



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.
- Requests for chargeback documentation must be submitted within 60 days. Any request for research on payment deductions over 6 months old may result in a chargeback.
- 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:
 - PO number
 - 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).



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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	\$50 per carton in error
Style/color/size substitutions not previously authorized by Company buyer	\$50 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 than what is inside the cartons	\$5 per carton in error
UCC-128 labels reading for different pack sizes than 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



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Merchandise Ticketing Errors Cont'd	
Removal of Stickers/tags	\$150, plus \$.30 per unit
EDI Errors	
Failure to use EDI PO (850) or EDI PO Change (860) transmission	\$100 per EDI message
No/Late/Unusable EDI Functional Acknowledgement (997) transmission	\$250 per EDI message
No/Late/Unusable EDI ASN (856) transmission	\$7.50 per carton (Minimum Charge of \$50.00 per PO)
Failure to confirm PO details and load UPC codes within service level agreement (SLA)	\$50 each week order details are not confirmed per PO
Failure to load required UPCs and or Styles into vendor catalog for Style Creation within service Level Agreement (Also Applies to missing 832 direct EDI and Styles)	\$100 per missing 832 Vendor Style/ EDI message
Disregard of NRF UPC standards by reallocation of GTIN/EAN/UPC already assigned to a trade item. Reuse prohibited as of 1/1/19 per NRF and GS1 guidelines	\$150 per style
Dropship EDI Errors	
Missing or Unusable Sample/Image As Requested	\$100 per style
Missing/Inaccurate/Unusable E-commerce Specifications	\$50 Per style created
Failure to load required UPCs and or Styles into vendor catalog for Style Creation within service Level Agreement (Also Applies to missing 832 direct EDI and Styles)	\$150 per style
Disregard of NRF UPC standards by reallocation of GTIN/EAN/UPC already assigned to a trade item. Reuse prohibited as of 1/1/19 per NRF and GS1 guidelines	\$100 per missing 832 Vendor Style/ EDI message
Transportation Routing Errors	
Failure to notify Transportation of changes on domestic routing prior to shipping that result in unnecessary transportation expense.	Minimum \$1000, plus Company cost incurred per PO/shipment
Merchandise arrives without the Company notification (Company controlled freight)	Minimum \$500, plus Company cost incurred per PO/shipment in addition to any Drop/Trailer retention fees
Merchandise arrives without the Company notification (Vendor controlled freight – no visibility)	Minimum \$500, plus Company cost incurred per PO/shipment in addition to any Drop/Trailer retention fees
Failure to provide accurate case, unit, cube or weight information on vendor Routing Request form resulting in additional transportation expense	\$1500 per occurrence plus the difference between standard freight cost and actual costs incurred per shipment including additional freight costs
Multiple shipments sent per PO/Short shipment vs routed Quantity	\$500 plus the difference between standard freight cost and actual freight costs incurred per shipment
Short routing/shipping POs that results in MPO creation at a future date	\$500 per occurrence plus the difference between standard freight cost and actual costs incurred per shipment



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Transportation Routing Errors Cont'd	
Unauthorized attempt to deliver or live unload PO at DC without Company's approval.	Refusal of shipment and/or \$500 per occurrence plus all fees incurred to resolve or process shipment error.
Unauthorized routing used for domestic shipment.	\$500 per occurrence plus freight cost difference.
Transportation Shipping Errors	
Company controlled shipments shipped after cancellation date specified by PO without Company's approval	\$500 per occurrence
Detention of the Company routed carrier, or canceling carrier after dispatched for pickup.	\$100 per hour after 2 hours detained plus actual carrier charges incurred
Truck ordered not used	\$500 per occurrence
Shipments picked up 3 days after Carrier Assignment specified by PO without Company's approval	\$1500 per occurrence
Domestic Vendor controlled merchandise received after the PO's Requested Delivery Date (subject to cancellation)	\$250, plus all freight charges
International Vendor controlled merchandise received after the PO Cancel date (subject to cancellation)	\$250 per PO, plus all freight charges
Use of pallets when loading a Truckload (Non-LTL) truck/Failure to floor load trailer without previous approval	\$1500 per occurrence
Incorrect Loading/not loading the Dot.com PO's last on the truck	\$1,000 per trailer
Failure to Show for Appointment Made Without 24 hrs. Notice to Receiving Warehouse	\$150.00 per occurrence plus 0.5% of value of goods (PO Value) per day after appointment date, up to a maximum of 30% of value of Purchase Order
Failure to adhere to required shipping methods provided by retailer	\$100 per occurrence plus the difference between standard freight cost and actual costs incurred per shipment.
Failure to deliver in Ship Window- Including approved extensions at Vendor's request	\$150.00 per occurrence plus all fees incurred to return product to vendor OR local cost of goods reduced: Day 1-7 = 10% Day 8-14 = 20% Day 15-21 = 30% Day 22+ = 40%
Shipments received prior to ship not before date (Early Receipts) without written approval	\$150.00 per occurrence plus 10% of value of PO per week prior to ship not before date



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Transportation Shipping Errors Cont'd	
Late arrival at warehouse for appointment previously arranged without approval (Same Day Arrivals)	\$50.00 per hour late per occurrence/PO when arriving within same day as original appointment booked
Failure to Show for Appointment Made Without 24 hrs + Notice to Receiving Warehouse	\$150.00 per occurrence plus 0.5% of value of goods (PO Value) per day after appointment date, up to a maximum of 30% of value of Purchase Order
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
Emailing BOL 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