



7.0 DSW Drop Ship Vendor Terms and Requirements

Prior to your launch date, DSW will set up a training session to introduce you to the VendorNet interface.

7.1 Basic Vendor Requirements

Our drop ship program utilizes a third party interface (VendorNet) for fulfilling orders. This interface is used to view orders, generate the packing slip and confirm shipment on all orders.

Please note that we require our vendors to use DSW supplied paper stock to print out the packing slip. We use FedEx for shipping and vendors will be set up with an account. All shipping charges are incurred by DSW.com. All orders must ship within 48 hours of transmission to VendorNet (excluding weekends and Holidays). Once the product is shipped; vendors are required to confirm in the system that the order has gone out.

Basic requirements

- A dedicated resource to monitor and fulfill orders
- Internet Access
- Adobe Reader 7.0 or higher
- IE 8 or higher
- Daily FedEx pickup to support Next Day, 2 Day and Standard shipping
- Printer
- Orders must ship within 48 hours
- DSW provided packing materials must be used



Customer Service Resource Requirements

- Regularly scheduled hours
- Access to email
- Access to inventory availability information
- Shipping and tracking number information
- Ability to follow up on questions within 24 hours (excluding weekends and holidays)
- General working knowledge of the supplier direct to consumer business process
- General working knowledge of the DSW and VendorNet process.

7.2 Shipping

Supplies you will receive from DSW.com

- 8.5" x 11" DSW.com packing slip paper stock (return policies on back, blank on front)
- You will receive marketing inserts from DSW, these are the only marketing inserts approved to be placed in the shipment box.
- DSW Highly Addictive Content (HAC) label must be placed on a visible side of the shipping carton where it is unobstructed by other labels
- If you have any questions or need to order additional supplies, please contact the DSW Drop Ship administrator at dropship@dswinc.com or 614.872.1892.

Packing Orders

Multi-piece Orders and Split Shipments may or may not be combined in one shipment to a customer. DSW notifies customers that their packages may arrive separately.

Do not include any additional packing slips, collateral or marketing in packages other than what is DSW approved.



Order Processing Fee

The agreed upon order processing fee will be \$x.xx. This agreed upon fee cannot be changed without a 30 day written notification to DSW.

Replacement of Lost Items

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

Expected Fulfillment Rate

All suppliers must maintain a 97% or higher fulfillment rate while participating in the Drop Ship Program to avoid a decrease in customer satisfaction. If the supplier is unable to maintain this expected rate, Drop Ship Operations and the Buying group will review their assortment and determine if items should be removed from the site or if the supplier should be removed from the program altogether.

7.3 Cancellations

The supplier is required to notify DSW of all cancellations on a daily basis via comments on the order within the VendorNet hub.

The VendorNet system notifies our customer service group when updates are made to a specific order. Our customer service group will then execute a cancellation that will flow thru to our Order Management system and generate an email advising the customer of the order modification.

High cancellations may result in removal from the Drop Ship Program. Orders for any item not available due to a “no inventory disposition” should be cancelled if the order cannot be filled within 48hrs from the date the order is downloaded.



7.4 Returns/Exchanges

Customer Returns

- All customer returns are directed to the DSW Fulfillment Center. Instructions are provided to each customer on the back of their DSW packing slip as well as on the dsw.com website.
- All customer exchange requests will be processed as 2 transactions, a return processed in the DSW fulfillment center crediting the client and a new order placed on behalf of the customer. The exchange order will be processed as a new order.
- DSW will return resalable & damaged product returned by customers to the supplier after the completion of an agreed upon period.

Restocking Fee

Restocking fee payments can be requested by the supplier for each re-sellable returned item. This fee is not to exceed \$x.xx USD per pair.

7.5 Invoicing

Our invoicing process is completely electronic and is triggered by the VendorNet system. When you have confirmed shipment on an order the system generates an invoice for that order and submits it electronically to our accounts payable department. No paper invoice is needed or will be accepted.

Payment Terms

Terms are Net XX days unless otherwise specified. Accounts payable questions regarding the status of an invoice, payment information and claim copies should be directed to Drop Ship Operations.

Cancelled Orders

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



Incorrect or unpaid Purchase Orders

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

7.6 Change Process

Supplier

Suppliers must provide a minimum of 30 days written (email) and verbal notification for significant operational or technical changes that may affect the direct to consumer process.

DSW

DSW will likewise provide the supplier with a minimum of 30 days written (email) and verbal notification of significant operational or technical changes that may impact direct to consumer process.

7.7 Operational Contacts

DSW Drop Ship Operations – Phone: 614.214.1688 or Email: Dropship@dswinc.com

Aiesha Pitts (Manager, Product Activation and Site Maintenance) – Phone: 614.872.1688 or Email: AieshaPitts@dswinc.com

Phil Bussanmas (VendorNet) – Phone: 561.737.5151 or Email: pbussanmas@radial.com



7.8 Additional Drop Ship Terms and Conditions

1. Except as modified by these DSW Drop Ship Vendor Terms and Requirements, all merchandise shall be packed for shipment in full compliance with Vendor's standard commercial practices and with the DSW Domestic Footwear & Accessories Logistics Guide, as amended from time to time (the "Logistics Guide").
2. Acceptance of a drop ship purchase order and receipt by Vendor of payment for such merchandise will constitute Vendor's transfer of all right, title and interest in the merchandise.
3. UNDER NO CIRCUMSTANCES WILL DSW BE LIABLE TO VENDOR AS A RESULT OF ANY CANCELLATION AFTER ACCEPTANCE FOR ANY AMOUNT IN EXCESS OF THE PURCHASE PRICE SET FORTH IN A PURCHASE ORDER. DSW SHALL NOT BE LIABLE FOR ANY INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES WHETHER BASED UPON THEORIES OF CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF OR RELATING TO SUCH PURCHASE ORDER.
4. DSW has the right to impose chargebacks on Vendor or recover or set-off damages caused to DSW against any drop ship purchase order in the event of (i) shipment of defective merchandise or breach of any warranties hereunder, (ii) any failure by Vendor to comply with the Logistics Guide, or (iii) any other policies communicated to Vendor by DSW from time to time. DSW may communicate policies or procedures or publish the Logistics Guide on a website maintained by DSW and upon publication on such website, Vendor will be deemed to have notice of any additions, deletions or modifications thereto.

7.8 Drop Ship Terms and Conditions (cont.)

5. By accepting a drop ship purchase order, Vendor represents and warrants to DSW that any merchandise sold: (a) is (i) free from defects in materials, workmanship, and fabrication, (ii) of the quality, quantity, size, description, color and dimensions specified in the purchase order, (iii) affixed with all required tags, labels and other printed materials, which are true and correct in all respects; (iv) contained in packaging with tags, labels and other printed materials, which are true and correct in all respects; and (v) may be handled, worn and/or used without causing harm to any person or damage to property; (b) are in compliance with normal retailing standards with respect to colorfastness, wash fastness and light fastness; (c) will pass without objection in the trade, are of first quality and conform to the promises or affirmations of fact made by Vendor or its agents; (d) do not and will not infringe on any foreign or domestic patent, trademark, trade name, copyright or other similar intellectual property interest of any person, arising out of or relating to the sale or use of such merchandise; (e) are new and unused; (f) comply with all applicable foreign, and U.S. federal, state and local laws, ordinances, orders, standards, rules, regulations, including all country of origin requirements established by the U.S. Customs Service; (g) where applicable, comply with the standards of Underwriters Laboratories, Inc. ("ULI") and bear the ULI stamp of approval; and (h) were manufactured in accordance with U.S. and local labor laws and were not produced using child, forced, indentured or convict labor contrary to local and/or U.S. legal requirements. The representations and warranties set forth in this Section shall survive shipment, inspection, testing, acceptance and payment for or use of the merchandise delivered hereunder or termination of the applicable purchase order. Statements of Vendor made by its sales agents or in its advertising or promotional materials as to the quality, grade, performance and use of the merchandise shall be express warranties of Vendor made to in connection with the purchase order.

Drop Ship Terms and Conditions (cont.)

6. DSW is not under any duty to inspect merchandise and all warranties shall survive payment to Vendor.

7. DSW shall have the right to inspect Vendor's, and Vendor's supplier's facilities, warehouses and manufacturing plants. Vendor shall provide DSW all information relating to the origin and location of manufacture of merchandise, including compliance with all workplace laws. Vendor further agrees to: (i) keep books and records (including without limitation all original documents) regarding the site of manufacture, inspection reports, fabric content and any agency relationships with respect to such merchandise; (ii) maintain such books and records for a minimum of 6 years after the sale of such merchandise pursuant to a drop ship purchase order; and (iii) make such books and records available to DSW for inspection, immediately upon DSW's request.

8. Vendor shall obtain and maintain, at Vendor's expense, commercial general liability insurance including coverage for products liability/completed operations, with an insurance company satisfactory to DSW. Such insurance shall have a broad form vendor's endorsement naming DSW and its subsidiaries and affiliates and its officers, directors, employees and agents as additional insureds in the minimum combined single limit of \$1,000,000 for bodily injury and property damage. Coverage shall not be terminated or changed without at least 30 days prior written notice to DSW. Vendor shall furnish DSW with certificates of insurance at the time of the first purchase by DSW and evidence of all renewals, listing the coverages and amounts therein. The purchase of such insurance and furnishing of such certificates shall not satisfy any of Vendor's obligations hereunder or in any way modify Vendor's agreement to indemnify DSW as provided herein.

Drop Ship Terms and Conditions (cont.)

9. Vendor agrees to defend, protect and save harmless, DSW, its subsidiaries, successors, assigns, customers and users of its merchandise against any suit, damage, claim, demand, or expense (including attorneys' fees): (a) from actual or alleged infringements of any foreign or domestic patent, trademark, trade name, copyright or other industrial, personal and intellectual property rights of any nature whatsoever; (b) arising out of any claim for damages from, defects in the merchandise, whether latent or patent, in material or workmanship, defective design, defective warnings or instructions; (c) arising out of Vendor's negligence; or (d) upon any other breach by Vendor of any representation or warranty made herein. DSW shall have the right to appoint counsel for and defend itself against civil, administrative or criminal actions, suits, or proceedings arising out of the foregoing even if any of the allegations thereof are groundless, false or fraudulent. Amounts owing to DSW by Vendor as a result of this Section shall be paid to DSW by Vendor immediately following written notice by DSW. DSW shall have the absolute right to control the conduct of any threatened litigation or litigation instituted against it and to settle and compromise any claims made against it without notice or approval of Vendor, without affecting or reducing DSW's right to be indemnified by Vendor hereunder.
10. All indemnities, warranties, guarantees and representations shall survive shipment of merchandise or termination of the applicable purchase order, are for the benefit of and shall be enforceable by DSW, any party to whom the merchandise is delivered, and the officers, directors, employees, affiliates, subsidiaries, heirs, successors and assigns of each of them and shall not be exclusive of any other representatives and warranties made by Vendor, whether express or implied.