11.0 Vendor Chargeback Policy

11.1 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.

- 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.

- To request Company supporting documentation (i.e. photos, etc) related to a chargeback, please provide vendor personnel contact information to the Company's Vendor Compliance team via email (see Section 12). When submitting chargeback documentation requests, be sure to include the following information:

    o PO number
    o Deduction type (DM11, DM5, etc)

    Upon receipt of request, the Company's Vendor Compliance team will forward supporting documentation within 72 business hrs.

- **Any previously assessed chargebacks will adhere to the policies and procedures found in this guide.**

- Any questions or concerns pertaining to chargeback issuance, negotiation, and/or refunds need to be directed to the Company's Vendor Compliance Team (see Section 12).

11.2 Schedule of Chargeback Expense

NON-COMPLIANCE ISSUE	CHARGEBACK EXPENSE
Purchase Order Errors	
Failure to comply with PO preparation or packing instructions or specifications	$.40 per unit of merchandise, plus Company cost incurred per PO
Packaging Errors	
Bands, straps, wire or other material wrapped around the carton (non-conveyable carton)	$5 per carton in error
Merchandise not in corrugated boxes	$5 per carton in error
Multiple POs packed into a carton	$25 per carton in error
Multiple styles and/or colors packed into a carton	$25 per carton in error
Style/color/size substitutions not previously authorized by Company buyer	$25 per carton in error
Too large or too small corrugate or use of unacceptable corrugate	$5 per carton in error
Unauthorized container used (i.e. air container)	$150 per PO/shipment, plus $15 per carton
Merchandise not Poly bagged (accessories)	$150, plus $.30 per unit
UCC Carton Labeling Errors	
Duplicate UCC-128 number used	$25 per carton in error
No UCC-128 label on carton	$5 per carton in error
UCC-128 Bar-code located incorrectly on cartons	$5 per carton in error
UCC-128 barcode format not industry standard	$5 per carton in error
UCC-128 barcode format poor quality label	$5 per carton in error
UCC-128 label not usable/invalid/ not attached to the ASN	$5 per carton in error
UCC-128 labels are reading for a different size then what is inside the cartons	$5 per carton in error
UCC-128 labels reading for different pack sizes then what is inside the cartons	$5 per carton in error
UCC-128 barcode labels invalid trouble scanning/reading	$5 per carton in error
Carton/Case Content Labeling Errors	
Printed carton marks missing/incomplete/incorrect/not legible	$7.50 per carton in error
Merchandise Ticketing Errors	
Incorrect retail price tickets	$150, plus $.30 per unit
Incorrect compare price tickets	$150, plus $.30 per unit
Incorrect UPC label	$150, plus $.30 per unit
Missing retail price tickets	$150, plus $.30 per unit
Missing UPC label	$150, plus $.30 per unit
Poor quality UPC/will not scan	$150, plus $.30 per unit
Retail tickets placed incorrectly	$150, plus $.30 per unit
UPC labels placed incorrectly	$150, plus $.30 per unit
Removal of Stickers/tags	$150, plus $.30 per unit

EDI Errors

Failure to use EDI PO (850) or EDI PO Change (860) transmission	$50 per EDI message
No/Late/Unusable EDI Functional Acknowledgement (997) transmission	$100 per EDI message
No/Late/Unusable EDI ASN (856) transmission	$7.50 per carton
Incorrect 850 transmission	$50 per EDI message
No EDI UPC (832) data	$50 per EDI message
Failure to confirm PO details and load UPC codes	$50 per EDI PO

Transportation Routing Errors

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.
Truck ordered not used	$250 per occurrence

Transportation Shipping Errors

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	$2 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
Incorrect Loading/ not loading the Dot.com PO's last on the truck	$1,000 per trailer

PO & Shipment Documentation Errors

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.