

# **KOHL'S**

## **Vendor Compliance Schedule of Charges**

Kohl's compliance policy promotes the cost-effective flow of merchandise to Kohl's stores. Kohl's may at its sole discretion assess handling charges for non-conformity with any of the parameters outlined within our requirements. Kohl's reserves the right to escalate fees for repeat offenders to offset incurred expenses at any time.

## Vendor Compliance Schedule of Charges

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## Vendor Compliance Schedule of Charges

### Schedule of Charges

Category	Rule Code	Issue	Handling Charge	Escalated Handling Charge
ASN	ASN01	ASN/856 was not received prior to 6:00 a.m. CST the next day after shipment release	\$150 per PO shipment	\$250 per PO shipment
ASN	ASN02	ASN was not received prior to arrival of merchandise at Kohl's distribution center. This is an additional charge	\$150 per PO shipment	\$250 per PO shipment
ASN	ASN03	Shipment utilized more than one trailer and did not have an ASN created specific to each trailer	\$150 per PO shipment	\$250 per PO shipment
ASN	ASN07	No ASN received from vendor for domestic shipment (pack slips or manual receiving were used instead)	\$300 per PO shipment	\$500 per PO shipment
ASN	ASN08	Incorrect vendor ship date within vendor's ASN data	\$1,000 per PO shipment	N/A
ASN	ASN09	No ASN received from vendor for direct to store shipments	\$150 per PO plus \$1.00 per carton	N/A
ASN	ASN10 & PS01	No ASN received from vendor for domestic shipment after 1 business day and every business day thereafter until ASN or pack slip is received or manually receiving performed	\$150 per PO shipment	\$250 per PO shipment
ASN	ASN11	Incorrect data within the ASN transmission causing delays or rejections for any PO shipment type	\$150 per PO shipment	\$250 per PO shipment
ASN	ASN12	Incorrect/Missing CAN, BOL, or PRO number in ASN transmission	\$150 per PO shipment	\$250 per PO shipment (Effective Sept. 1, 2018)
ASN	IM002 & IM007	No ASN received from vendor for Import shipment or missing, incorrect or unusable carton labels/data	\$150 per container shipment plus \$1.00 per carton	N/A
ASN	IM008	Cartons loaded in a container but not transmitted on the ASN manifest	\$150 per container plus \$1.00 per carton	August 1, 2018
ASN	LD001	Landed ASN not received from vendor prior to 11:59 p.m. CST 7 days prior to PO start ship	\$150 per PO shipment	N/A
ASN	LD002	No ASN received from vendor for Landed shipment	\$150 per PO shipment	N/A
ASN	LD003	Merchandise not packed as ordered on Kohl's Landed PO	\$150 per PO shipment plus \$0.20 per unit	N/A
ASN	LD004	SSCC#'s in container ASN do not match the SSCC#'s on the physical cartons	\$150 per PO shipment plus \$1.00 per carton	N/A
ASN	LD005	No UCC128 label on carton for Landed vendor in EDI production status	\$150 per PO shipment plus \$1.00 per carton	N/A

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ASN	LD006	UCC128 serial ship bar code on Landed shipments is not scannable	\$150 per PO shipment plus \$1.00 per carton	N/A
ASN	LD007	Unable to process cartons resulting from missing or incorrect ASN data	\$150 per PO shipment plus \$1.00 per carton	N/A
ASN	LD0011	ASN container number doesn't match physical/invoiced container number	\$150 per PO shipment	N/A (Effective Sept. 1, 2018)
ASN	VC05	Failure to complete the Landed ASN testing & on-boarding process within 90 days from EDI notice (see Landed Shipment Requirements at <a href="http://www.connection.kohls.com">www.connection.kohls.com</a> )	\$500 per PO shipment	N/A
Bill of Lading	BOL01	No Bill of Lading received at Kohl's Central Order Control for prepaid "live" unload shipments	\$150 per PO shipment	\$250 per PO shipment
Bill of Lading	BOL02	Missing or incorrect information (Examples: PO, CAN, etc.) on bill of lading (including sub bills) for each shipment	\$250 per PO shipment	\$350 per PO shipment
Carton Packing and Marking	CR03	Cartons are missing or include incorrect information	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Carton Packing and Marking	CR04	Cartons bound by any type of strapping. Gaylords and CDUs are allowed to have plastic strapping.	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Carton Packing and Marking	CR05	Carton outside of weight and dimension requirements or "Team Lift" or "Extra Heavy Team Lift" labels not applied on cartons over 50 lbs Effective Jan 1, 2019: labeling is required over 35 lbs	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Carton Packing and Marking	CR06	Failure to use the smallest carton possible to fit product <u>and</u> meet Kohl's carton requirements – one or more cartons filled less than 50% - No charge if a carton is less than 50% filled while using Kohl's smallest allowable carton dimensions (10"x9"x3")	\$150 per PO shipment	N/A
Carton Packing and Marking	HG07	Taping, rubber banding, or tying hangers together including hangers bound to cardboard sleeves with non-approved Kohl's material	\$150 per PO shipment	N/A
Carton Packing and Marking	MIX01	Cartons packed with more than one SKU, style or size unless pack-by-store or multi-sku pre-pack shipment	\$150 per PO shipment plus \$.40 per unit	\$250 per PO shipment plus \$1.20 per unit

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Carton Packing and Marking	PG01	Merchandise not packed as ordered on Kohl's purchase order	\$150 per PO shipment plus \$0.20 per unit	\$250 per PO shipment plus \$0.60 per unit
Carton Packing and Marking	PG02	Failure to meet poly bag requirements for internal packaging. Requirements include, but are not limited to: material, child safety warning, size, etc.	\$500 per PO shipment	N/A
Carton Packing and Marking	PG03	Failure to comply with Kohl's external carton requirements causing additional handling	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Correspondence – Vendor Compliance	VC03 & VC04	Repeated request for reversal/re-dispute	\$100 per request	N/A
E-Commerce Packaging	EP01	Failure to package each item in Kohl's specified poly bag (see appendix for more information)	\$150 per shipment and \$1.00 per unit	\$250 per PO shipment plus \$3.00 per unit
E-Commerce Packaging	EP02	Failure to seal polybag for E-Commerce shipments	\$150 per shipment and \$0.40 per unit (effective February 15, 2018)	\$250 per PO shipment plus \$0.60 per unit
E-Commerce Packaging	EPT01	Missing/Incorrect UPC barcode on polybag/ship ready carton for E-Commerce Merchandise	\$150 per shipment and \$0.40 per unit	\$250 per PO shipment plus \$0.60 per unit
E-Commerce Packaging	PT05 & PT06	Incorrect retail hang tag applied to merchandise	\$150 per shipment and \$0.40 per unit	\$250 per PO shipment plus \$0.60 per unit
Floor Ready	OA02	Poly bag does not have a perforation	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Floor Ready	OA03	EAS tag is missing (for product required to ship with an EAS tag - see appendices)	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Floor Ready	OA04	Sewn-in UPC is missing or is incorrect (see Floor Ready Requirements)	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
GS1-128 Labels	UC01 & UC02	No GS1-128 labels on cartons or GS1-128 labels have missing, incorrect, or illegible human readable SSCC, store number, or purchase order number	\$150 per PO shipment plus \$2.00 per carton (effective May 15, 2017)	\$250 per PO shipment plus \$4.00 per carton (effective May 15, 2017)
GS1-128 Labels	UC03	GS1-128 serial ship bar code is not scannable	\$150 per PO shipment plus \$2.00 per carton (effective May 15, 2017)	\$250 per PO shipment plus \$4.00 per carton
GS1-128 Labels	UC04	Improperly placed GS1-128 label for non-E-Commerce shipments	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton

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Category	Rule Code	Issue	Handling Charge	Escalated Handling Charge
GS1-128 Labels	UC05	Each serial shipping container code was not unique	\$150 per PO shipment plus \$2.00 per carton (effective May 15, 2017)	\$250 per PO shipment plus \$4.00 per carton
GS1-128 Labels	UC10 & UC06	GS1-128 label does not match the Kohl's PO number or carton contents: incorrect-style number, total quantity, size, color, pre-pack or contents	\$150 per PO shipment plus \$2.00 per carton (effective May 15, 2017)	\$250 per PO shipment plus \$4.00 per carton
GS1-128 Labels	UC12	Carton includes two different GS1-128 label	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
GS1-128 Labels	EUC04	Improperly placed GS1-128 label for E-Commerce shipments	\$150 per PO shipment plus \$1.00 per carton	\$250 per PO shipment plus \$3.00 per carton
Hanger Application	HG06 & HG03	Hanging merchandise received without a hanger or crown sizer	\$150 per PO shipment plus \$1.25 per unit	N/A
Hanger Application	HG-05	Apparel shipment on E Commerce specific order arrives with hangers applied	\$150 per PO shipment plus \$0.20 per unit	\$250 per PO shipment plus \$0.60 per unit
Hanger Application	OA05	Shipments identified with counterfeit / non-Mainetti hangers or crown sizers on Kohl's apparel, where applicable (Mainetti is the exclusive supplier for Kohl's for the following: crown sizers, private brands worldwide for adult hangers, sweater and outerwear hangers for all Kohl's vendors)	\$5,000 per occurrence	N/A
Misdirected Freight	MD01	Merchandise shipped to incorrect distribution center or data associated with incorrect distribution center transmitted	\$150 per PO shipment plus \$3.00 per carton	\$250 per PO shipment plus \$6.00 per carton
Returns	SC01	Over shipments, unauthorized shipments, non-conforming or defective goods will be returned to the vendor at no risk to Kohl's	\$150 or 5% of the cost of goods, whichever is higher, not to exceed \$300 on Purchase Order lines valued at \$50.00 or more	N/A
Shipment Non-Conformity	SC01	Any non-conformity to the vendor partnership requirements that causes processing delays at Kohl's sole discretion	\$150 per PO shipment plus additional distribution center expenses incurred	N/A
Ticketing	PT01, PT02, PT04, PT05, & PT06	Incorrect tickets, missing tickets, incorrectly placed tickets, illegible / incorrect / unreadable UPC information on tickets, including integrated size strips tickets, missing/incorrect shoe box ID or missing/incorrect retail price on tickets, including integrated size strips tickets	\$150 per PO shipment plus \$0.20 per unit	\$250 per PO shipment plus \$0.60 per unit

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Category	Rule Code	Issue	Handling Charge	Escalated Handling Charge
Transportation	TR054	Failure to achieve SKU level fill rate quantities at 97% or greater for all PO Types	\$150 plus 10% of the cost of unfilled quantities at a SKU level	N/A
Transportation	Remittance Deduction	Commercial zone program pickup	Applicable fees	N/A
Transportation	TR55	<p>Import POs must deliver to the origin port to meet the original vessel timing</p> <ul style="list-style-type: none"> <li>• CY Shipment– If cargo is delivered later than Ship Window but can meet the CY cut-off of the originally planned vessel it is considered on-time</li> <li>• CFS Shipment – Delivery is considered on-time when it is delivered within the original X-Factory Window</li> <li>• CFS/CY Shipment – A PO must not ride on more than one vessel. The CFS portion needs to be delivered to ride the same vessel as the CY portion to be considered on-time.</li> </ul>	10% of average purchase order unit cost of late units	
Transportation	LD008	Failure to have Landed containers released and available for pickup by purchase order start ship date for any reason (Examples not limited to: containers not available, not released from port, missing D.O. or relevant paperwork, custom hold delays, vessel delays, etc.)	\$300 per PO shipment	\$500 per PO shipment
Transportation	LD009	Failure to have Landed container for IA/seasonal/launch sets released and available for pickup by PO start ship date	\$500 per PO shipment	N/A
Transportation	LD010	Landed Chassis Rental	\$100 for West Coast and applicable market rate for East Coast	N/A
Transportation	TL01	Truckload shipments tendered to Kohl's on pallets rather than floor loaded	\$150 per shipment plus \$50 per pallet	N/A
Transportation	TR003, TR037, & TR040	Disruption of a shipment for any reason. (Examples: inaccuracy of shipment information, late readiness, over-shipping, poor loading techniques, failure to load any cartons of a CAN to the assigned load, trucks ordered not used, etc.)	Full cost of transportation plus cost of moving other vendor's freight if a multi-stop is disrupted plus applicable fees	N/A
Transportation	TR007	Failure to ship collect when directed to by Kohl's routing guide / TMS instructions	Full cost of transportation plus a \$300 admin fee per PO per DC	N/A

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Category	Rule Code	Issue	Handling Charge	Escalated Handling Charge
Transportation	TR007	Failure to properly bill prepaid invoices.	Full cost of transportation plus \$300 admin fee per PO per DC	N/A
Transportation	TR007 & TR020	All accessorial charges incurred from the pick-up or loading of merchandise for any shipment. (Examples: wait time, load & count, cancelled loads, etc.)	Accessorial charge by carrier plus applicable fees	For wait time (detention) during shipment pick up - \$500 per shipment PO (for load times greater than 2 hours)
Transportation	TR008	Failure to use carrier specified by Kohl's TMS	Full cost of transportation plus a \$300 admin fee per PO per DC	N/A
Transportation	TR017	Failure to consolidate same/consecutive day shipments per distribution center for LTL loads (Extended cancel date does not exempt from this charge)	Full cost of transportation for both freight movements plus applicable fees	N/A
Transportation	TR017	Failure to consolidate same day shipments to a consolidator for multiple Kohl's distribution centers on a single Master Bill of Lading. (Utilizing only one carrier PRO number for entire freight movement.) (Extended cancel date does not exempt from this charge)	Full cost of transportation plus applicable fees	N/A
Transportation	TR021	Landed loose freight consolidation pick-up	Full pickup, consolidation, and applicable fees	N/A
Transportation	TR032	Back order freight (Extended cancel date does not exempt from this charge)	Full cost of transportation after the first movement plus applicable fees	N/A
Transportation	TR035	Domestic PO with actual ship date past original cancel date ( <b>Collect shipments routed on time and ready on time are exempt</b> ; extended cancel date does not exempt from this charge; prepaid shipments required to arrive no later than 4 days after original cancel date)	\$125 admin fee plus 10% of PO shipment cost plus applicable fees	N/A
Transportation	TR038	Merchandise shipped to wrong DC (includes pre-paid and collect shipments)	\$300 per PO shipment	N/A
Transportation	TR050	Additional insurance for parcel shipments as requested by vendor partners	Full cost of the additional insurance	N/A
Transportation	TR053	Failure to pack and load any shipment to Kohl's by purchase order and destination sequence	\$300 per PO shipment plus \$1.00 per carton	\$500 per PO shipment plus \$3.00 per carton
Transportation – TMS Issues	TMS05	Inaccurate Routing (Origin/Cube/Weight/ etc.) entered into Transplace	\$150 per PO shipment	N/A

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Category	Rule Code	Issue	Handling Charge	Escalated Handling Charge
Transportation – TMS Issues	TMS06	Vendor Cancellation of a scheduled Transplace release	\$150 per PO shipment	N/A
Transportation - TMS Issues	TMS07	Failure to submit new or additional ship point locations for TMS system fifteen (15) business days prior to purchase order start ship date	\$150 per PO shipment	N/A
Transportation - TMS Issues	TMS08	Failure to accurately flag freight as Hazmat in Transplace	\$150 per PO shipment	N/A
Transportation - TMS Issues	TR009	For POs with standard ship windows, failure to confirm routing <b>prior to 11:59 PM CST Thursday of the week prior to the PO start ship date</b> (Extended cancel date does not exempt from this charge)	\$150 per PO shipment	N/A
Transportation - TMS Issues	TR013	Failure to be ready or available for pickup on earliest available date as entered in TMS	\$150 per PO shipment	\$250 per PO shipment
Transportation - TMS Issues	TR036	Inaccurate weight, cube or cartons entered into TMS causing trailer fill loss greater than 10%	Freight cost based on trailer fill loss percentage plus applicable fees	N/A
Transportation-TMS Issues	TR026	Failure to include routing request in one confirmation per week (except for POs released to vendors five calendars days or less to the PO start ship date, POs that have incurred late routing charges, POs part of Logistics' deemed In Aisle sets) (Extended cancel date does not exempt from this charge)	\$150 per PO shipment	N/A
Transportation-TMS Issues	TR028 & TR029	Failure to confirm routing requests in TMS as requested for In Aisle Set PO's (Extended cancel date & previous vendor exemptions for Standard PO late routing does not exempt from this charge)	Full cost of transportation plus applicable fees	N/A
Transportation-TMS Issues	TR043 & TR044	Failure to schedule shipment pick-up via the Kohl's TMS Web site / shipping product without requesting routing / failing to ship routed product ( <a href="https://logistics.kohls.com">https://logistics.kohls.com</a> )	\$150 per PO shipment plus cost of transportation	N/A
Vendor Accuracy	VA01	Units checked due to vendor accuracy issues (Examples: overages, shortages, substitutions, etc.)	\$150 per PO shipment plus \$0.20 per unit	\$250 per PO shipment plus \$0.60 per unit
Vendor Accuracy	VA02	Units checked due to Spot Audits with errors (Examples: overages, shortages, substitutions, missing/incorrect tickets etc.)	\$150 per PO shipment plus \$0.20 per unit	\$250 per PO shipment plus \$0.60 per unit

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Vendor Accuracy	VC06	Failure to create an account with an approved UPC Catalog provider and grant Kohl's access	\$1,000 per month (Effective January 2018)	N/A
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### Transportation Compliance Notifications

#### **Email Notification of Transportation Compliance Charges:**

- Vendors may receive Transportation charge notifications through Kohl's normal compliance process that were previously sent via post-audit notifications. The charge notifications are related to the violations listed below:
  - Late shipments
  - Failure to consolidate
  - Consecutive day shipments
  - Back order freight
- Kohl's intent is to minimize, but not completely eliminate post-audit detections through this process. Typical notifications will be transmitted between 60 and 90 days of violation event. Vendors will continue to see post-audit notifications / detections

### Compliance Communication Information

#### **Dispute Instructions:**

- Disputes must be submitted within 60 days of the detection date via the Compliance Networks which can be accessed on-line at the following address:  
<https://kss.compliancenetWORKS.com/#/login>
- Request for Statement, Notification, and Evidence should be submitted within 10 days of detection date
- Exemptions to any rule must be approved through Vendor Services (Vendor.Services@Kohls.com) and are valid for a maximum of one year (or less if noted in the approval). Please reach out to Vendor Services at least 30 days prior to exemption expiration to request a renewal.

#### **Electronic Communication Method Instructions:**

Please send completed forms as an e-mail attachment by following the below directions:

1. Right click on Download
2. Click on Save Target As
3. Save to your desktop
4. Click on the save button
5. Click on open
6. Enter all the necessary information in the form and save it again, then close the form
7. Create an email message addressed to: Vendor.Compliance@kohls.com
8. Include your company name and violation number in subject field
9. Attach the completed form to the email and send