Supplier is NOT authorized to stop shipment to the customer

Supplier warrants that the wholesale price provided to Retailer is complete and no additional charges of any type shall be added without Retailer's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating, and any additional handling fees. Supplier will provide advance notice to Retailer of any tax changes to its wholesale price.

INSERTS, PACKAGING & LABELING STANDARDS

Retailer strives to be an environmentally responsible company. We encourage the use of environmentally sensitive packaging materials (recycled and recyclable). Avoid excess packaging by using materials that maximize protection while minimizing its environmental impact. Refer to Section 5: Packaging and Labeling Requirements located in the Supplier Compliance Manual for additional information on best item packaging practices.

PACKING SLIP REQUIREMENTS

Preapproved packing slips are available for download on the Dsco platform. Supplier packing slip design must be approved by Retailer Drop Ship Operations. Supplier shall be responsible for its own costs related to packing slip design. Packing slip and return labels must be included within each shipment.

Required information includes:

- Retailer's name (May be included in the bill to information)
- Retailer's phone number and email
- Customer name and address
- Retailer's Customer Order Number (*Clearly demarcated as 'Customer Order Number'*)
- PO Number
- UPC information
- Item Description
- **NO** product pricing on pack slip
- **NO** address other than the customer's address on the packing slip

! Pack slip must be included on the inside of the shipping carton.

EXAMPLE PACKING SLIP

APFLUX		PACKING SLIP 06 JUN 2018	
CUSTOMER ORDER NUMBER: 3333333399999 PO NUMBER: 33333333			
SOLD TO:		SHIP TO:	
BETTY ANDERSON 555 MAIN ST DES MOINES, IA 50368		BETTY ANDERSON 555 MAIN ST DES MOINES, IA 50368	
Item prices and full order details are available online at	by calling toll-free	emailing us at:	Have your order number ready
UPC	DESCRIPTION	QTY	
815271010000	NURSERY ORGANIZER	1	
Return or exchange items at your local Nordstrom store or via the mail (please use return card). For prompt refund, enclose this form with your return.			
TOTAL QUANTITY IN PACKAGE 1			

RETURN LABEL

FROM: _____	ORDER # _____	NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

POSTAGE DUE COMPUTED BY DELIVERY UNIT	PRIORITY MAIL	
MERCHANDISE RETURN LABEL PERMIT NO. 1108 NORDSTROM	CEDAR RAPIDS IA 52404 7700 18TH ST SW	
POSTAGE DUE UNIT US POSTAL SERVICE 1165 SECOND AVE. DES MOINES, IOWA 50318-9702		

Return Label Replenishment:

To replenish any of Retailer's promotional or packaging materials please email Retailer.

Information to include for an email request for additional return label inserts: quantity needed (3,000 inserts per case), the address to ship them, and the point of contact for shipment.

SUPPLIER PACKAGING STANDARDS

Corrugation:

- Supplier must provide new plain brown corrugation (UPS boxes are NOT permitted). Supplier is responsible for all costs related to packaging (with exception of Retailer's promotional materials and merchandise return label)
- Supplier must provide new clear polybag for all merchandise. All items must be individually polybagged/sealed and have a UPC barcode label or hangtag with no retail tag attached to the item nor the outside of each polybag (for further information, please review the Supplier Compliance Manual)
- Please use appropriate size corrugate for product. Packing material should be placed around the inside of the shipping carton if there is a chance that products will shift significantly during transit
- Item must be shipped in a box, not a bag of any sort
- Sample photo of Supplier packaging is required during Drop Ship onboarding process

Weight and Size Restrictions:

- Maximum box weight is **70 lbs.**
- Maximum box size **130" in combined length + girth**

Length + (2 x Width + 2 x Height)

Determining Length: Measure longest side of the package, rounding to the nearest inch

Determining Girth: (2 x Width + 2 x Height) Measure the width of the package, rounding to the nearest inch. Multiply this number by 2. Measure the height of the package, rounding to the nearest inch. Multiply this number by 2. Add these two numbers together. This is your girth

Packaging Material Standards:

- Plain or clear sealing tape (Provided by Supplier)
- Retailer's Merchandise Return Label (Provided by Retailer)

ORDER STATUS, SHIPMENT & DELIVERY

Cancellations

Suppliers are required to cancel any order that cannot be shipped and the cancellation must occur within Dsco. A cancellation is required if you are unable to ship **before** the "*dsco_ship_late_date*".

⚠ A fulfillment rate of 98% or better is required. High cancellations may result in removal from Retailer's Drop Ship Program.

- The cancel order status feed updates our system and generates an email advising the customer of the action on their order
- Orders for any item not available due to a "no inventory position" **must be cancelled if the order cannot be filled within 8-hours** from the purchase order date. An updated inventory file must also be sent with a "0" for the UPC in question
- If Supplier notices a Retailer price discrepancy, they must **not** hold/cancel packages from being shipped to the customer. Supplier must notify Retailer's Drop Ship Operations of any issues immediately, but Supplier is **not** authorized to stop fulfillment/shipment process of any customer order

UPS ASN STANDARDS/SHIPMENT TRACKING CAPABILITY

All suppliers participating in the drop ship program must have the capability to track shipments. It is a requirement that all our suppliers transmit a tracking number within the ASN.

- Retailer requires one ship notification per package for all UPS shipments
- The tracking number provided by UPS must populate the sub-bill of lading field (REF*BM segment) and the PRO number field (REF*CN segment)
- The ASN must be transmitted and received by Retailer the same business day that the order is shipped
- **Must contain correct/valid carrier tracking information** transmitted in the document's BOL field, must contain PO #, customer #, and the carrier's 4-character SCAC code
- Please reference the data mapper on the Dsco platform for additional mapping details




SUPPLIER OUT OF WAREHOUSE & TIME TO CUSTOMER REQUIREMENTS

Ground Shipments

Suppliers are required to ship customer orders within **1 business day** from the time the purchase order is placed.

- **The posted promise date online to the customer is 3-6 business days.**
- Program expectation: all in-stock merchandise is to be received by the customer within 3-6 business days from the time of the purchase order
- Shipments are sent on time
- Shipped Ground Residential
- NO signature required unless specifically requested by Retailer during item setup process
- **Orders not shipped on or before the "DSCO_Ship_Late_Date" are subject to cancellation at the retailer's discretion**
- Retailer will not pay invoices and shipping expenses for merchandise shipped *after* the order has been cancelled by Retailer

REQUIRED SHIPMENT EXPECTATIONS DURING THE MONDAY - FRIDAY BUSINESS WEEK:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
	<p>PO 123456 Dsco Order Create Date 18:00pm (PDT)</p> 	<p>PO 123456 Dsco PO must ship to meet requirements</p> 	<p>If PO 123456 has not shipped or tracking information is not entered into Dsco, order is subject for cancellation and Vendor will not be reimbursed if shipped against</p> 			

Expedite Shipments

In-stock Drop Ship orders must be out of the warehouse **on the same day** the purchase order is available for pick up prior to 12:00pm PT. Next Day Air Saver and Second Day Air ship methods must be prioritized and shipped ahead of ground orders on the same day if the order is sent by 12:00pm PT.

- If unable to ship Next Day Air Saver and Second Day Air shipments, communication must be sent to Retailer
- Shipment timing is met when order is placed **BEFORE 12:00** and shipped **same day**
- Next Day Saver or Second Day Air to the customer.
 - Next Day Ship - select ship "SAVER" or "PM" delivery, not AM delivery
- **NO** signature required unless specifically requested by Retailer during item setup process
- Orders not shipped on or before the "*Dsco_Ship_Late_Date*" are subject to cancellation at the retailer's discretion.
- Retailer will not pay invoices and shipping expenses for merchandise shipped *after* the order has been cancelled by Retailer

ADDITIONAL SHIPPING INFORMATION

REQUIRED SHIPMENT EXPECTATIONS FOR ORDERS THAT COME IN FRIDAY (AFTER BUSINESS HOURS), SATURDAY AND SUNDAY CUSTOMER ORDERS. ALL ORDERS THAT ARE PLACED SATURDAY & SUNDAY ARE REQUIRED TO SHIP ON MONDAY.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
					PO 123456 Dsco Order Create Date 18:00pm (PDT)  Any orders placed Friday must ship no later than Monday	Any orders placed on WEEKEND (Saturday/Sunday) must ship Monday
8	9	10	11	12	13	14
Any orders placed on WEEKEND (Saturday/Sunday) must ship Monday	PO 123456 Dsco PO must ship to meet requirements 	If PO 123456 has not shipped and/or tracking information is not entered into Dsco, order is subject for cancellation 				

LEVEL OF SERVICE	PO CREATE DATE / TIME	SHIP BY EXPECTATION	SLA
Standard Ground	Order Date = 6/20/2018	Must Ship by = 6/21/2018	1 business day
2nd Day Air	Order Time: <i>before</i> 12:00 Noon 6/20/2018	Must ship by = 6/20/2018	Same Day
2nd Day Air	Order Time: <i>after</i> 12:00 Noon 6/20/2018	Must Ship by = 6/21/2018	1 business day
Next Day Air Saver	Order Time: <i>before</i> 12:00 Noon 6/20/2018	Must ship by = 6/20/2018	Same Day
Next Day Air Saver	Order Time: <i>after</i> 12:00 Noon 6/20/2018	Must Ship by = 6/21/2018	1 business day

- Supplier's (ship from) warehouse must be located within the contiguous United States - Drop ship purchase orders cannot be fulfilled from warehouses located in Alaska, HI, or US Territories
- If a purchase order is received with an international, APO, FPO, PO Box or US Territory address, Supplier must cancel the PO
- Retailer will not pay shipping expenses for merchandise shipped unless our UPS third party billing account is used
- Include PO number on first reference line on UPS label and do not enter a Declared Value
- Supplier will be the shipper of record whether using Retailer's UPS shipping account or its own shipping account
- All problems and/or issues regarding shipping/delivery must be resolved by Supplier
- Shipments that are misrouted due to Supplier error must be resolved at Supplier's expense
- Supplier will be reimbursed for any additional shipping fees incurred due to a special request from Retailer
- Retailer does NOT pay handling fees/drop ship fees/pick-pack fees. Supplier will be responsible for any expenses incurred during the fulfillment stage
- Multi-piece Orders and Split Shipments: PO's with multiple items should be combined in one shipment to the customer when possible. Retailer notifies customers that their packages may arrive separately in case they are not able to be combined
- Orders not shipped on or before the "Not After Date" are subject to cancellation at Retailer's discretion. Retailer will not pay invoices and shipping expenses for merchandise shipped *after* the order has been cancelled by Retailer

RETURNS, EXCHANGES, REFUSALS & UNDELIVERABLE SHIPMENTS

CUSTOMER RETURNS

All customer returns are directed to Retailer's Fulfillment Center.

- Clear instructions are provided to each customer on Retailer's returns label. Customers can also return merchandise to our Full-Line Stores. Retailer requires its Drop Ship Supplier Partners to accept customer returns for all unwanted merchandise in re-sellable condition as well as merchandise containing manufacturing defects
- If, on the rare occurrence, a customer returns an item to the Drop Ship Supplier directly, Supplier must notify Retailer's Drop Ship Operations of the return **within two (2) days** of receiving the item

OPEN RETURN AUTHORIZATION (RA) PROCESS

An Open Return Authorization process must be in place for all direct-to-consumer suppliers prior to going live. Accounts will not be activated until this information is provided.

Retailer only returns re-sellable products using this open RA number. As a guideline, once a shipping carton is full, or once a month, the re-sellable items will be shipped back to Supplier. Supplier **will not** be notified in advance of returns being sent back to Supplier's warehouse. Packing slip in returns carton will include style numbers, quantities, cost, and retail cost information for returned merchandise. Defective returns will be handled in the same fashion as our current trading agreements allow, or on a case-by-case basis if no agreements exist.

RA numbers must be limited to 12 characters or less with only letters and/or numbers.

! Retailer is only able to use ONE Return Authorization (RA) number for all drop ship returns, which can be renewed on a yearly basis, if requested by Supplier. We cannot accept RA's by request, on a monthly basis, nor by Retailer's selling department/division.

CUSTOMER REFUSALS/ UNDELIVERABLE SHIPMENTS If

UPS deems an order undeliverable, Supplier must contact Retailer's Drop Ship Operations immediately **by phone** or **via email** for ship-to address verification. Supplier is responsible for providing *Proof of Delivery* to the Drop Ship Operations office at the request of Retailer within 24-hours of the request.

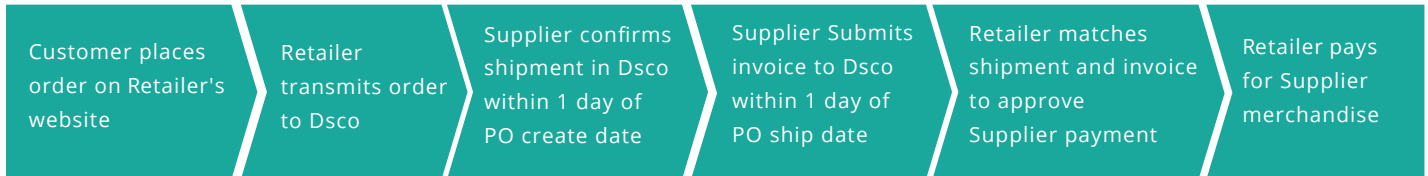
Retailer's Drop Ship Operations will contact the customer and direct Supplier to return the merchandise back to their inventory and issue a credit invoice to Retailer.

- If **Proof of Delivery** is **NOT** provided, Supplier must replace the merchandise at NO cost to Retailer or the customer. If Supplier does not do so, Retailer will assess an expense offset to Supplier. Supplier may not use Retailer's UPS shipper number to ship replacement merchandise
- **Customer Refusal/Undeliverable Shipment, Finances:** Any shipping charges incurred on return shipments, refused or undeliverable (only if Supplier provides proof of delivery) should be charged to Retailer's UPS third-party account number

REPLACEMENT OF LOST ITEMS

Retailer incurs the costs involved for the replacement of lost items when Supplier can provide proof of delivery. Supplier must cooperate with Retailer's Drop Ship Operations by providing tracking information, assisting in researching and resolving carrier claims, and recouping the claim dollars.

INVOICING PROCESS



PAYMENT

Invoices will be paid according to the applicable commercial terms minus cost of any merchandise returned to Supplier (*plus restocking fee of \$2.50 flat rate). Terms are Net 45 days unless otherwise specified. Accounts payable questions regarding invoice status, check information, and claim copies should be directed to Retailer's AP website. Access to the AP website can be obtained by contacting the Web Admin. Please remember there is a 12-month time limit on all inquiries. For additional information on payment terms, please refer to Retailer's Purchase Order Terms and Conditions.

RETURNED MERCHANDISE

Reductions will be taken on the invoice for returns. POD requests may be submitted in writing to Retailer's Claims Department.

RESTOCKING FEE

Restocking fee payments can be requested by Supplier for each re-sellable returned item. This fee is not to exceed \$2.50 per item. Please email your Supplier Relations Representative in Retailer's Accounts Payable via the AP Inquiry website to request further information.

RETAILER'S LATE ORDER CANCELLATION

Orders not shipped within 1 business day from '*Dsco Create Date*' are subject to cancellation at Retailer's discretion. As a courtesy, Supplier will be notified of orders at risk of cancellation. Each late order notice contains pertinent information related to at risk POs and requires immediate Supplier action in Dsco to resolve.

- Retailer cancelled units are NOT eligible for payment
- Invoices for merchandise shipped after the order has been cancelled will NOT be paid
- Proof of delivery will NOT be used to confirm shipment or approve invoice payment

CANCELLED ORDERS

Invoices for merchandise shipped *after* the order has been cancelled will NOT be paid.

SUPPLIER PO CANCELLATION

Items that are unavailable for immediate shipment within 1 business day from 'DSCO Create Date' must be canceled in DSCO. Notice of cancellation is required **same day** as 'DSCO Create Date'.

- Status of cancelled orders or line items cannot be changed once updated in DSCO
- Cancel Notice, from **supplier > DSCO > retailer**
- Cancelled PO(s) or PO line items are not eligible for invoicing and payment
- Invoices for merchandise shipped *after* the order has been cancelled will NOT be paid
- Proof of delivery will NOT be used to confirm shipment or approve invoice payment

INCORRECT OR UNPAID PURCHASE ORDERS (PO'S)

PO's reflecting incorrect cost need to be communicated to Drop Ship Operations and the Buying Team for quick resolution. Prior to contacting Retailer's AP and Drop Ship Operations for payment of unpaid invoices, Supplier is required to research within their company (i.e. Supplier customer service) for resolution.

SHIPPING COSTS

- **NO REMIMBURSEMENT FOR FAILURE TO USE RETAILER'S UPS ACCOUNT. THIS IS A SUPPLIER RESPONSIBILITY**
- Supplier IS responsible for audits and the use of appropriate account
- The UPS third-party billing account number is to be used for direct-to-customer orders only
- Retailer pays all shipping costs through the UPS third-party billing account number

CUSTOMER SERVICE

DROP SHIP OPERATIONS INQUIRY PROCESS

Supplier customer service agents work directly with Retailer's Drop Ship Operations team. Any Retailer customer inquiries should be forwarded to the contact listed below. Supplier should not contact a customer directly unless expressly asked by a member of Retailer's Drop Ship Operations team.

DEDICATED SUPPLIER CUSTOMER SERVICE REQUIREMENT

Supplier must provide primary and secondary dedicated customer service resources to assist Retailer's Drop Ship Operations team with customer service related issues. Customer service resources must meet the criteria listed below:

- Regularly scheduled hours (minimum of 9:00AM – 5:00PM, Monday – Friday)
- Access to email (during business hours)
- Access to inventory availability information (during business hours)
- Shipping and tracking number information
- Must be able to **follow up on questions within 24 hours** (excluding weekends and holidays)
- General working knowledge of Supplier direct-to-consumer business process
- General working knowledge of Retailer's process
- Out of office procedures - If the primary service rep is out of the office, the secondary service rep must be available

SUPPLIER INTERNAL UPDATES/CHANGES PROTOCOL & SERVICE DELAYS

CHANGE PROCESS FOR SUPPLIERS

Supplier must provide a **minimum of 30 days** written (email) notification for significant operational or technical changes that may affect the direct-to-consumer process. Changes must be communicated in writing to Retailer's Drop Ship Operations team.

i.e. warehouse changes/moves, closures, technological changes, etc.

CHANGE PROCESS FOR RETAILER Retailer implements changes to the Drop Ship program in phases, allowing suppliers to plan and evaluate how these changes affect their business processes. Retailer will use best efforts to provide Supplier a minimum of 30 days' notice for changes in processes or requirements. Communication regarding changes will be in partnership with Retailer's merchants and through Drop Ship Operations in writing.

SERVICE DELAYS Communication of any potential service delays must be provided to Retailer's Drop Ship Operations **a minimum of 30 days prior to any scheduled service delay**. A service delay is any situation or event, that impacts the ability to ship to customers within the expected timeframe. Service delays caused by inclement weather, employment disputes, or any other special occurrences must be communicated immediately to Drop Ship Operations.

SUPPLIER PERFORMANCE SCORECARDS

Scorecards focus on the below key performance areas. Suppliers are shown the ideal performance range, where they fall within the range, and any operational issues that could have been avoided to lead to better performance in the future.

COMPONENTS OF A SUPPLIER REVIEWAL:

- Total orders received
- Total confirmed shipped orders (% of total orders)
- Fulfillment Rate (Expected Fulfillment is 98%)
- Average time - Out of warehouse

CONFIDENTIAL INFORMATION; RETAILER CUSTOMER INFORMATION

- All Retailer customer information provided to Supplier is Confidential Information governed by the confidentiality terms in the PO Terms & Conditions. Supplier will use this information only to fulfill orders approved by Retailer and not for any other purposes. For the avoidance of doubt, Supplier will not market to or communicate with Retailer's customers without Retailer's prior written consent. If Supplier stores Retailer customer information on its own systems, Supplier will ensure such information is encrypted in transmission and at rest
- **Supplier will NOT use any customer names or addresses supplied by Retailer for any purpose other than fulfilling an order without Retailer's written permission. No form of communication is authorized without Retailer's written permission**

ADDITIONAL DROP SHIP SUPPLIER STANDARDS

- Before a Supplier can participate in the Drop Ship Program, Supplier must review Retailer's most updated Drop Ship Operations Manual, Partnership Guidelines, and Purchase Order Terms and Conditions
- All Supplier items must have a retail price above **\$40.00 per item** to be in the Drop Ship program
- No substitutions or alterations shall be made to the merchandise, packaging, labeling, or other materials furnished by Supplier without written approval from Retailer. Such material shall not bear any logo or identification not previously specified
- **Safety Stock:** Implementing safety stock is not required, but useful for suppliers with high volume and/or if we are pulling from general stock. If Supplier is holding inventory aside in bulk, they do not need to have safety stock. We strongly suggest safety stock if Supplier is pulling from general stock with other retailers or if Supplier DC's require a safety stock level to be used. Retailer recommends Suppliers pull orders during off-hours (over weekends and especially during sales), decrement inventory, and resend updates when Supplier warehouse is closed

PARTNERSHIP GUIDELINES

We recognize that our success is based on the quality of our relationships with customers, employees, agents, suppliers, and communities. To maintain the high caliber of these relationships and to achieve our goal of always providing the best value product in the most equitable manner, we have established standards for our suppliers. In communicating these guidelines, we hope to identify potential suppliers who share our commitment to quality products, quality business principles, and quality community relationships.

We will only engage business suppliers who demonstrate a commitment to contribute to the improvement of working conditions and strive to meet our requirements stated in the Partnership Guidelines.