

Section 9- Vendor Compliance Program Chargebacks and Policies

All vendors are required to comply with each point of the Vendor Standards Manual unless instructed otherwise by our purchase order.

This section includes samples of:

- ♦ A Service Center Freight Inspection Report which the receiving team uses for detailed listing of all vendor violations and chargeback amounts
- ♦ A Service Center Vendor Violation Notification Letter which is sent to the vendor calling attention to the chargebacks being applied against their invoice
- ♦ A complete list of all violations and assessment amounts

It is our goal to assist you in understanding these requirements to avoid chargebacks and to help you achieve full compliance. Any and all orders received at Footlocker.com/Eastbay Service Center will be monitored for compliance and all deviations from these guidelines will be reported to you so that you may change processes to achieve compliance.

Effective immediately, deviations will be charged against current and/or future invoices as damages. You will be notified by the Service Center Vendor Compliance Department of all chargebacks incurred, and again by Accounts Payable upon payment of your invoices. The chargeback will be deducted from your payment and the vendor compliance error noted.

Please direct all questions to the Distribution Center's Vendor Compliance Specialist listed in page 1-1. (715) 261-9201

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Over shipment Policy

- ♦ Our Service Center is authorized only to receive the amount of product contracted for in the purchase order agreement (Code 601)
- ♦ Any deviation in the sizes or excess over the purchase order agreement will be returned to the supplier at their expense
- ♦ Only the Vice President of Buying or the Director of Buying may authorize an over shipment

Right to Reject Non-Conforming Merchandise

Delivery of merchandise, which does not conform to the terms of our purchase order as to quality, quantity, assortment, packing, and packaging or in any other respect, will be deemed to materially impair the value of the merchandise and constitutes a breach of the terms of our purchase order. We shall have the right to cancel the purchase order and/or reject and return to the vendor, at the vendor's expense, all or any part of the merchandise. Such returns will not require prior notice to the vendor, but notice will be given whenever possible and the return itself shall be adequate notice of rejection of the merchandise. All such returns that are refused by the vendor will be deemed abandoned, and will be disposed of at our discretion.

Vendor Merchandise Returns (RTVs)

FOB Terms- All returns to vendor (RTVs) are to be shipped with the FOB Terms "FOB shipper's (Footlocker.com/Eastbay, Inc.) dock". The FOB terms are to be written into the terms and conditions of the vendor's return authorization document. RTVs include, but are not limited to; consignment merchandise, defective merchandise, vendor accommodations, PO over shipments and non-Eastbay product. **There will be a \$40 administrative charge to all vendors for processing the RTV. The vendor is also responsible for all shipping costs to return the products.**

Dispute Policy

All chargeback disputes (except Codes 606 & 607) must be in writing and sent to the Vendor Compliance Specialist via email: vendorcompliance@eastbay.com . Chargeback Codes 606 & 607 need to be sent via email: vendor.compliance.606.607@eastbay.com Footlocker.com/Eastbay will not research inquiries for receipts over 6 months old.



Dear Vendor

Please find attached, a summary of chargeable violations against a recently received order for the above mentioned time period. The Accounts Payable Department has been advised to make the deduction from the payment of your invoice.

Please make note of the specific violations and take steps to avoid them in the future. If you have any questions, please contact me via email at: vendorcompliance@eastbay.com OR maryjo.johnson@eastbay.com. You may access our Vendor Standards Manual online @ <http://www.footlocker-inc.com/vsm.cfm?page=vendor-standards-manuals>. Click on the VSM Footlocker.com/Eastbay link on the left-hand side of the page and then click the word download right below the VSM Footlocker.com/Eastbay link. Click on section to view/download, then you will need the below username/password information below.

Username: pdf_eastbay

Password: vsmeastbay

If someone else in your office should also be receiving these emails please let me know their email address and I will add them to the list.



Vendor Chargeback Weekly Summary.xlsx

Have a wonderful day

MaryJo Johnson

Vendor Compliance Specialist | Footlocker.com/Eastbay
500 N 72nd Ave | Wausau, WI 54401

Vendor Compliance Email: vendorcompliance@eastbay.com

Direct Business Email: maryjo.johnson@eastbay.com

Phone: 715-261-9201 | Fax: 715-261-9012 | Tie Line: 8-9-430-9201

Vendor Standards Manual: <http://www.footlocker-inc.com/vsm.cfm?page=vendor-standards-manuals>

Footlocker.com/Eastbay VSM

Username: pdf_eastbay | Password: vsmeastbay



Section 9- Vendor Compliance Program Chargebacks and Policies

Freight Inspection Report

Completed By: _____ Date: _____ PO# _____ FIR No: _____
Total Cases: _____ Total Units: _____ Vendor: _____

CHECK ALL THAT APPLY TO PO

ALL CODES THAT CONTAIN AN * MUST HAVE PROPER PROOF ATTACHED

Units Violations

- ☐ *101 Wrong Description, sku or size on label
☐ *201 Units not ticketed with in case

Carton/Merchandise Violations

- ☐ *401 Missing UCC 128 label
☐ *402 Incorrect UCC 128 label
☐ *403 UCC 128 label scans incorrectly
☐ *404 UCC 128 label does not scan
☐ 501 Carton specifications (No Inserts)
☐ *502 Incorrect Common Shipping Label
☐ 503 Cases Sealed with bands/staples/glue
☐ *504 Merchandise on hangers
☐ *505 Not individually polybagged
☐ 506 Mixed sizes/ Pos/ SKU
☐ *507 Concealed shortages in case
☐ *508 Damaged/wet merchandise
☐ *509 Units not folded
☐ *510 No suffocation warning on polybag
☐ *513 Undersized cases
☐ *514 Oversized cases
☐ *515 Underweight cases
☐ *516 Overweight cases

PO Violations

- ☐ 601 Shipped over from PO
☐ *604 Missing/Incorrect/Incomplete packing slip
☐ *605 Incorrect/Incomplete Bill of Lading
☐ *608 Incorrect ASN
☐ *609 Manual ASN, not EDI
☐ 610 Missing ASN

Routing Violations

- ☐ 904 Freight Charges on Merchandise Invoice
☐ 913 Unauthorized PO (routing never requested)
☐ 914 Unacceptable PO
(routing for PO denied shipped anyway)

VIOLATION DETAIL

Violation Code	# of Units Affected	Comments

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Late Shipment Policy (Code 606)

Footlocker.com/Eastbay is committed to providing excellent service to our customers. In effort to ensure goods are available to our customer, we asked that our vendors ship product on time. Please refer to compliance code 606 for fees assessed for late shipment. Late fees will be assessed based on original cancellation date of the purchase order. If a product does not arrive for a scheduled catalog release, the vendor may be charged, at cost, for catalog page development in addition to the fees outlined.

Cancellation Policy (Code 607)

- All orders should be delivered on or before the expected delivery date and not later than the original cancellation date.
- Product will not be accepted after cancellation date unless authorized by Footlocker.com/Eastbay's Director of Buying.
- If product is not or will not be received by agreed upon cancellation date, Footlocker.com/Eastbay may cancel order and assess a charge.
- A fee will be assessed for purchases that are cancelled by the vendor unless written notification is received 90 days prior to the expected delivery date.

With respect to the asterisk (*) violation codes noted below, per unit charges are not to exceed 20% of cost of unit.

Unit Information

Code	Violation Description	Chargeback Policy
101*	Wrong description, SKU, or size on sticker	\$1.00 per unit (Minimum charge of \$100.00)
104*	Wrong ticket location / ticket not easily scannable	\$1.00 per unit (Minimum charge of \$100.00)
105*	Bar code will not scan or scans incorrectly	\$1.00 per unit (Minimum charge of \$100.00)
106*	Wrong label type	\$1.00 per unit (Minimum charge of \$100.00)
201*	Units not ticketed within the case	\$1.00 per unit (Minimum charge of \$100.00)
206*	UPC not on catalog at order entry or receipt > 50 UPCs	\$25.00 plus \$5.00/UPC

Carton/Merchandise Problems

Code	Violation Description	Chargeback Policy
401*	Missing UCC 128 Label	\$5.00 per carton or \$200.00 whichever is greater
402*	Incorrect UCC 128 Label	\$5.00 per carton or \$200.00 whichever is greater
403*	UCC 128 Label Scans Incorrectly	\$5.00 per carton or \$200.00 whichever is greater
404*	UCC 128 Label will not scan	\$5.00 per carton or \$200.00 whichever is greater
501*	Carton Specifications	\$1.00 per Case (Minimum charge of \$100.00)
502*	Incorrect markings on carton	\$1.00 per Case (Minimum charge of \$100.00)
503*	Plastic bands/staples/glue on cartons	\$1.00 per Case (Minimum charge of \$100.00)
504*	Merchandise with hangers	\$1.00 per Unit (Minimum charge of \$100.00)
505*	Not individually polybagged or packaged	\$1.00 per Unit (Minimum charge of \$100.00)
506*	Mixed sizes, POs, or SKUs in carton	\$1.00 per Unit (Minimum charge of \$100.00)
507*	Concealed shortage	\$1.00 per Unit (Minimum charge of \$100.00)
508*	Damaged/Wet merchandise	\$1.00 per Unit (Minimum charge of \$100.00)
509*	Units not folded	\$1.00 per Unit (Minimum charge of \$100.00)
510*	No suffocation Warning	\$1.00 per Unit (Minimum charge of \$100.00)
513*	Under Sized Cases	\$1.00 per Unit (Minimum charge of \$100.00)
514*	Over Sized Cases	\$1.00 per Unit (Minimum charge of \$100.00)
515*	Underweight Cases	\$1.00 per Unit (Minimum charge of \$100.00)
516*	Overweight Cases	\$1.00 per Unit (Minimum charge of \$100.00)

PO Violations/Documentation

Code	Violation Description	Chargeback Policy
601*	Shipped over from PO	\$1.00 per Unit (Minimum charge of \$100.00)
602*	Product substitution (color, style, etc.)	5% of Receipt (Not to Exceed \$1,000.00)
604*	Missing/Incorrect/Incomplete packing slip	\$100.00 per Occurrence
605*	Incorrect/Incomplete Bill of Lading	\$200.00 per Occurrence
606	PO Shipped late	1% of PO cost per Day (not to exceed 20%)
607	Cancellation of purchase order	20% of value of items cancelled on purchase order
608*	Incorrect ASN	\$5.00 per carton or \$200.00 per occurrence whichever is greater
609*	Manual ASN, Not EDI	\$5.00 per carton or \$200.00 per occurrence whichever is greater
610*	Missing ASN	\$5.00 per carton or \$200.00 per occurrence whichever is greater

Load Tender Violations

Code	Violation Description	Chargeback Policy
701	Late Delivery	\$50.00
702	No Shows	\$200.00
703	No appointment	\$200.00
704	Reloading of Non Eastbay POs	\$1.00 per Case (Minimum charge of \$100.00) + shipping costs
801	Palletization without authorization	\$200.00 per Pallet
802	Trailer not loaded by PO/SKU	5% of Receipt (Not to Exceed \$1,000.00)

Routing Violations – Domestic

Code	Violation Description	Chargeback Policy
901	Unauthorized Carrier	100% of Freight Amount
902	Invalid FOB Terms	100% of Freight Amount
903	Ship Frequency	100% of Freight Amount
904	Freight Charges on Merchandise Invoice	100% of Freight Amount
905	Incorrect Destination	100% of Freight Amount
906	Shipments not Combined on Single Bill of Lading	100% of Freight Amount
907	Unauthorized Released Value	100% of Freight Amount
908	Incomplete/Inaccurate Routing Request Form	\$200 per Occurrence plus any extra freight incurred
909	Truck load shipments must not exceed a two hour load time	100% of Freight Amount
910	Specific Routing Instructions not listed on Bill of Lading	100% of Freight Amount
911	Actual Gross Weight of Shipment not Listed on Bill of Lading	100% of Freight Amount
913*	Unauthorized PO shipped (routing never requested for PO)	\$5.00 per carton or \$200.00 per Occurrence whichever is greater
914*	Unacceptable PO shipped (routing for PO denied but shipped anyway)	\$10.00 per carton or \$200.00 Per Occurrence whichever is greater

Note: In the category of unit ticketing if more than one error is made on an individual ticket you will not incur more than \$1.00 per unit. The \$100.00 Minimum charge will not apply to fees assessed at less than a \$1.00 per unit. **A \$40.00 Administration Fee will be assessed to all routing violations**

International Trade Violations

Code	Violation Description	Chargeback policy
909-81	Final documents not complete, correct or accurate	\$100.00 per occurrence, maximum of \$500.00 per set of documents
910-81	Failure to surrender original documents to forwarder/consolidator within the time frame specified in section 13 of VSM	\$500.00 per occurrence plus any additional charges incurred
911-81	Original documents received by the broker not the same as authorized by International Trade	\$500.00 per occurrence plus any additional charges incurred
912-81	Incorrect mode of transportation, forwarder/consolidator, or international Freight terms as specified in section 10 of the VSM	100% of Actual Footlocker.com Freight amount
917-81	Failure to submit booking within the specified time in Section 13 of the Vendor Standards Manual	\$250.00 per occurrence plus any additional charges incurred for delay
919-81	Minimum load ability not met per section 13 of the vendor standards manual	Difference between the min. acceptable load ability per section 13 of VSM and the footlocker.com per CBM rate multiplied by their per CBM rate
920-81	Failure to surrender final documentation within the time specified in section 13 of the VSM	\$250.00 per occurrence plus any additional charges incurred for delay
922-81	Air weight increase from original estimation as outlined in section 13 of the VSM	difference in estimated cost and actual
923-81	Origin (prepaid) charges to the account of the vendor as outlined in section 13 of the VSM	100% of the actual cost
924-81	Late ISF Filing/Amendment to ISF Filing	\$500.00/Filing + \$20.00/transmission + cost mitigating fees
926-81	CPSC Failure	\$100 per violation

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This is a copy of the email that will be sent to you outlining the violations and chargebacks associated with each violation. **All chargeback disputes must be in writing and sent to the Vendor Compliance Specialist via email or mail.**
Footlocker.com/Eastbay will not research inquiries for receipts over 6 months old.

Dear Vendor,

Please find attached, a summary of chargeable violations against a recently received order for the above mentioned time period. The Accounts Payable Department has been advised to make the deduction from the payment of your invoice.

Please make note of the specific violations and take steps to avoid them in the future. If you have any questions, please contact the Vendor Compliance Specialist at vendorcompliance@eastbay.com OR by phone at 715-261-9201.

You may access our Vendor Standards Manual online @ http://www.footlocker-inc.com/VSM/new_VSM_site/eastbay_main.htm.

Username- pdf_eastbay

Password- vsmeastbay

If someone in your office should also be receiving this notification please let me know their email address(s) and I will add them to the list.



Eastbay.xls

Thanks,

Vendor Compliance Specialist
Footlocker.com/Eastbay
Phone -715-261-9201
Fax -715-261-9012