

6.0 Transportation Routing Requirements

6.1 General Routing Requirements

- Overview: The Company's Transportation department ("Transportation") will route all shipments when the Company is the responsible party for payment of freight charges. The vendor's copy of the Company purchase order should reflect the correct commercial and freight related terms for the merchandise. If there are any discrepancies in freight terms, please contact the appropriate Company buyer. Shipment routings not authorized by the Company may result in chargebacks to the vendor including non-payment for transportation services rendered. Please use these guidelines to determine how to properly route Company shipments.
- Company-controlled domestic routing: A PO is classified as "Domestic" if the merchandise originates within the United States or if the Company is not the importer of record with U.S. Customs. Domestic PO's, (originating within the United States), routed by the Company are designated using the freight term "FOB named point" within the United States and indicate that the Company is responsible for freight payment using such language as "Freight Collect to DSW". **The Company will not be responsible for charges associated with the movement of merchandise from or to a port of entry (drayage, pier pick-up, etc.)** Any charges related to these movements will be at the vendor's expense. Under the freight terms of "FOB named point", the Company owns the merchandise while in-transit, accepts liability for loss or damage in transit, and pays the standard freight charges. Freight charges are paid according to Company terms specified on the PO. Vendors will be expected to pay for any freight charges incurred as a result of non-compliance with PO terms. Vendors shipping Domestic POs need to meet the conditions of this Section and should refer to Section 5.2, Domestic Routings, for transportation instructions.
- Vendor-controlled routings: For POs coded either as Incoterm 2000: DDP Destination ("Delivered Duty Paid") or FOB DC (U.S. Uniform Commercial Code), or FOB DSW Consolidator – Hong Kong, the vendor owns the merchandise in-transit, accepts liability for loss or damage in transit, bears and pays the freight charges, and can select its own transportation provider. Vendors shipping POs meeting these conditions are exempt from the instructions outlined in Section 5.2 of this Guide; however, notification of the shipment status and delivery estimated times of arrivals are preferred. Please contact Transportation at traffic@dswinc.com for further instructions regarding shipment visibility.

6.1 General Routing Requirements (cont'd)

- Vendor-controlled routings (modified for full containerized goods): From time to time vendors may have full containers of merchandise for the Company; however, the FOB is listed as “named point” within the United States to a location other than vendor’s DC or Hong Kong consolidator. Transportation will accept the FOB point to “a DSW Consolidator” or “Columbus, OH Rail Yard” thereby reducing the cost to the vendor and decreasing the throughput to the Company. The vendor MUST contact the Company’s Transportation Manager (see Section 10) prior to vessel unloading at origin to discuss terms and procedures. When an ocean vessel is at the pier, the vendor will need to release shipment ASN data as well as all other documentation to the Company. The vendor must also direct the vendor’s broker to email the Deliver Order release or customs clearance documents along with container contents to Trans_IB_Ocean@dswinc.com. Additional email addresses are required if the final transfer point is NOT Columbus, OH.
- The Company is a participant to C-TPAT, (Customs-Trade Partnership Against Terrorism), therefore, the “origin” seal must appear on the Delivery Order and all other documentation. If the seal does not match the original from the origin and the vendor or vendor’s broker can not provide acceptable circumstance, (e.g. customs inspection at point of entry), container may be refused prior to local pick-up and/or may be subject to customs inspection and/or PO cancellation. Domestic shipments with missing or “altered” seal, may be subject to inspection and/or delayed delivery or refusal prior to delivery at final destination. The vendor is responsible to apply the truck seal to the trailer door on full volume loads. This seal number must match the seal number stated on the bill of lading.
- The Company is Sarbanes-Oxley, (SOX), compliant, so any alteration to the amount of cartons shipped that deviates from the cartons requested must be accounted for by the vendor/shipper within 24 hours after shipment has departed vendors/shippers facility. Failure to notify Transportation in writing to traffic@dswinc.com or by fax to 614-872-1559, may result in a charge back and/or return of merchandise at vendor’s expense.
- Direct shipments to stores are prohibited, unless specifically stated on the PO. All routing instructions for these shipments are the responsibility of the Company buyer. If there are any questions, contact the Company’s main office at (614) 237-7100 or the buyer’s direct number.
- The Company expects all domestic orders to ship complete within 7 business days from the stated “*Start Ship*” date listed on the PO. Partial shipment of orders or shipping from multiple vendor locations MUST be pre-approved by the Company buyer prior to merchandise shipment. The vendor must notify Transportation of such approval when submitting routing request.
- All partial orders shipping from same location must be identified by SKU and shipment quantity on the routing request form prior order “*Start Ship*” window.

6.1 General Routing Requirements (cont'd)

- Purchase Orders for the same Business Unit (BU), may be combined on the same Routing Request Form; however, a separate form may be used for individual BU's, (e.g. DSW - **BU 29**; DSW International – BU 33; Stein Mart Footwear - **BU 41**; Gordmans Department Store Footwear - **BU 65**; and DSW E-Tail Direct - **BU 58**).
- All Routing Request Forms may be combined as separate attachments within the same email to traffic@dswinc.com.
- Vendors needing routing instructions for international orders (i.e. First Cost, Letter of Credit,..) need to contact the Company's Import/Export office at (614) 238-5672

6.2 Domestic Routings

- **General Routing Instructions:**
 1. **All requests for routing need to be submitted via a Routing Request form and emailed as an attachment to traffic@dswinc.com.**
 2. Transportation **prefers** that all communications regarding routing such as changes, questions, or requests be conveyed through e mail to ensure prompt action.
 3. To request a form via **email**, please send requests to: traffic@dswinc.com.
 4. A routing request may be placed no more than 5 calendar days prior to the "Start Ship", **provided merchandise is available and packed into shipping cartons**. This will ensure Transportation will have the available capacity to meet the delivery requirements, validate merchandise priority, and provide shipment visibility.
 5. Cartons, weight and cube must be reflect actual quantities and not estimates when requesting routing whether through TMS or the Company Routing Request Form.
 6. If the PO contains priority merchandise, Transportation may route the shipment using an expedited service provider.
 7. If the routing request is tendered and the merchandise is not in the vendor's possession, causes a delay in the pick-up, a partial pick-up or a "truck ordered, not used", the vendor may be charged back the actual cost from the carrier and will be subject to additional charge-backs as outlined in Section 9.2.
 8. Shipment validation may be obtained at any time through TMS, or, 5 business days prior to PO "Start Ship" date. Vendors are encouraged to request routing as soon as possible as long as the vendor is in possession of the merchandise. The Company expects that all shipments be requested in full no later than 5 business days past the "start ship" date on the PO.

6.2 Domestic Routings (cont'd)

9. Merchandise pick-ups are scheduled following PO validation and according to merchandise availability date and time. **All requests are scheduled for pick-up within 48 hours (2 business days) following the acceptance of the request and/or shipper's ready date.** Transportation can be contacted via phone at (614) 872-1558, Monday through Friday 8 am to 4 pm (EST) or anytime via e-mail/fax.
 10. If merchandise is not available for pick-up after arrival of carrier, any detention, trailer not used, or any other related charges may be charged to the vendor. **Vendors must notify Transportation immediately if merchandise will not be available on the scheduled pick-up date.**
 11. Any merchandise that is shipped without obtaining routing from Transportation may be subject to return at the vendor's expense. This may include merchandise that is shipped on a pick-up not ordered by the Company.
 12. Transportation's routing policy adherence improves production and distribution efficiencies while enhancing the Company's ability to maintain an acceptable freight discount program. Failure to comply with routing instructions may result in vendor chargebacks for excessive freight charges incurred. Transportation **MUST** verify all orders; failure to contact Transportation before shipping may result in partial or full non-payment of freight charges.
- Use **"plain text"** or **"rich text"** format for e-mailed requests, messages using hypertext mark-up language, (HTML), format could be blocked by the Company's anti-virus/spam software.
 - Send the Request Form as an attachment to the message, not within the body of the message.
 - SKU's shipping from multiple locations must be noted in the comments of the request form, otherwise, there may be a delay scheduling a pick-up

6.3 Scheduling Merchandise Pick-Up

- **General Pick-up Scheduling Instructions:**
 1. The following information must be provided to Transportation on the Routing Request Form located at the Company's vendor website address:
http://www.dswinc.com/vendors_inboundtrans.jsp
 - a) Vendor name and shipper/3PL name, origin address, contact name, phone number, and pick-up requirements.
 - b) For each PO number:
 - 1 Company SKU number, (required if Vendor is not shipping complete PO)
 - 2 Total number of cartons, (must not be an estimate)
 - 3 Number of pairs, (or units if shipping accessories, handbags or hosiery)
 - 4 Total cubic feet

6.3 Scheduling Merchandise Pick-Up (cont'd)

- 5 National Motor Freight Classification (“NMFC”) item number and class description of freight (i.e. NMFC 28160 Footwear, Class 150)
 - 6 Total pallet spaces (if applicable/approved)
 - 7 Total weight of cartons and pallets if loaded on pallets
 - 8 Carton dimensions in inches if total cube is not calculated
 - 9 Special merchandise requirements (i.e. hazardous material, lift-gate, inside pick-up, etc)
 - 10 Date and time when merchandise will be ready for pick-up, (vendor or shipper must be in possession of merchandise at the time of the request)
 - 11 Shipping hours, including any down time, (breaks/lunch), and closing time
 - 12 Method of pick up, (drop trailer or live load)
 - 13 Hazardous material (i.e. perfume, nail polish, etc) requirements must be clearly noted prior to pickup.
2. Each merchandise pick-up request will be verified against the PO for accuracy. No merchandise pick-up will be authorized for a shipment until all issues or discrepancies have been resolved.
 3. The Company will confirm the designated carrier with the vendor contact specified on the Routing Request Form via e-mail only.
 4. The Company selected carrier will contact shippers without email capabilities via phone.
- Transportation inquiries MUST be initiated during the Company’s business hours, Monday through Friday, from 8 a.m. to 4 p.m. (EST). E-mailed requests can be submitted 24 hours a day, 7 days per week.
 - Failure to provide sufficient lead-time or changes to load information after the initial pick-up call *could delay* the timeliness of the pick-up and result in a late delivery. It is essential that the information provided in the Routing Request Form be accurate and complete. Any delays or inefficiencies resulting from inaccurate details provided by the supplier may result in chargebacks.
 - Any additional carrier charges incurred by the Company due to vendor related pick-up delays and/or refusals may be charged back to the vendor. Our contracts allow two hours free time for loading trailers. Any time past the free time may result in a charge back to the vendor.
 - In the event of problems with the assigned carrier (late or missed pick-up, poor service, etc.), Transportation needs to be contacted immediately for assistance. A transportation specialist can be reached at (614) 872-1558 or the Inbound Manager at (614) 872-1556 Monday through Friday from 8 a.m. to 4 p.m. (EST).

6.3 Scheduling Merchandise Pick-Up (cont'd)

- Special requirements for small parcel shipments: If requested by the Company to ship via a small parcel carrier, the vendor must forward the PO number(s) and tracking number(s) to Transportation via e-mail or fax. Failure to do so will result in a chargeback of all freight costs to the vendor.
- All consolidated pick-up windows, (SoCA, NJ/NY commercial, MA,), will generally be a 4 hour window of availability rather than a specific time. All parcel and LTL pick-up windows will be at any time during the scheduled day. All TL or Intermodal pick-up windows should be specific, but with a +/- half-hour allowance for traffic.
- All shipments created by TMS will assign an SID, (Shipment Identification), and must be mentioned when calling LTL or Parcel carriers for scheduling a pick-up. SID must also appear on all communication to the Company and be written or typed on the BOL and Merchandise Invoice.

6.4 Trailer Loading Requirements (All Shippers, All Carrier types)

- All shipping locations responsible for loading trailers with Company merchandise must meet the requirements outlined in this section. Failure to follow all of the requirements herein may result in a chargeback.
- Vendors/shippers are responsible for the loading of merchandise onto trailers. Any additional charges for loading a trailer (i.e. lumper fee, warehouse equipment fee, etc) will be at the vendor's expense or may be charged back at the actual invoice amount from carrier.
- **Vendors are responsible for providing and affixing a security seal on all Company selected Truckload or Intermodal, (rail), shipments.** LTL and parcel shipments are excluded from this requirement.
- Seal numbers must be located on the BOL at the time the driver signs for the shipment. The Company prefers that the seal number be typed prior to printing the BOL versus handwriting the seal.
- Trailers should be loaded by PO, style, and color. When shipping multiple PO's, merchandise needs to be staged horizontally within the trailer when loading using a visible separator between each PO. Separators can be of any type of durable material such as slip-sheet, thick plastic, corrugated cardboard, or other material. It is recommended that pallets not be used as separators.
Furthermore, any E-Tail Direct PO's must be loaded on the tail of the trailer, (full truck-loads only), with a special note on the BOL, "E-Tail Direct PO(s) loaded last", (this does not apply to LTL and parcel shipments).
- When shipping POs with and without a corresponding EDI ASN on the same trailer, all **non-ASN** merchandise will need to be located in the front ("nose") of the trailer. This will expedite trailer unloading and merchandise receipt processes.

6.4 Trailer Loading Requirements (All Shippers All Carrier types – cont'd)

- All orders are to be “floor loaded” on trailers, unless otherwise noted in writing. The Company does not participate in a pallet exchange program with its vendors or carriers. If an order is authorized for pallets, for ease of movement, the Bill of Lading (“BOL”) MUST indicate “loose” pieces and NOT mention pallets or skids in any manner. In addition, inclusion of the pallet weight and pallet cube is prohibited unless pallet is part of the shipment, (must be authorized by Transportation prior to shipment). *Note – small cartons containing accessories/gifts/novelties are exempt from this requirement.*
- The vendor is expected to allow the carrier the ability to count the merchandise without obstruction from items such as tape or shrink-wrap. Any changes in weight due to a palletized shipment may result in higher freight charges. Differences in standard freight charges will be the vendor’s responsibility. Any palletized shipments without authorization may be subject to chargeback. When pallets are required, build them at least 84 inches in height not exceeding 96 inches overall, use the fewest possible pallets, and when 84 inches cannot be attained consider double stacking pallets.
- All loads need to be secured in order to prevent carton shifting during transit, (LTL and Parcel excluded). Orders delivered with loose and/or damaged cartons may be subject to chargeback.
- All shipments must use the Company as the final destination. Alternate shipment destinations need to be authorized by Transportation personnel. All requests for alternate destinations need to be submitted, in writing, prior to shipment departure from vendor’s facility. All orders must ship complete as specified on the PO.
- Any back ordered merchandise shipped after initial pick-up will be shipped as “freight prepaid” at vendors expense.
- Any requests to split-ship an order or specific item must be authorized by the Company buyer prior to the PO’s Start Ship date.
- The carrier’s agent must verify merchandise carton or pallet counts when shipment is picked-up for any less than truck-load shipments or consolidation, otherwise, vendor is responsible for carton counts, (must use a security seal prior to the carrier’s departure from vendors/shippers facility).
- Additional merchandise is not to be added to pick-up after carrier arrival. Any merchandise not part of the original pick-up appointment must have its own pick-up appointment, unless, written instructions are issued by Transportation.
- Vendor shipments do not need to be insured or have value declared after being loaded onto trailer. The Company assumes responsibility for the merchandise upon completion of trailer loading.

6.4 Trailer Loading Requirements (All Shippers All Carrier types – cont'd)

- All deliveries to the DC are scheduled as “drop trailer” receipts. Trailers are unloaded based on a first in/first out (FIFO) method.
- The Company DC reserves the right to refuse live deliveries for a given date based on the inbound volume. For live delivery appointments, vendors must call (614) 872-1516, or e-mail ReceivingAppointmentsDSW@dswinc.com.
- If the vendor selects a carrier that requires a live unload, the shipment may be refused. The vendor will then need to make alternate arrangements to locate a facility that will trans-load the merchandise and drop a trailer at the DC.
- **The DC does not accept air containers, pallets, or other air cargo equipment.**

6.5 TMS, (Transportation Management System) Information

- DSW Inc in the future will be migrating most vendors from the manual routing requests and approvals through e-mail to an online format hosted by Sterling Commerce, an IBM Company, (“Sterling”). The Company’s cut-over plan will commence in the second half of 2013, and vendors will be contacted by DSW Transportation prior to enrollment. The website for Vendor interaction with the Company PO is secured and a login/password will be issued at least two weeks prior to enrollment. The Sterling TMS is designed to be as easy and efficient as possible, but there is required interaction by the vendor, or the vendor’s agent, in order to validate the Company PO’s. The intent is to have a simple, non cumbersome interaction and exchange of information. The process should actually take less time than the current manual methods and vendor will receive instant feedback on acceptance or issues. More detailed information will be posted at the DSW Vendor Portal, <http://dswinc.com/Vendor-InboundTrans.do>.
- A detailed process and procedural guide book will be provided to the vendor to include screen shots, frequently asked questions and support numbers.
- The vendor will access all open PO’s through the secured web address <https://www.sterlingwebforms.com/webforms>.
- Sterling Webforms are similar to e-mail accounts with “Inbox”, “Drafts”, “Outbox” and “Deleted” folders.
- PO’s must be entered one at a time and the process will take between 1 to 5 minutes per PO.
- More detailed information will be posted at the DSW Vendor Portal, http://www.dswinc.com/vendors_inboundtrans.jsp.
- DSW TMS will allow for SKU level validation and routing, however, it is expected that the vendor ship the entire PO within 5 business days of the start ship date. Any abuse may result in charge backs for excess transportation costs.

6.6 TMS Overview of Instructions

- Vendor enrollment will take approximately two hours, and during this time, vendor contact information will be reviewed, step-by-step instructions will be reviewed and the vendor will have an opportunity to ask questions.
- Once enrolled, the Company Transportation team will test with the vendor by reviewing the first several shipments for procedural accuracy, then “Go Live” with the vendor on the next PO shipment.
- More detailed information will be posted at the DSW Vendor Portal, http://www.dswinc.com/vendors_inboundtrans.jsp.
- Vendor enrollment is based upon current levels of volume, therefore, some vendors will continue to follow the manual process and e-mail traffic@dswinc.com.
- If you have any questions regarding TMS, contact the Transportation Manager, (see Section 10)
- Vendors will be notified of carrier acceptance and appointment date and time by SID, (shipment ID assigned by TMS). DO NOT REPLY to that message, BUT, you MAY forward the message to the Transportation Manager or to traffic@dswinc.com.
- Inform your IT department to allow e-mails to be accepted from “sterlingtms.net”, otherwise the vendor will not be informed of carrier acceptance, cancellation or pick-up appointment date and time with the assigned SID number.

6.7 TMS PO Validation Business Rules

- **Business Unit 29, DSW INC:**
 1. TMS will compare the entered “Ready To Ship Date” entered into the Sterling Web forms against the Company’s Start Ship and Cancel date for each PO.
 - a. If the “Ready To Ship Date” falls within the Company’s Start Ship and Cancel, the PO will pass validation.
 - b. If the “Ready To Ship Date” falls outside of this window, the vendor will receive a message that the issue has been sent to the Company for review.
 2. Check Event Codes:
 - a. The Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a “route once” and complete philosophy at the “SKU” level, (Vendor Style/Color).

6.7 TMS PO Validation Business Rules (cont'd)

3. Check SKU Quantity:
 - a. If the vendor requests ALL SKU's ordered, then apply a tolerance of +/- 10% per SKU
 - b. If the vendor requests less than all SKU's ordered, then apply a tolerance of +/- 2% per SKU.
 - c. If the vendor requests less than the specified tolerances, then the vendor will receive a message that the issue has been sent to the Company for review.
4. Request Denied or Delayed:
 - a. If the vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at the Company for review.
 - b. If the Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. The vendor is to check within 48 to 72 hours for PO update.
 - i. If the PO is not reloaded with the changes to SKU quantities or dates within 48 hours, the vendor may contact the vendor's Sales or Customer Service departments for further instructions.
 - ii. If the PO is not reloaded with the changes to SKU quantities or dates within 72 hours, the vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.
- **Business Unit 41, Stein Mart Footwear ONLY:**
 1. TMS will compare the entered "**Ready To Ship Date**" entered into the Sterling Webforms against the Company's Start Ship and Cancel date for each PO.
 - a. If the "Ready To Ship Date" falls within the Company's Start Ship and Cancel, the PO will pass validation.
 - b. If the "Ready To Ship Date" falls outside of this window, the vendor will receive a message that the issue has been sent to the Company for review.
 2. Check Event Codes:
 - a. The Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a "route once" and complete philosophy at the "SKU" level, (Vendor Style/Color).
 3. Check SKU Quantity - **NO PARTIAL PO's ACCEPTED:**
 - a. If the vendor is requesting ALL SKU's ordered, then apply a tolerance of +/- 2% per SKU.
 - b. If the vendor is requesting less than all SKU's ordered, or less than total SKU's on order, then the vendor will receive a message that the issue has been sent to the Company for review.

6.7 TMS PO Validation Business Rules (cont'd)

4. Request Denied or Delayed:
 - a. If the vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at the Company for review.
 - b. If the Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. The vendor is to check within 48 to 72 hours for PO update.
 - i. If the PO is not reloaded with the changes to SKU quantities or dates within 48 hours, the vendor may contact the vendor's Sales or Customer Service departments for further instructions.
 - ii. If the PO is not reloaded with the changes to SKU quantities or dates within 72 hours, the vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.
- **Business Unit 65, Gordman's Department Stores' Footwear ONLY:**
 1. TMS will compare the entered "**Ready To Ship Date**" entered into the Sterling Webforms against the Company's Start Ship and Cancel date for each PO.
 - a. If the "Ready To Ship Date" falls within the Company's Start Ship and Cancel, the PO will pass validation.
 - b. If the "Ready To Ship Date" falls outside of this window, the vendor will receive a message that the issue has been sent to the Company for review.
 2. Check Event Codes:
 - a. The Company uses internal event codes to override certain SKU quantity conditions.
 - b. All PO shipments are based upon a "route once" and complete philosophy at the "SKU" level, (Vendor Style/Color).
 3. Check SKU Quantity - **NO PARTIAL PO's ACCEPTED:**
 - a. If the vendor is requesting ALL SKU's ordered, then apply a tolerance of +/- 2% per SKU.
 - b. If the vendor is requesting less than all SKU's ordered, or less than total SKU's on order, then the vendor will receive a message that the issue has been sent to the Company for review.
 4. Request Denied or Delayed:
 - a. If the vendor's request does not pass any one of the validation stages, a message will be sent to the appropriate team at the Company for review.
 - b. If the Company accepts the condition, a revised PO will be issued to Sterling Webforms.
 - c. The vendor is to check within 48 to 72 hours for PO update.



6.7 TMS PO Validation Business Rules (cont'd)

- i. If the PO is not reloaded with the changes to SKU quantities or dates within 48 hours, the vendor may contact the vendor's Sales or Customer Service departments for further instructions.
- ii. If the PO is not reloaded with the changes to SKU quantities or dates within 72 hours, the vendor may call 614-872-1558 or e-mail traffic@dswinc.com for follow-up.