

## 9.0 Vendor Chargeback Policy

### 9.1 General Information

- The purpose of chargebacks is not to create revenue for the Company, but to recover operating expenses incurred for correcting vendor errors. This policy creates a means of feedback, ensures cost recovery, supports the goals of the Company, and allows everyone to share in the success of the Company.
- To request Company supporting documentation (i.e. photos, etc) related to a chargeback, please provide vendor personnel contact information to the Company's Vendor Relations team via email (see Section 10). Be sure to include the following information:
  - Name of Contact
  - Title
  - Mailing Address
  - Phone Number
  - Fax Number
  - E-mail Address
  - PO number
  - Deduction type (DM11, DM5, etc)

Once this has been received, supporting documentation regarding the chargeback will be sent within 72 business hrs.

- Vendors exhibiting an improvement in overall performance over a **90-day** period (from date of chargeback issuance) may be eligible for a chargeback reduction or reversal. Based on the vendor's previous performance history and the severity of the error, the Company will determine if a refund of a previous chargeback is warranted. If the vendor's performance does not warrant a full refund, the Company may issue a reduced amount of the chargeback.
- Vendors can initiate a chargeback review petition anytime prior to the completion of a 90 day performance review period. However, no refunds will be issued during this time without proper documentation from Company representatives and the vendor.
- Vendors failing to petition for a chargeback review after **180** days from date of chargeback issuance are not be eligible for any refunded amounts. **Any questions or concerns pertaining to chargeback issuance, negotiation, and/or refunds need to be directed to the Company's Vendor Relation team (see Section 10).**
- All vendor shipments delivered in error will be documented and be subject to the chargebacks as provided in Section 9.2. Additionally, a single vendor shipment with multiple errors may have each occurrence individually documented and charged back in accordance with Section 9.2.



**9.2 Schedule of Chargeback Expense**

NON-COMPLIANCE ISSUE	CHARGEBACK EXPENSE
<b>Purchase Order Errors</b>	
Failure to comply with PO preparation or packing instructions or specifications	\$.25 per unit of merchandise, plus Company cost incurred per PO
<b>Return-to-Vendor Handling Expenses</b>	
Defective/damaged/un-saleable merchandise	\$150, plus all Company costs incurred per PO
<b>Packaging Errors</b>	
Bands, straps, wire or other material wrapped around the carton (non-conveyable carton)	\$5 per carton in error (minimum \$50)
Merchandise not in corrugated boxes	\$25 per carton in error (minimum \$50)
Multiple POs packed into a carton	\$25 per carton in error (minimum \$50)
Multiple styles and/or colors packed into a carton	\$25 per carton in error (minimum \$50)
Style/color/size substitutions not previously authorized by Company buyer	\$5 per carton in error (minimum \$50)
Too large or too small corrugate or use of unacceptable corrugate	\$25 per carton in error (minimum \$50)
Unauthorized container used (i.e. air container)	\$150 per PO/shipment, plus \$15 per carton
<b>UCC Carton Labeling Errors</b>	
Duplicate UCC-128 number used	\$5 per carton in error (minimum \$50)
No UCC-128 label on carton	\$7.50 per carton in error (minimum \$50)
UCC-128 Bar-code located incorrectly on cartons	\$5 per carton in error (minimum \$50)
UCC-128 barcode format not industry standard or poor quality label (unusable label)	\$5 per carton in error (minimum \$50)
<b>Carton/Case Content Labeling Errors</b>	
Printed carton marks missing/incomplete/incorrect/not legible	\$5 per carton in error (minimum \$50)
<b>Merchandise Ticketing Errors</b>	
Incorrect retail price tickets	\$150, plus \$.20 per unit
Incorrect UPC label	\$150, plus \$.20 per unit
Missing retail price tickets	\$150, plus \$.20 per unit
Missing UPC label	\$150, plus \$.20 per unit
Retail tickets placed incorrectly	\$150, plus \$.20 per unit
UPC labels placed incorrectly	\$150, plus \$.20 per unit
<b>Shipment Notification Errors</b>	
No/Late/Unusable EDI ASN (856) transmission	\$7.50 per carton (minimum \$500)
No/Late/Unusable EDI Functional Acknowledgement (997) transmission	\$100 per EDI message
No/Late/Unusable EDI UPC (832) data	\$5 per carton (minimum \$500)



**9.2 Schedule of Chargeback Expense (cont'd)**

<b>NON-COMPLIANCE ISSUE</b>	<b>CHARGEBACK EXPENSE</b>
<b>Transportation Routing Errors</b>	
Failure to notify Transportation of changes on domestic routing prior to shipping that result in unnecessary transportation expense.	\$150 plus the difference between standard freight cost and actual freight costs incurred per shipment.
Merchandise routed without the Company notification (Company controlled freight)	Minimum \$500, plus Company cost incurred per PO/shipment
Merchandise routed without the Company notification (Vendor controlled freight – no visibility)	Minimum \$250, plus Company cost incurred per PO/shipment
Multiple shipments sent per PO.	\$100 plus the difference between standard freight cost and actual freight costs incurred per shipment.
Unauthorized attempt to deliver or live unload PO at DC without Company's approval.	Refusal of shipment and/or \$150 per occurrence plus all fees incurred to resolve or process shipment error.
Unauthorized routing used for domestic shipment.	\$150 per occurrence plus freight cost difference.
<b>Transportation Shipping Errors</b>	
Company controlled shipments shipped after cancellation date specified by PO without Company's approval	\$150 per occurrence
Detention of the Company routed carrier, or canceling carrier after dispatched for pickup.	\$100 plus actual carrier charges incurred.
Failure to make merchandise available for shipping by scheduled pick-up date	\$100 per occurrence plus the difference between standard freight cost and actual costs incurred per shipment.
Failure to sort or load trailer properly by PO	\$1 per carton, plus Company cost incurred per PO
Shipments picked up 5 days after delivery date specified by PO without Company's approval	\$150 per occurrence
Vendor controlled merchandise received after the PO's cancel date (subject to cancellation)	\$250, plus all freight charges
<b>PO &amp; Shipment Documentation Errors</b>	
Failure to properly reference PO/Dept on small parcel shipment paperwork.	\$20 plus full freight cost incurred by Company per shipment.
Failure to provide any and all required company documentation as specified in the Vendor Logistics guide or PO terms within 60 days	\$100 per missing document
Faxing packing lists to the Company	\$50 per document.
Incomplete/incorrect Commercial Invoice	\$150.00 per invoice.
Multiple invoices per PO/shipment	\$150 per occurrence.
No BOL or inaccurate/insufficient detail on BOL.	\$150 per occurrence.
Packing list information missing/incomplete/incorrect	\$50 per occurrence.
Request for research on payment deductions over 6 months old	\$100 per aged PO/Debit Memo number.