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1.0 Statement of Purpose

SHOE SENSATION, Inc. ("Company") recognizes the important role our vendors play in achieving our goal of being the retailer of choice for branded footwear by satisfying customer expectations concerning selection, convenience and value. We believe building strong partnerships with our vendors allows us to ensure customer expectations and/or requirements are met for the success of our vendors and our company.

In addition to maintaining strong vendor partnerships, our Company utilizes current supply chain technology to improve merchandise flow from point of origin to sales floor. This provides our customer with the typical sale price found at specialty retailers and department stores. With an emphasis on technology, it is more important than ever that we work together with our vendors.

For these reasons, we have developed the SHOE SENSATION, Inc. Footwear & Accessories Vendor Logistics Guide ("Guide") to outline policies and procedures which vendors need to understand and follow in order to work with the Company. The Guide is a comprehensive reference source for merchandise which provides the vendor with the basic policies and procedures for conducting business with the Company. The intent of this document is to assist our vendors in successfully meeting the Company's standards governing business transactions.

The Guide outlines the following policies and procedures; purchase order ("PO") information, merchandise preparation, packaging, shipping, and electronic data interchange ("EDI") requirements. Each vendor is expected to satisfy all of the requirements outlined in the Guide when shipping merchandise to the Company's Distribution Center (DC). Merchandise deliveries will be audited to ensure Guide requirements are being met. Any non-compliance discovered by the Company may result in vendor chargebacks to recover the additional costs associated with excessive handling and/or processing of merchandise.

This Guide contains new material and supersedes any information you may have received under separate cover. When changes are made to any of the requirements contained within the Guide, you will be notified in advance of the new expectation and compliance deadline. Your receipt of the Guide in its entirety or any components, via electronic or manual method, implies your acknowledgement and acceptance of the Company's requirements contained therewith in.

The success of these policies and procedures depends upon mutual and regular communications between the Company and vendor. We encourage you to work closely with the Company to develop a thorough and expeditious plan to comply with these policies and procedures. If after consulting the Guide you have questions regarding the requirements, please contact the Company's Vendor Relations Coordinator (see Section 10). Additional copies of the Guide can be accessed via the Internet at:
2.0 Purchase Order (PO) Requirements

2.1 General Instructions

- Company buyers will provide vendors with an initial hard-copy PO specifying the following information by email via an attached PDF:
  - Business unit name (SHOE SENSATION)
  - Vendor name
  - Store number and 974 (warehouse) distribution
  - Consolidated page
  - Item order, delivery, start-ship, and cancellation dates
  - PO number
  - Vendor item style number and color description
  - Unit cost (Company cost for the item).
  - Size run and packing instructions (when indicated).
  - Prepack code (when indicated on order)
  - Comments (when indicated)
2.1 General Instructions (continued)

- The Company will request that all UPC enabled vendors establish a data trading agreement that allows the use of the vendor’s UPC codes for PO merchandise. The Company’s EDI Coordinators will contact the vendors requesting access to their online UPC catalog (GXS, QRS, SPS Commerce) data. For details on how to set up this partnership, please see the EDI Coordinator (see Section 10).
- Vendors need to ensure all shoe boxes are labeled with the vendor’s internal UPC bar-coded tag which matches the Company and vendor’s style and color.
- The Company may request that merchandise be shipped pre-ticketed with UPC tickets supplied by Shoe Sensation (typically non-EDI vendors). Any questions concerning pre-ticketing requests should be directed to the Company EDI Coordinator. (See Sec.3.3 for Accessories Information).
- When pre-ticketing merchandise, the vendor will apply all tickets prior to merchandise shipment. Questions concerning UPC tickets and/or placement instructions need to be addressed to the EDI Coordinator.
- Any exceptions to PO preparation or packing instructions/specifications need to be approved, in writing, by the appropriate Company buyer prior to merchandise shipment.
- Vendor style and/or color substitutions are not permitted without the prior approval of the Company.
- Vendors may request additional copies of orders (email or EDI) from the appropriate Company buyer.

2.2 Merchandise Configuration Types (Packing & Ticketing Methods)

- The Company specifies two types of merchandise packing configurations;
  1 – pre-packed or musical (solid style, color, and assorted sizes merchandise),
  2 – unit based (solid style, color, size, and dimension).

Store packs must include the store number on the label.
The Company PO will indicate merchandise packing instructions by size and quantity in the comments section where applicable. Questions concerning specific merchandise configuration will need to be forwarded to the Company Buyer prior to merchandise shipment.

- Any merchandise (accessories or footwear) requiring shipping cartons smaller than the Company’s accepted dimensions need to be master-packed into larger cartons per Section 3 and 4. All questions regarding this requirement need to be addressed to the Company’s Logistics Manager (see section 10).
- Refer to section 9 for a listing of violations that will lead to chargebacks to the vendor to offset the Company’s increased cost resulting from the violation.
3.0 Carton Packing

3.1 General Carton Packing Instructions

- Any exceptions to PO carton packing instructions need to be pre-approved by the Company buyer.
- Vendors cannot mix POs, styles, or colors within cartons without the Company buyer’s authorization.
- Cartons need to be packed using a single merchandise configuration method as indicated on the PO (pre-packed or solid sized). Additional instructions regarding carton packing methods are outlined in Section 2.2 and section 4.
- Cartons need to be packed using the standard total pair quantities specified on the PO. Questions concerning this quantity should be directed to the Company’s corresponding buyer.
- Any merchandise which uses UPC barcoded tickets cannot be shipped in the same carton with non-labeled merchandise. These goods will need to be placed into a separate carton by style, color, size, and dimension marked as “MISSING UPC LABELS” in bold printing.
- All orders are to be shipped complete to minimize risk of chargebacks to the vendor and processing delays. Any request for partial shipment of merchandise will need to be pre-approved by the Company buyer.
- Company requires shipping cartons less than or equal to one cubic foot to be master packed for handling efficiency and minimize merchandise damage.
- If possible, the ideal box size for case packs direct to store is 20” x 16” x 16”.
- Cartons lacking an ASN will be subject to charge back penalties as the processing requires extra company labor.
- All merchandise needs to be packed with the vendor’s UPC label or retail price ticket in an upright position within the cartons so that merchandise labels are visible for scanning upon opening the carton (see example below)

3.1 General Carton Packing Instructions (continued)

- Example of carton opening for Company receipt processing. All UPC codes need to be visible when carton in opened.
3.2 Master Carton Packing Method

- When merchandise is purchased that does not meet minimum carton size or weight requirements (see Section 4), cartons need to be “master packed” (carton within a carton) for ease of shipping and handling.

- The following guidelines outline the acceptable method to be used for “master packed” merchandise:
  - Identify the outside of the master shipping carton by writing or labeling “MASTER CARTON” on the outside of every master shipping carton, (all four sides and top of case).
  - All pre-packed merchandise utilizing master shipping cartons must contain a single PO, style, and color. Merchandise ordered at the size and dimension level will need to be packed into master shipping cartons by PO, style, color, size, and dimension.
  - All master shipping cartons must have a visible sequence, (e.g. 1 of 10, 2 of 10…10 of 10), and the inner cartons may also use a numbered sequence.
  - Master shipping cartons must have all information as described in section 4.2, in addition, each master shipping carton label must describe the contents, (i.e. inner units = 4 cartons), with the PO number and the SKU number, (style and color acceptable if the Company SKU is not provided).
  - The master shipping carton must comply with the minimum requirements set forth in section 4.
  - For additional assistance, please contact the Company Vendor Relations department with any questions concerning master carton packing (see Section 10).
3.3 Accessories Packing Method (SHOE SENSATION)

- SHOE SENSATION requires that accessory vendors follow packing guidelines listed below for merchandise being shipped to SHOE SENSATION distribution center.

- For Handbags/Backpacks
  o All handbags and backpacks require a hard ticket to be attached using a nylon locking loop. The upc ticket must show item number/sku, and barcode.

- Hosiery
  o Hosiery will require a upc label with barcode and item number/sku.
  o If you have any questions on the placement of the ticket, please call SHOE SENSATION Vendor Relations teams (see Section 10).

- Hanging Slippers
  o All slippers in bags with handles or on hangers require a hard ticket to be attached using a nylon locking loop. The upc ticket must show item number/sku, and barcode.
  o All product is to be shipped in appropriate boxes, not bagged.
4.0 Carton Specifications

4.1 Carton Construction and Design Requirements

- **Corrugate** – Vendors should use a regular slotted container (RSC) with a burst strength rating of 200 lbs (90.91 kg) or edge crush test (ECT) strength rating of 32 lbs (14.55 kg). Corrugate of higher standards is acceptable for use with Company merchandise. Vendors are responsible for ensuring cartons adequately protect the Company’s merchandise regardless of corrugated standards used.

- **Carton Size** – Vendors must comply with the dimensions outlined in the table below:

<table>
<thead>
<tr>
<th>Length (Largest Dimension)</th>
<th>Width</th>
<th>Height (Smallest Dimension)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CM</td>
<td>IN</td>
<td>CM</td>
</tr>
<tr>
<td>Standard Carton</td>
<td>50.8</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>40.6</td>
<td>16</td>
</tr>
</tbody>
</table>

- **Minimum Carton Weight** – Weight cannot be less than 10 lbs, master pack required see section 3.
- **Maximum Carton Weight** – Weight cannot exceed 60 lbs.
- **Any carton exceptions must be approved by the Company’s Logistics Manager prior to order packing and shipment. (See section 10)**
- **Carton Openings** – All carton openings must be located on the top and bottom of the carton (the top and bottom of the carton must be the largest surface areas of the carton). Cartons not meeting this requirement may be subject to chargeback.
- **Carton Closures** – All carton closures must be securely fastened with tape covering the entire length of the opening, extending over the ends of the opening a minimum of 7.62 cm (3 in). Any method can be used for carton closure, the below example uses the preferred “3-way” tape method.

![Carton Closures Example](image)

Carton sides should be secured using an adhesive type sealant (i.e. glue, tape, etc) vs. stapling as this is more durable and minimizes risk of damage to associates and merchandise. If cartons experience a high rate of bursting during transit (>3 occurrences), the Company may mandate a specific carton closure method.

- **Banding, Strapping, Individually Shrink Wrapped Cartons, or String/Wire Tying** – Use of banding, straps, shrink-wrap, string, or wire is not an accepted means of carton closure. Vendors need to remove of all such materials prior to releasing shipment for transportation to the Company. If you have situations where this method is required, please contact the Company’s Logistics Manager (see Section 10).
4.1 Carton Construction and Design Requirements (continued)

- **Carton Design** – Carton design should use a rectangular construction, as these are standard RSC containers. A square-shaped carton can be used as well (see examples below):

![Acceptable cartons diagram](image)

The company prefers a 20” x 16” x 16” carton

- For assistance regarding carton requirements, constructions, and/or design, please contact the Company’s Logistics Manager (see Section 10).

4.2 External Carton Labeling Requirements

- Vendors are free to use any pre-existing external carton labels, using an applied or pre-printed, self-adhesive format. For approval, please forward a copy of the label you wish to use to the Company’s Logistics Manager:

  SHOE SENSATION  
  800 Petrol Road Suite 300  
  Jeffersonville, IN 47130  
  Attn: David Warren SHOE SENSATION Logistics

- All vendors are required to use external carton labels (self-adhesive or pre-printed), as outlined in this Section, prior to shipping to the DC.

- In order to assist in the visual identification of orders, vendors should apply a business unit label, self-adhesive or pre-printed, to the length sides of the carton next to the UCC label. These labels can be of any geometrical shape (i.e. square, triangle) or printed directly on the carton.

- Any carton containing footwear care items (i.e. shoe polish or other flammable material) will need to be labeled as “ORM-D” in bold print within a rectangle that is .25 in (64 cm) larger on all sides than the print font. These labels should be placed on the sides of the carton for easy identification (see example):
4.2 External Carton Labeling Requirements (continued)

The company requires an ASN 128 label placed on the end of the box.

- The below external carton label information is to be applied or printed on the ends of each carton. This label information may contain both optional and required elements, usage requirements are listed next to the individual element. Please note: information provided on the external carton label is dependent on PO information provided by the Company buyer and/or the EDI PO.

1. Vendor name (required)
2. Company name (required)
3. Company PO Number (required)
4. Company or Vendor Style Description/Number (required – per PO or EDI PO)
5. Company or Vendor Color Description (required – per PO or EDI PO)
6. Company Prepack Code (required – per PO or EDI PO) (IF valid)
7. Company Size Run (required – per PO or EDI PO)
8. Total carton pair quantity (required)
9. Carton sequence ____ of ____
10. Gross Weight of carton (optional)
11. Net Weight of Carton (optional)
12. Carton dimensions 20” x 16” x 16”

- Any questions concerning the information contained on the external carton label or its placement should be forwarded to the Company’s Logistics Manager (see Section 10).
4.3 Examples of External Carton Label Placement

- With the use of a range of carton dimensions, the below examples are suggested placement of external carton labels. Only the **UCC label is required** to be placed as specified below. Exceptions to UCC label placement must be obtained prior to shipping of the carton. Please contact the Company's vendor relations coordinator for details. See section 10.
4.4 Inbound UCC-128 Label Requirements

- UCC-128 labels are required for vendors conducting business with the Company via electronic data interchange (EDI).
- Each carton must use an approved UCC-128 carton label formatted similar to examples provided in this section. Vendors are free to use existing UCC-128 carton labels as long as they have been pre-approved by Vendor Compliance. For approval to use existing labels, please forward copies of each label you wish to use to the Company’s Vendor Relations coordinator (see Section 10). Note that SHOE SENSATION approval of vendor produced UCC-128 labels pertains to data validity and not durability.
- All vendor cartons require UCC-128 labels to be applied prior to shipment of merchandise regardless of PO terms, location, or status.
- A single unique UCC-128 bar-coded carton label must be affixed to the length side of each carton. The label format should follow the Company’s suggested sample format (see Section 4.6). The main bar-code (SSCC-18) should meet the minimum standards of:

- The printed SSCC-18 bar code must be formatted using a standard UCC-128 format and it must consistently scan as either ANSI (American National Standards Institute) “A” or “B” quality.
- A standard 4 in x 6 in (10.15 cm x 15.25 cm) label is recommended for use on all cartons. If the suggested label cannot be used due to carton size, please contact Vendor Relations (see section 10) for assistance prior to shipment of merchandise.

4.5 Printed UCC-128 Label Information

- The following information is required to be printed on the UCC-128 label
  - Ship from: Vendor name and address as specified on EDI PO
  - Ship to address (SHOE SENSATION Retail DC):
    SHOE SENSATION
    800 Patrol Road Suite 300
    Jeffersonville, IN 47130
  - Ship to postal code: 47130
  - Carton series number: x of x
  - The Company PO number as specified on EDI PO
  - The Company SKU as specified on EDI PO (can be on secondary label)
  - The Company prepack code as specified on EDI PO (can be on secondary label)
4.5 Printed UCC-128 Label Information (continued)

- The Company size run & quantity per size as specified on EDI PO (can be on secondary label)
- The Company business unit as specified on EDI PO.
- 20 digit SSCC18 barcode using UCC-128 format

  Detailed explanation of 20 digit carton ID:
  Carton ID - (00) 0 0012345 123456789 0
  o First 2 digits (00): package type (UCC format)
  o Third digit "0": container type (pallet or carton)
  o Fourth through tenth digits "0012345": vendor or UCC number
  o Eleventh through nineteenth digits "123456789": carton id
  o Twentieth digit "0": check digit

4.6 UCC-128 Examples

- The following UCC label examples are the Company’s suggested format. Vendors are free to use preexisting UCC labels which may meet the UCC labeling requirements. For additional assistance, contact the Company’s Vendor Relations team (see Section 10).
- UCC-128 Shipping Carton Label (SHOE SENSATION DC)

Shoe Sensation Warehouse
800 Patrol Road Suite 300
Jeffersonville, IN 47130
5.0 Transportation Routing Requirements

5.1 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 Logistics Manager (see section 10). 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 SHOE SENSATION”. **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.

- 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 Logistics Manager (see section 10).

- 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 Logistics Manager (see section 10) of such approval when submitting routing request.

- All partial orders shipping from same location must be identified by SKU and shipment quantity on routing request form prior order “Start Ship” window.

- Vendors needing routing instructions need to visit or transportation website at

  [http://transportation.shoesensation.com](http://transportation.shoesensation.com)
5.2 Domestic Routings

- General Routing Instructions:

1. All requests for routing must use the company TMS (Transportation Management System) at the following website [http://transportation.shoesensation.com](http://transportation.shoesensation.com) If additional assistance is needed, logistics can be reached via e-mail at dwarren@shoesensation.com.

2. Transportation prefers that all communications regarding routing such as changes, questions, or requests be conveyed through email to ensure prompt action.

3. 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.

4. Cartons, weight and cube must reflect actual quantities and not estimates when requesting routing through TMS.

5. If the PO contains priority merchandise, please contact Logistics at dwarren@shoesensation.com to route the shipment.

6. If the routing request is tendered and the merchandise is not in the vendor’s possession and 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. Vendors must notify Transportation immediately if merchandise will not be available on the scheduled pick-up date.

7. 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.

8. Any merchandise that is shipped without obtaining routing from the TMS 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.

9. 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. The Logistics manager will review all orders for shipping compliance.

10. 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.
5.3 Scheduling Merchandise Pick-Up

- General Pick-up Scheduling Instructions:

1. Vendor can access the Transportation Management System at the following website:
   [http://transportation.shoesensation.com](http://transportation.shoesensation.com)
   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
      5. National Motor Freight Classification ("NMFC") item number and class description of freight (i.e. NMFC 28160 Footwear, Class 100)
      6. Total pallet spaces (if applicable/approved)
      7. Total weight of cartons only, (exclude pallet weight)
      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)
   c) Contact the transportation manager at Shoe Sensation for shipments that will not rate or give a carrier name in the TMS. Email to transportation@shoesensation.com or call (812) 946-4237
   d) Contact the transportation manager for shipments weighing less than 200 pounds or more than 15 linear feet. Email to transportation@shoesensation.com or call (812) 946-4237

2. Transportation inquiries MUST be initiated during the Company’s business hours, Monday through Friday, from 6 a.m. to 3p.m. (EST). E-mailed requests can be submitted 24 hours a day, 7 days per week.

- In the event of problems with the assigned carrier (late or missed pick-up, poor service, etc.), Logistics Manager (see section 10) needs to be contacted immediately for assistance.
- All shipments created by TMS will assign an SID, (shipment Identification), and must be mentioned when calling LTL or Parcel for scheduling a pick-up. SID must also appear on all communication to the Company and be written or typed on the BOL and Merhcandise Invoice.
5.4 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 and 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 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. 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.
- 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 Logistics Manager prior to shipment). Note – small cartons containing accessories/gifts/novelties are exempt from this requirement. To include the pallet weight and/or pallet cube on BOL may result in a chargeback.
- 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.
5.4 Trailer Loading Requirements (All Shippers All Carrier types – continued)

- All shipments must use the Company as the final destination. Alternate shipment destinations need to be authorized by Logistics 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 and to the attention of the Logistics Manager.
- 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 Logistics Manager (see section 10) 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.
- All deliveries to the Company are scheduled as “drop trailer” receipts. Trailers are unloaded based on prior set by Logistics Manager.
- The Company Logistics Manager reserves the right to refuse live deliveries for a given date based on the inbound volume. For live delivery appointments, vendors must call the Logistics Manager (see section 10)
- 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.
5.5 TMS (Transportation Management System) Information

http://transportation.shoesensation.com

- SHOE SENSATION Inc has migrated from manual routing requests and approvals through e-mail to an online format hosted by XPO Logistics. 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 Shoe Sensation 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.

- A detailed “How TO” guide is available to assist in understanding the new TMS along with a section of FAQ.

- SHOE SENSATION TMS will:
  - Allow all vendors to enroll on the TMS. This process 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 Logistics 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.

5.6 Shipments weight under 200 pounds or more than 15 linear feet.

- Contact the Transportation Manager at Shoe Sensation to obtain routing instructions for shipments weighing less than 200 pounds or that take up more than 15 linear feet in the shipping trailer.

  Email to transportation@shoesensation.com
6.0 Inbound Shipping Documentation

6.1 General Bills of Lading (BOL) Information

- BOL’s must have the driver’s signature, PRO number, TMS SID, seal number, and the trailer number visible.
- Packing lists ARE NOT to be faxed to this number (see General Packing List Information for instructions).
- Any costs associated with the merchandise or transport must not be shown on the BOL.
- Shipment cube must appear clearly on Bill of Lading, failure to do so may result in chargeback for any excessive costs.
- Pallet weight must not be shown on the BOL, master BOL or other documentation, inclusion may result in a chargeback and for the cost difference due to extra weight.
- Vendors can use any existing pre-formatted BOL as long as the following information is provided:
  - Name and address of shipper, including phone number (*shipping facility preferred*)
  - Name and address of ship to location
  - Unique BOL number
  - Date of shipment (date of carrier pick-up, not date BOL was written)
  - PO number
  - Freight terms (all terms are “FOB Origin – Collect” unless written exception has been authorized by Transportation)
  - Total carton and pair quantities shipped
  - Total weight of shipment
  - Total Cube
  - Linear feet of shipment if possible
  - National Motor Freight Classification (“NMFC”) commodity description of freight (i.e. NMFC 28160 Shoes, Class 100)
  - Driver or carrier’s agent signature

- Any questions pertaining to BOL requirements will need to be forwarded, via e-mail or phone, to the Company’s Logistics Manager (see Section 10).
6.2 General Packing List Information

- The Company no longer requires the use of packing lists to accompany the shipment to delivery. Packing lists should be included as part of the trailer BOL documentation packet. DO NOT FAX or send in an e-mail to Transportation.
- The packing list (or shipment manifest) provides detail information concerning the shipment at the item level. Each packing list needs to list the shipment by PO, style, color, size, and total quantities per item. Without this detail, receipt of your merchandise could be delayed and chargebacks may be assessed.
- Vendors can use any existing pre-formatted packing list as long as it provides the following detail:
  - Ship from (vendor) name, address, and phone number (shipping facility preferred)
  - Ship to name, address, and phone number (Transportation’s physical address)
  - BOL number(s) (if available at time of merchandise pick-up)
  - Ship date (date of carrier pick-up, not BOL date)
  - PO number
  - Vendor item style, color and size
  - Individual carton quantity (i.e. case pack = 12 pair)
  - Total cartons per item (listed by style and color)
  - Total cartons
  - Total weight
  - Delivery date (per PO)
- If the vendor’s system automatically generates a packing list or shipment manifest, the vendor may attach it to the last carton loaded.
- Each PO number should be listed on a separate packing list to ensure accuracy when confirming packing list information at the Company’s DC.
- Any questions pertaining to the packing list requirements should be forwarded, via e-mail or phone, to the Company’s Logistics Manager (see Section 10).

6.3 Third Party Terms Information

- The Company does not use the term “third party prepaid” on inbound shipment documentation. Any and all vendor documents and systems using this term will need to replace “third party prepaid” with “collect”. Any shipment sent noted as “third party prepaid” may result in a chargeback.
- Transportation must approve exceptions to the above requirement in writing.

6.4 Proof of Delivery (POD)

- Other POD requests may be sent to the Logistics Manager via e-mail only (see Section 10).
7.0 Electronic Data Interchange (EDI) Requirements

7.1 General Information

Shoe Sensation Merchandising uses GXS as our VAN for testing and Production.

What is the contact information for the EDI coordinator?
Email: edi@shoesensation.com

What is the EDI communication ID for testing and production?
Qualifier = 01, ID = 1976ACTON
Fax: (812) 288-7747

What product catalogue is Shoe Sensation listed with and under what name(s)?
GXS, formerly known as Inovis
Acton Enterprises 128122887659

- The Company requires all EDI CAPABLE vendors to exchange business documents via EDI. These documents include: purchase orders (850 PO), purchase order changes (860 POC – Buyer Initiated), advance shipment notices (856 Shipment Notice/Manifest), invoices (810 Invoices), and transaction acknowledgments (997 Functional Acknowledgement). The vendor can contact the Company in order to establish an EDI system for business to business communications. In some instances, specific vendors and/or merchandise types may be exempted from this requirement by the Company.

- The Company realizes that many of our vendors have existing EDI relationships with other customers. If there are any specific vendor EDI trading partner agreements (“TPA”) outside of the survey, please contact SHOE SENSATION IT (see Section 10). The Company will work with the vendor to ensure that these requirements are maintained while meeting the Company’s EDI objective.

- The Company will assist vendors in testing, and transmission of EDI messages to and from the vendor and Company. Vendors in an EDI test status will process and ship Company merchandise using the hard copy PO. After successful EDI certification, vendors will process and ship Company merchandise using EDI generated documents only (i.e. 850, 860, 856, 810, etc). The vendor is not to use faxed copies of the Company's PO for processing, routing, and shipping merchandise. Any questions concerning a vendor’s EDI status or use of emailed/faxed orders should be directed to either SHOE SENSATION IT or Merchandise Support departments (see Section 10).

- Email will be used to hold orders. The Buyer will email the consolidation page to the vendor. This can be used to hold product until the P.O. is ready to EDI. Reason P.O. cannot be EDI:
  1. Company has not set-up the style in the system.
  2. UPCs have not been assigned.
  3. Make-up shoes.
7.1 General Information (continued)

Since our EDI 850 are sent out blind, we encourage the vendor to reconcile with the consolidation page.

- The Company processes vendor transmissions once an hour, 24 hrs/day, 7 days/week. Vendor files are posted to the Company’s merchandise system upon successful receipt and processing.
- The Company utilizes electronic data interchange (‘EDI’), VICS X12 Format standard version 4010 for the transmission and receipt of data using the following messages:
  - 850 (Purchase Order)
  - 856 (Shipment Notice/Manifest)
  - 860 (Purchase Order Change Request – Buyer Initiated)
  - 997 (Functional Acknowledgement)
  - 810 (Invoices)

- Vendors receiving a failed transaction notification pertaining to an inbound message (i.e. 810, 850, 860) will need to submit a request, via e-mail, to IT edi@shoesensation.com for re-transmission of the failed file within 24 business hours of the notification. If the failure concerns an outbound message (i.e. 810, 856, 997) to the Company, please resend all new transmissions using a new Interchange Control Header (“ISA”) number for the failed file. Message receipt failure notifications are transmitted by SHOE SENSATION via the 997 message with rejected.

- Going forward, additional EDI transaction messages will be included for exchange of information between the Company and its vendors. The following EDI transaction sets (not inclusive) are scheduled for development in the future:
  - 211 (Bill of Lading)
  - 855 (Vendor PO)
  - 832 (Prices/ UPC Catalog)

7.2 Electronic PO (850)

- Vendors are required to acknowledge the receipt of all SHOE SENSATION 850 transmissions, within 72 business hours, through the use of the electronic Functional Acknowledgement message (“997”). Any 850 transmissions not acknowledged by the vendor within the time frame may be subject to chargebacks specified in Section 9.
- The exact vendor style/color number and UPC contained in the 850 item data must be used when sending a corresponding 856 message to the Company.
- UPC data contained in the 850/860 item data must be used when sending a corresponding 856 message to the Company. Any missing/incorrect data or style/color substitutions may be subject to chargeback per Section 9 of the Guide.
7.2 Electronic PO (850) (continued)

- Once a vendor has been placed in a “production” status for the 850, processing, routing, and shipping of Company merchandise needs to be initiated using the 850. Vendors in a production status for the 850 message are not to use copies of orders submitted via e-mail or fax unless approved by the Company. Any orders approved and submitted using one of the previously mentioned methods will need to be validated upon receipt of corresponding 850 messages.

7.3 Electronic Shipment Notice/Manifest (856)

- The Company uses an 856 transaction set for the receipt and processing of vendor merchandise. Additionally, an EDI-enabled vendor must also produce a hard copy representation of this message as part of the shipping documentation requirements (see Sections 5 & 6).
- Vendor item style/color number and description contained in corresponding 850 or 860 transmissions must be used on the 856 message.
- Any 856 message transmitted to the Company which fails to validate when compared to corresponding 850/860 message may be subject to chargeback as specified in Section 9.
- 856 messages can be transmitted to the Company at any time during order fulfillment. The Company’s requires all ASN transmissions to be sent 48 hours prior to delivery of merchandise to the Company’s facilities or named shipping point. Additionally, ASN messages can be transmitted at the time merchandise is released to transportation provider. Any 856 message received after delivery of merchandise to the Company’s facilities or named ship point will be subject to the chargebacks specified in Section 9.
- An 856 transmission can reference multiple 850/860 transactions.
- The Company requires a single ASN per shipment and location. Any vendor shipping from multiple locations will need to create a corresponding ASN reflective of the shipment from a specific location.
- Upon successful translation of an 856 transmission, the vendor will receive the Company’s Functional Acknowledgement message (“997”). Vendors failing to receive a 997 message from the Company will need to notify SHOE SENSATION EDI contact at edi@shoesensation.com

7.4 Electronic PO Change Request – Buyer Initiated (860)

- The Company uses an 860 transaction set for the transmission of changes made to a previously transmitted 850 message. This message is generated upon modification and approval of the order in the Company’s merchandise system. Vendors in a production EDI status for 860 transaction sets are not to accept any order changes submitted via e-mail, fax, or telephone unless authorized by the Company. Any changes approved and submitted using one of the previously mentioned methods will need to be validated upon receipt of corresponding 860 messages.
7.4 Electronic PO Change Request – Buyer Initiated (860) (continued)

- Vendors are required to acknowledge the receipt of all SHOE SENSATION 860 transmissions, within 72 business hours, through the use of the electronic functional acknowledgement message (997). Vendors receiving a failure notice on any part of an 860 transmission need to contact IT immediately.
- An 860 message is the only approved method to change a valid production 850 message. Manually faxed change request messages are not to be used by an EDI-enabled vendor unless approved by the Company.

7.5 Electronic Invoice (810)

- Vendor item style/color number and description contained in corresponding 850 or 860 transmissions must be used on the 810 message.
- Any 810 message transmitted to the Company which fails to validate when compared to corresponding 850/860 message may be subject to chargeback as specified in Section 9.
- An 810 transmission can only reference a single 850/860 transaction.
- The Company requires each invoice to reference our Purchase Order Number and contain the total units being billed.
- Upon successful translation of an 810 transmission, the vendor will receive the Company’s Functional Acknowledgement message (“997”). Vendors failing to receive a 997 message from the Company will need to notify Shoe Sensation IT department (edi@shoesensation.com).

7.6 Functional Acknowledgment Message (997)

- The Company uses a 997 transaction set for the acknowledgement of vendor and Company EDI transmissions.
- Vendors will need to generate a 997 message for each Company inbound file received within 72 business hours.
- The Company will generate a detailed 997 message for each vendor inbound file. All Company generated 997 messages need to be reconciled or researched (for rejection notices) within 24 business hours.
- Vendors using a third party EDI service must ensure their selected provider is reviewing all 997 messages transmitted by Shoe Sensation IT.
- Missing vendor inbound 997 messages may be subject to chargeback as specified in Section 9.
- Vendors failing to receive a Company 997 message must contact the Company’s SHOE SENSATION IT personnel immediately (see Section 10).
7.7 EDI Message Formats

- Vendors can obtain copies of the Company’s EDI message specifications as well as EDI survey form via e-mail at edi@shoesensation.com
- Vendors can also obtain copies of these documents via the Company’s vendor website: http://www.shoesensation.com under the corporate tab.
8.0 Payment Process

8.1 General Information

- The Company processes all vendor invoices from one central location. Vendor payment is made within the established payment terms as stated on the Purchase Order Agreement.
- Vendors must verify the accuracy of all PO details including size run(s), unit cost(s), quantity(s), payment terms, and the like. Do not ship an order until any and all discrepancies on the PO have been resolved. PO corrections need to be submitted to the vendor in writing as proof of the correction by the Company buyer (cost and payment terms are not reimbursable).
- Any proof of delivery (POD), requests need to be directed to the Accounts Payable Dept via e-mail, fax transmission, or mail listed below.
- We will not research late or unpaid invoices over 12 months old if the Vendor has not notified us via correspondence within 12 months of the dispute, claim, proof of delivery or unpaid invoice.
- We will not research RTV product over 6 months old if the Vendor has not notified us via correspondence within 6 months of the dispute, claim, or proof of delivery.
- We do not pay finance charges or fees on unpaid invoices.
- Vendor must mail or email a monthly statement.

8.2 Vendor Invoice Instructions

- Please review the instructions with all personnel involved with invoicing and update your billing system accordingly. Compliance with these requirements will assist the Company in expediting payment of invoices.
- The ORIGINAL invoice must be submitted in one of the following ways:
  - Electronically via EDI 810; for information regarding this option please see E-invoicing section on the Vendor Relations page of our website: (preferred method)
  - US Postal Mail:

Shoe Sensation, Inc.
300 Patrol Road Suite 300
Jeffersonville, IN 47130
Att: Accounts Payable
812-288-7659 ext: 325

- Should any additional information be needed please contact Accounts Payable:

Shoe Sensation, Inc.
300 Patrol Road Suite 300
Jeffersonville, IN 47130
Att: Accounts Payable
812-288-7659 ext: 325
8.2 Vendor Invoice Instructions (Continued)

- Do not send invoices to any other department or individual.
- The invoice must be for a valid PO received via EDI, mail, or hand-delivery.
- Do not include the original invoice with merchandise shipment.
- Send only one original invoice per PO, per shipment. Duplicate, faxed, or photocopies of the original invoice are not acceptable.
- Any handwritten invoice changes, carbon copies/duplicate PO shipment BOLs, or packing lists are not acceptable as the original invoice.
- Invoices are paid based on the PO cost, or the invoice item cost, whichever is lower. Cost differences are not refundable.
- DO NOT place any information under the last address line as US Post Office scans can nullify information and may cause delays or possible non-delivery of invoice.

8.3 Vendor Invoice Format Requirements

- The below information is required to be included on each invoice. Any missing information may be returned for correction and the vendor may be charged back.
  1. Non-repetitive, unique invoice number (Note: The invoice number must appear on each page of a multi-page invoice and the invoice number must not recycle.)
  2. The Company name (i.e. SHOE SENSATION Inc)
  3. Company Buyer
  4. The Company PO number
  5. Invoice date (Note: This date must be related to the date merchandise was shipped and not before)
  6. Payment terms per purchase order agreement
  7. Vendor Name and Accounts Receivable contact information
  8. Remit address must include the payable party’s name and the payment processing address.
  9. Item cost detail per PO; listing unit cost and total cost in U.S. dollars
  10. Item detail per PO; listing vendor style name/number, description, size, color, and quantities
  11. All non-merchandise charges must be invoiced separately with a description of each charge
  12. Company store number must be included on the invoice
  13. Page number for each page of a multi-page invoice
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.
- All vendor shipments delivered in error will be documented and be subject to the chargebacks as provided in Schedule 9.1. Additionally, a single vendor shipment with multiple errors may have each occurrence individually documented and charged back in accordance with Schedule 9.1.
- 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). When submitting chargeback documentation requests, be sure to include the following information:
  - Name of Contact
  - Title
  - Mailing Address
  - Phone Number
  - Fax Number (optional)
  - E-mail Address
  - PO number

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

- Vendors failing to petition for a chargeback review after 60 days from date of chargeback issuance are not eligible for any refunded amounts from the chargeback. Any questions or concerns pertaining to chargeback issuance, negotiation, and/or refunds need to be directed to the Company’s Vendor Relation coordinator (see Section 10).
- 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 Relations coordinator (see Section 10).
## 9.2 Schedule of Chargeback Expense

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

<table>
<thead>
<tr>
<th>NON-COMPLIANCE ISSUE</th>
<th>CHARGEBACK EXPENSE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EDI Errors</strong></td>
<td></td>
</tr>
<tr>
<td>Failure to use EDI PO (850) or EDI PO</td>
<td>$50 per EDI message</td>
</tr>
<tr>
<td>No / Late / Unusable EDI Functional</td>
<td>$100 per EDI message</td>
</tr>
<tr>
<td>No/Late/Unusable EDI ASN (856) data</td>
<td>$7.50 per carton</td>
</tr>
<tr>
<td>No EDI UPC (832) data</td>
<td>$50 per EDI message</td>
</tr>
<tr>
<td>Late/Unusable EDI UPC (832) data</td>
<td>$50 per EDI message</td>
</tr>
<tr>
<td><strong>Transportation Routing Errors</strong></td>
<td></td>
</tr>
<tr>
<td>Failure to use the TMS or the carrier identified by the TMS</td>
<td>$150 plus the difference between standard freight cost and actual freight costs incurred per shipment.</td>
</tr>
<tr>
<td>Failure to notify Transportation of changes on domestic routing prior to shipping that result in unnecessary transportation expense.</td>
<td>$150 plus the difference between standard freight cost and actual freight costs incurred per shipment.</td>
</tr>
<tr>
<td>Merchandise routed without the Company notification (Company controlled freight)</td>
<td>Minimum $500, plus Company cost incurred per PO/shipment</td>
</tr>
<tr>
<td>Merchandise routed without the Company notification (Vendor controlled freight – no visibility)</td>
<td>Minimum $250, plus Company cost incurred per PO/shipment</td>
</tr>
<tr>
<td>Multiple shipments sent per PO.</td>
<td>$100 plus the difference between standard freight cost and actual freight costs incurred per shipment.</td>
</tr>
<tr>
<td>Unauthorized attempt to deliver or live unload PO at DC without Company’s approval.</td>
<td>Refusal of shipment and/or $150 per occurrence plus all fees incurred to resolve or process shipment error.</td>
</tr>
<tr>
<td>Unauthorized routing used for domestic shipment.</td>
<td>$150 per occurrence plus freight cost difference.</td>
</tr>
<tr>
<td><strong>Transportation Shipping Errors</strong></td>
<td></td>
</tr>
<tr>
<td>Company controlled shipments shipped after cancellation date specified by PO without Company’s approval</td>
<td>$150 per occurrence</td>
</tr>
<tr>
<td>Detention of the Company routed carrier, or canceling carrier after dispatched for pickup.</td>
<td>$100 plus actual carrier charges incurred.</td>
</tr>
<tr>
<td>Failure to make merchandise available for shipping by scheduled pick-up date</td>
<td>$100 per occurrence plus the difference between standard freight cost and actual costs incurred per shipment.</td>
</tr>
<tr>
<td>Failure to sort or load trailer properly by PO</td>
<td>$1 per carton, plus Company cost incurred per PO</td>
</tr>
<tr>
<td>Palletized shipments without authorization</td>
<td>$100 plus actual carrier charges incurred</td>
</tr>
<tr>
<td>Reweigh fees, etc.</td>
<td>$100 plus actual carrier charges incurred</td>
</tr>
<tr>
<td>Shipments picked up 5 days after delivery date specified by PO without Company’s approval</td>
<td>$150 per occurrence</td>
</tr>
<tr>
<td>Vendor controlled merchandise received after the PO’s cancel date (subject to cancellation)</td>
<td>$250, plus all freight charges</td>
</tr>
<tr>
<td>Shipments less than 200 pounds or greater than 15 linear feet that are not coordinated through the shipping manager.</td>
<td>$100 plus actual carrier charges incurred</td>
</tr>
</tbody>
</table>
### 9.2 Schedule of Chargeback Expense (continued)

<table>
<thead>
<tr>
<th>NON-COMPLIANCE ISSUE</th>
<th>CHARGEBACK EXPENSE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PO &amp; Shipment Documentation Errors</strong></td>
<td></td>
</tr>
<tr>
<td>Failure to properly reference PO / Dept on small parcel shipment paperwork.</td>
<td>$20 plus full freight cost incurred by Company per shipment.</td>
</tr>
<tr>
<td>Failure to provide any and all required company documentation as specified in the Vendor Logistics guide or PO terms within 60 days</td>
<td>$100 per missing document</td>
</tr>
<tr>
<td>Faxing packing lists to the Company</td>
<td>$50 per document.</td>
</tr>
<tr>
<td>Incomplete/incorrect Commercial Invoice</td>
<td>$150.00 per invoice.</td>
</tr>
<tr>
<td>Multiple invoices per PO/shipment</td>
<td>$150 per occurrence.</td>
</tr>
<tr>
<td>No BOL or inaccurate/insufficient detail on BOL.</td>
<td>$150 per occurrence.</td>
</tr>
<tr>
<td>Packing list information missing/incomplete/incorrect</td>
<td>$100 plus $5 per case</td>
</tr>
<tr>
<td>Shipments not packed as ordered</td>
<td>$100 plus $5 per case</td>
</tr>
<tr>
<td>Request for research on payment deductions over 6 months old</td>
<td>$100 per aged PO/Debit Memo number.</td>
</tr>
<tr>
<td><strong>Accounts Payable and Invoicing Errors</strong></td>
<td></td>
</tr>
<tr>
<td>Failure to mail at monthly statement</td>
<td>$100 per month.</td>
</tr>
<tr>
<td>Missing information on the invoice per section 8.3</td>
<td>$100 per month.</td>
</tr>
</tbody>
</table>
10.0 Contact List

1. Dave Warren, Logistics Manager  812-288-7659 ext: 290  dwarren@shoesensation.com  812-946-4237 cell
2. Patty Mayden, EDI Coordinator  812-288-7659 ext: 322  edi@shoesensation.com
3. Tiffany Webber, Accounts Payable  812-288-7659 ext: 325  ap@shoesensation.com
4. Patty Mayden, Vendor Relations  812-288-7659 ext: 322  pmayden@shoesensation.com
11.0 Glossary of Terms

11.1 General Information

- This Guide contains many Company terms and acronyms, which may be unfamiliar to the reader.
  
  This table is not inclusive of all terms and acronyms used in this Guide. Please contact the Vendor Relations team when additional assistance is necessary to ensure compliance with this Guide.

11.2 Table of Terms & Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANSI</td>
<td>American National Standards Institute.</td>
</tr>
<tr>
<td>Barcode</td>
<td>Code consisting of a group of printed and variously patterned bars and spaces and occasionally numerals designed to be scanned and read into computer memory for identification purposes.</td>
</tr>
<tr>
<td>BOL</td>
<td>Bill Of Lading – preformatted form provided by shipper used to detail specific shipment information including number of items, sales order number, carrier/trailer identification, etc.</td>
</tr>
<tr>
<td>Close-out</td>
<td>Merchandise purchased from the vendor, which is part or their entire existing style inventory.</td>
</tr>
<tr>
<td>Corrugate</td>
<td>Material used for the construction of merchandise cartons.</td>
</tr>
<tr>
<td>DC</td>
<td>Distribution Center.</td>
</tr>
<tr>
<td>Drop-trailer</td>
<td>Trailer left at the delivery location for future unloading.</td>
</tr>
<tr>
<td>EDI</td>
<td>Electronic Data Interchange - computer-to-computer exchange of business documents between companies, using a public standard format.</td>
</tr>
<tr>
<td>Floor-loaded</td>
<td>Manner of trailer loading in which merchandise is loaded onto the floor of a trailer absent of pallets.</td>
</tr>
<tr>
<td>Free On Board (FOB)</td>
<td>Term of sale indicating that seller will deliver to the Company at seller's expense, and seller assumes all responsibilities up to place of delivery including insurance, risk of loss, etc.</td>
</tr>
<tr>
<td>Live-delivery</td>
<td>Trailer unloading method that requires merchandise to be received at date and time of delivery to location.</td>
</tr>
<tr>
<td>LTL</td>
<td>Less Than Truckload – term used to describe a shipment of merchandise, which is too small for the use of a single trailer.</td>
</tr>
<tr>
<td>MBOL</td>
<td>Master Bill Of Lading – used to consolidate several BOL numbers into a single number.</td>
</tr>
<tr>
<td>Musical</td>
<td>Purchase order type instruction that requires merchandise to be packed into carton using assorted sizes.</td>
</tr>
</tbody>
</table>
### 11.2 Table of Terms & Definitions (continued)

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORM-D</td>
<td>Otherwise Regulated Material-Dangerous - consumer commodity packaged and distributed in a form intended for sale through retail sales agencies for consumption by individuals for purposes of personal care or household use. May contain an aqueous solution containing 24 percent or less alcohol by volume and no other hazardous material.</td>
</tr>
<tr>
<td>OSD</td>
<td>Over, short, or damaged</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order.</td>
</tr>
<tr>
<td>POS</td>
<td>Point Of Sale.</td>
</tr>
<tr>
<td>Prepack</td>
<td>Term used to describe a unit of shipment using an assorted size configuration of the merchandise.</td>
</tr>
<tr>
<td>Pre-tagged</td>
<td>Term indicating that merchandise is labeled with a standard UPC-A barcode.</td>
</tr>
<tr>
<td>Pre-ticketed</td>
<td>Term used to indicate merchandise is ticketed with a retail price ticket.</td>
</tr>
<tr>
<td>SKU</td>
<td>Stock Keeping Unit.</td>
</tr>
<tr>
<td>SLC</td>
<td>Shipper Load &amp; Count.</td>
</tr>
<tr>
<td>Solid</td>
<td>Purchase order type instruction that requires merchandise to be packed into carton using a single size or vendor designated prepacks.</td>
</tr>
<tr>
<td>SSCC</td>
<td>Serial Shipping Container Code.</td>
</tr>
<tr>
<td>TL</td>
<td>Truck Load - term used to describe a shipment of merchandise, which must use a single trailer.</td>
</tr>
<tr>
<td>TMS</td>
<td>Transportation Management System – based on vendor inputs, selects the company approved carrier for the shipment.</td>
</tr>
<tr>
<td>UCC</td>
<td>Uniform Code Council.</td>
</tr>
<tr>
<td>UPC</td>
<td>Universal Product Code.</td>
</tr>
<tr>
<td>URI</td>
<td>Unit Replenishment Item – Merchandise that is reordered at the style, color, size, and dimensional level by Company’s buyers based on store sales.</td>
</tr>
<tr>
<td>VICS</td>
<td>Voluntary Inter-industry Commerce Standard.</td>
</tr>
<tr>
<td>WMS</td>
<td>Warehouse Management System – automated system used by the Company’s DCs to receive, process, and ship merchandise.</td>
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