

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 Vendor Violation Notification Letter which is sent to the vendor calling attention to the chargebacks being applied against their invoice
- Traffic Department Chargeback
- Late Shipment Policy

Also included are:

- A complete listing of all violations and assessment amounts
  - FOB term definitions
  - Quality control procedures used to inspect for materials, construction and overall cosmetic appearance
  - RTV Trailer Unloading / Detention Charges
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**Vendor Standards Violation Notification**

The letter below will be sent to you along with the Freight Inspection Report when a chargeback due to standard non-compliance occurs. All chargeback disputes must be in writing and sent to the service center that initiated the chargeback. **Foot Locker will not research inquiries for receipts over 6 months old.**

**VENDOR STANDARDS VIOLATION NOTIFICATION**

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Vendor Number: \_\_\_\_\_ Date: \_\_\_\_\_

Vendor Name: \_\_\_\_\_

Attention: \_\_\_\_\_

Vendor Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Vendor Phone #: \_\_\_\_\_ Vendor Fax #: \_\_\_\_\_

Subject:       **Vendor Violation Charges**

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Dear Vendor,

      Please find attached, a summary of chargeable account violations against a recently received order for the week ending \_\_\_\_/\_\_\_\_/\_\_\_\_. 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 your Service Center Vendor Relations representative.

Late Shipment Policy (Code 606) Foot Locker Inc is committed to providing excellent service to our customers. In effort to ensure goods are available to our customer, we ask 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 the made available and expected dates of the purchase order. If a product does not arrive on time, the vendor may be charged.

Below are the documents you will receive:



3543 Simpson Ferry Road Camp Hill PA, 17011 Phone 717-972-3056

Vendor Address To:

Vendor #

Date:

Debit Memo#:

Attn: Accounts Receivable

Amount Due:

Claim Description:

CODE 606--Late Policy--Purchase orders made available after the expected date window can be subject to a vendor compliance charge per the Vendor Standards Manual.

If the vendor made available date on the po is less than 30 days after the expected date, the po is not late and no charge will be applied. However, if the made available 30 days or greater, that po may be subject to charge. Based upon the nature of our business, we believe that this program is a key element to monitoring a vendor's performance.

The chargeback action serves to communicate and reinforce our performance expectation and, in many cases, recover lost sales dollars. The chargeback is 2% of the po cost for being late between 30-59 days and 5% of po cost for being late 60 or greater days. Please see attached documentation.

Partial units of a po order that are late, can be subject to a vendor compliance charge, even if other units under the same po were delivered on time and received no charge.



### Claim Detail Repot - Foot Locker

Vendor Number                      Name

Vendor Non - Compliance ( Late Shipments)

Vendor Name	Vendor Number	PO Number	Control Number	Quantity Ordered	Quantity Received	Order Cost	Received Cost	Made Available Date	Expected Date	Days Late	Fees*	Charge Amount
												\$ -
												\$ -
		Grand Total										\$ -

### Dispute Policy:

All chargeback disputes for Codes 606 must sent via email to: [vendor.compliance.606@footlocker.com](mailto:vendor.compliance.606@footlocker.com). Foot Locker will not research inquiries for receipts over 6 months old.

Transportation Department Chargeback

<b>Vendor Pre-Paid Trailer Storage Charges</b>	
Vendor Responsible Trailer Storage Fee**	<p>Foot Locker will notify carrier when trailers are empty. If carrier fails to remove empty trailer within 14 calendar days of notification, a \$50 storage fee per day will apply.</p> <p>In the event a carrier fails to remove empty trailer within 28 calendar days of notification, a \$150 storage fee per day will apply.</p>

\*\* An exception will be made for carriers that we intentionally have pools of equipment established

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**Return to Vendor - Trailer Unloading / Detention Charge Policy**

Delivery of returned merchandise to a vendor’s facility or agent when Foot Locker is responsible for the freight charges will be via the carrier of our choice. When the delivery is made as a Trailer Load shipment and the trailer is dropped, the vendor has 3 free days to unload and turn the empty trailer back to the carrier. After 3 days the vendor is liable for any detention charges, which can vary by carrier. If a Trailer Load shipment is scheduled as a “Live Unload”, there is a 2 hour time frame to unload, after which the vendor is liable for any driver and /or trailer detention charges, which can vary by carrier.

### Violation Code Policy

With respect to the asterisk (\*) violation codes noted below, per unit charges are not to exceed 25% of cost of unit.

Code	Violation Description	Policy
<b>Ticketing Violations</b>		
<b>Unit Violations</b>		
* 100	Barcode height less than 12mm	\$1.25 per Unit (Minimum Charge of \$250.00)
* 101	Wrong UPC or size on label	\$1.25 per Unit (Minimum Charge of \$250.00)
* 102	Wrong size or size schedule per the PO	\$1.25 per Unit (Minimum Charge of \$250.00)
* 103	Wrong retail price	\$1.25 per Unit (Minimum Charge of \$250.00)
* 104	Wrong ticket location/ticket not visible to be easily scanned	\$1.25 per Unit (Minimum Charge of \$250.00)
* 105	Bar code will not scan	\$1.25 per Unit (Minimum Charge of \$250.00)
* 106	Bar code scans incorrectly	\$1.25 per Unit (Minimum Charge of \$250.00)
* 107	Too many barcodes visible/No Master barcode	\$1.25 per Unit (Minimum Charge of \$250.00)
* 108	No UPC on polybag/Not centered	\$1.25 per Unit (Minimum Charge of \$250.00)
* 109	Polybag taped on wrong side	\$1.25 per Unit (Minimum Charge of \$250.00)
* 110	Polybagged unit over maximum dimensions	\$1.25 per Unit (Minimum Charge of \$250.00)
* 201	No UPC on retail units	\$1.25 per Unit (Minimum Charge of \$250.00)
* 202	Retail units not ticketed	\$1.25 per Unit (Minimum Charge of \$250.00)
* 203	Missing/Incorrect Style # or Description	\$1.25 per Unit (Minimum Charge of \$250.00)
* 204	Missing/Incorrect SKU	\$1.25 per Unit (Minimum Charge of \$250.00)
* 206	UPC not on catalog at order entry or receipt > 50 UPC's	\$25 plus \$5.00/UPC
<b>Caselot Violations</b>		
301	No caselot label on outside of caselot or multi-pack	\$1.25 per Unit (Minimum Charge of \$250.00)
302	Caselot label scans incorrectly	\$1.25 per Unit (Minimum Charge of \$250.00)
303	Caselot label will not scan	\$1.25 per Unit (Minimum Charge of \$250.00)
304	Caselot label placement	\$1.25 per Unit (Minimum Charge of \$250.00)
<b>Carton/Merchandise Problems</b>		
401	Missing UCC 128 label	\$6.25 per carton or \$250.00 whichever is greater
* 402	Incorrect UCC 128 label	\$6.25 per carton or \$250.00 whichever is greater
* 403	UCC 128 label scans incorrectly	\$6.25 per carton or \$250.00 whichever is greater
* 404	UCC 128 label will not scan	\$6.25 per carton or \$250.00 whichever is greater
405	UCC 128 label missing non-standard case indication	\$6.25 per carton or \$250.00 whichever is greater
500	No inserts in case	\$1.25 per Unit (Minimum Charge of \$250.00)
* 501	Case not sealed with security tape	\$1.25 per Unit (Minimum Charge of \$250.00)
* 502	Incorrect markings on case	\$1.25 per Unit (Minimum Charge of \$250.00)
* 503	Undersized cases	\$1.25 per Unit (Minimum Charge of \$250.00)
* 504	Oversized cases	\$1.25 per Unit (Minimum Charge of \$250.00)
* 505	Underweight cases	\$1.25 per Unit (Minimum Charge of \$250.00)
* 506	Overweight cases	\$1.25 per Unit (Minimum Charge of \$250.00)
* 507	No polybag	\$1.25 per Unit (Minimum Charge of \$250.00)
* 508	Mixed sizes / POs/ Skus (not noted on case)	\$1.25 per Unit (Minimum Charge of \$250.00)
* 509	Case sealed with bands / staples/ glue	\$1.25 per Unit (Minimum Charge of \$250.00)
510	Bin merchandise on hangers	\$1.25 per Unit (Minimum Charge of \$250.00)
* 511	Case sealed with inferior tape	\$1.25 per Unit (Minimum Charge of \$250.00)
512	Nonstandard units per carton	\$1.25 per Unit (Minimum Charge of \$250.00)
* 513	Inferior polybag	\$1.25 per Unit (Minimum Charge of \$250.00)
<b>PO Violations/Documentation</b>		
600	Incorrect caselots per carton per PO	\$1.25 per Unit (Minimum Charge of \$250.00)
601	Shipped over from PO	\$1.25 per Unit (Minimum Charge of \$250.00)
* 602	Product substitution (color, style, etc.)	5% of Receipt (Not to Exceed \$1,250.00)
* 603	Incorrect pack type per PO (bin, multi, case)	\$1.25 per Unit (Minimum Charge of \$250.00)
* 604	Missing/Incorrect/Incomplete packing slip	\$125.00 per Occurrence
* 605	Incorrect/Incomplete Bill of Lading	\$250.00 per Occurrence
606	Late Shipment	30 – 59 days late 2% of PO cost, 60 + days late 5% of PO cost
607	Missing ASN	\$6.25 per carton or \$250.00 whichever is greater
608	Incorrect ASN	\$6.25 per carton or \$250.00 whichever is greater
609	Late EDI ASN	\$6.25 per carton or \$250.00 whichever is greater
<b>Load Tender / Scheduling Violations</b>		
* 701	Late for delivery appointment (less than 30 minutes)	\$250.00
* 702	No shows for delivery appointment	\$500.00
* 703	No appointment	\$250.00
* 704	Reloading of unacceptable POs	\$437.50
801	Palletization without authorization	\$250.00 per Pallet
802	Trailer not loaded by PO/SKU	5% of Receipt (Not to Exceed \$1,250.00)
803	Improper LTL Palletization	5% of Receipt (Not to Exceed \$1,250.00)
<b>Routing Violations – Domestic</b>		
901	Unauthorized Carrier / Unauthorized or Incorrect 3 <sup>rd</sup> Party Parcel Account Number	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

Routing Violations – Domestic continued		
Code	Violation Description	Policy
900	PO not shipped/loaded as instructed via Routing system	\$250 plus any extra freight incurred
908	Routing Request not forwarded 72 hours prior to shipping	\$250.00 per Occurrence
913	Unauthorized PO shipped (routing never requested for PO)	\$6.25 per carton or \$250.00 whichever is greater
914	Unacceptable PO shipped (routing for PO denied but shipped anyway)	\$12.50 per carton or \$250.00 whichever is greater
915	Incomplete/ Inaccurate Routing Request Form	\$250.00 per Occurrence plus any extra freight incurred
916	Failure to fax copy of BOL	\$250.00 per Occurrence plus \$100 per each additional day
918	Incomplete/Incorrect shipping information	\$250.00 per Occurrence
921	Product not ready for pick-up by date listed on Routing Request form (Date Available)	\$250 plus any extra freight incurred

Violations – International		
909	Final documents not complete, correct, or accurate.	\$100 per occurrence, max of \$500 per set of documents
910	Failure to surrender Original documents to forwarder/ consolidator within the time frame specified in Section 10 of this manual.	\$500.00 per occurrence plus any additional charges incurred for delay
911	Original documents received by the broker not the same as authorized by International Trade	\$500.00 per occurrence plus any additional charges incurred
912	Incorrect mode of transportation, forwarder/ consolidator, or International Freight terms as specified in Section 10 of the vendor standards manual.	100% of Actual Foot Locker Freight Amount
917	Failure to submit booking within the time specified in Section 10 of the vendor standards manual.	\$250.00 per occurrence plus any additional charges incurred for delay
919	Minimum loadability not met per section 10 of the vendor standards manual.	Difference between the minimum acceptable loadability per Section 10 of the VSM and the Foot Locker per CBM rate Multiplied by the per cbm rate
920	Failure to surrender final documentation within the time specified in Section 10 of this manual	\$250.00 per occurrence plus any additional charges incurred for delay
922	Air weight increase from original estimation as outlined in Section 10 of the vendor standards manual.	Difference in estimated cost and actual
923	Origin (prepaid) charges to the account of the vendor as outlined in Section 10 of the vendor standards manual.	100% of the actual cost
924	Late ISF Filing/Amendment to ISF Filing	\$500.00/Filing + \$20.00/transmission+cost mitigating fees
925	Rejection of ISF Filing	\$500.00/Filing + \$20.00/transmission+cost mitigating fees
926	CPSC Failure	\$100.00/Violation
950	Quantity Variance Discrepancies	\$200 per occurrence, max of \$1000 per set of documents

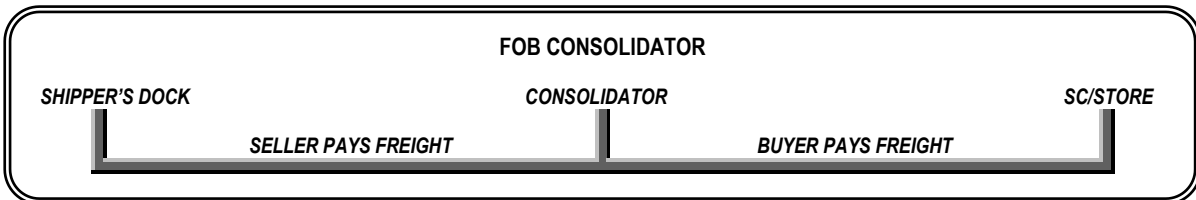
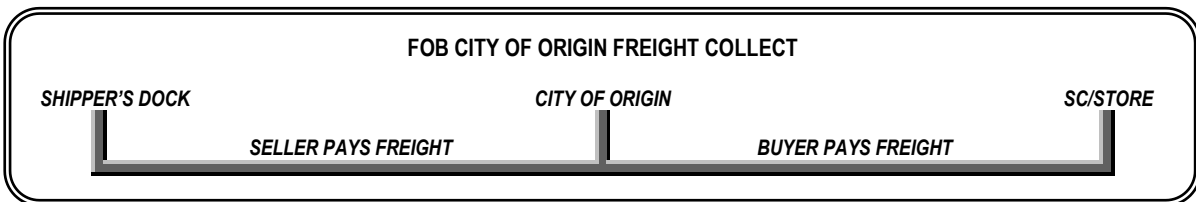
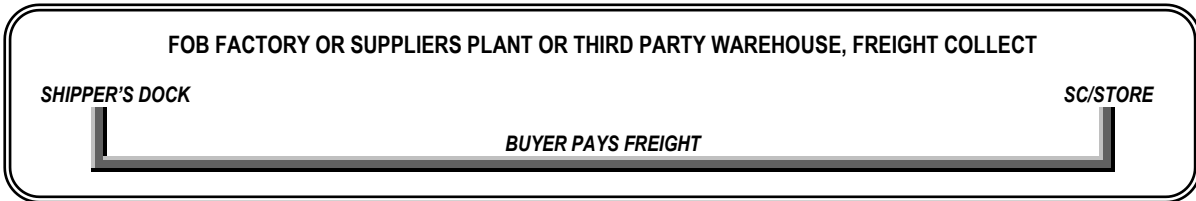
Penalties Incurred - International		
927	Late ISF Filing	\$5,000 minimum-\$10,000 maximum Unless otherwise mitigated
928	Amendment to ISF Filing after vessel lading	\$5,000 minimum-\$10,000 maximum Unless otherwise mitigated
929	Rejection of ISF Filing	\$5,000 minimum-\$15,000 maximum: \$5,000-importer \$10,000 carrier pass through-if fault found with vendor; Unless otherwise mitigated
930	CPSC Violation	100% Import Value of Goods+all criminal penalties+legal/mitigating fees/Violation

**NOTE:** In the category of unit ticketing violations if more than one error is made on an individual ticket you will not incur more than \$1.00 per unit. The \$200.00 minimum charge will not apply to fees assessed at less than a \$1.00 per unit. \$40.00 admin fee will be assessed to routing violations.

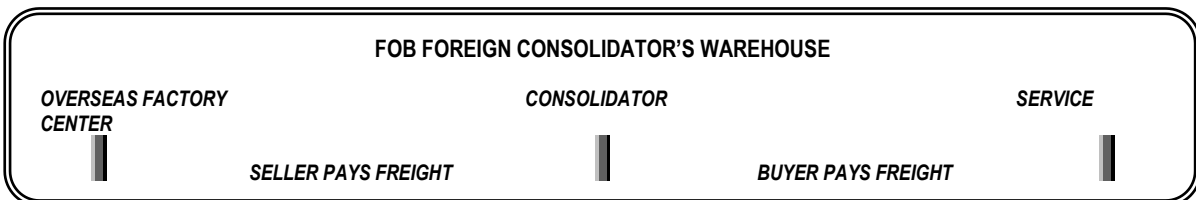
### FOB Terms

Terms of sale directly related to responsibility for loss on goods and freight costs. Listed herein is a brief outline of Foot Locker's most commonly used terms. FOB denotes Free on Board and designates the point at which goods are transferred.

#### Domestic Transportation FOB Terms



#### International Trade FOB Terms



**Transportation Terms:** There are distinct legal terms that allocate the risk of loss between buyers and sellers.

### Domestic Terms

The most common domestic terms Foot Locker uses is “FOB” as defined by the Uniform Commercial Code. FOB means Free on Board and must be used with a named place or point. It sets forth the delivery obligations of the seller and buyer. Once the seller completes its performance, and unless otherwise specifically agreed, title to the goods passes to Foot Locker.

### International Terms

Foot Locker uses the Incoterms 2000 “FOB” term. FOB means “Free on Board” and must be used with a named place or point. It sets forth the delivery obligations of the seller and buyer. Once the seller completes its performance, and unless otherwise specifically agreed, title to the goods passes to Foot Locker.

### **FOB Terms and Example Definitions**

The FOB point is where the title for product passes; the location where ownership and the resulting responsibility for transportation begins/ends.

- Order Type: **Foreign**
  - FOB: **FOB (Foreign Port of Export / Consolidation Agent)** – Vendor is responsible for delivery of goods to the Foreign Port of Export or foreign consolidation agent.
- Order Type: **Landed** (FOB field must state a specific city or point in the US)
  - FOB: **West Coast Consolidator** – Goods coming into the West Coast. Vendor is responsible for Customs clearance and transport to West Coast consolidator.
  - FOB: **East Coast Consolidator** – Goods coming into the East Coast. Vendor is responsible for Customs clearance and transport to East Coast consolidator.
  - FOB: **Reno/Sparks** – Vendor is responsible for Customs clearance and transport to the Foot Locker Reno/Sparks Distribution Center.
  - FOB: **Junction City** – Vendor is responsible for Customs clearance and transport to the Foot Locker Junction City Distribution Center.
- Order Type: **Domestic**
  - FOB: **Origins (Vendor’s Dock)** – Foot Locker is responsible for all transportation costs from the shipper’s facility to destination.

**Carrier Losses** – Based on the terms FOB Foot Locker dock, if freight is prepaid, vendor is responsible for filing a claim with the carrier. Foot Locker will not take a credit for any merchandise that is involved with a freight claim. If a credit has been taken and a loss is determined, the credit will be reversed.



- Order Type: **Foreign (CANADA)**
    - FOB: **PORT** – Vendor is responsible to clear the goods for export and for delivery to the foreign Forwarder.
    - FOB: **Mexico / and or a specific city in the United States** – Foot Locker is responsible for all transportation costs from vendor’s facility and Customs clearance to door Milton.
  
  - Order Type: **Landed (CANADA)**
    - FOB: **Milton** – Vendor is responsible for all transportation to door Milton and Customs clearance.
  
  - Order Type: **Domestic (FOB field must state a specific city in Canada)**
    - FOB: **Vendor’s Dock** – Foot Locker is responsible for all transportation costs from vendor’s facility to Milton.
    - FOB: **Milton** – Vendor is responsible for all transportation costs from vendor’s facility to Milton.
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Any questions regarding these instructions should be directed to:

<b>Foreign orders:</b>	Foot Locker International Trade Department	717-972-5925
<b>Landed/Domestic orders:</b>	Foot Locker Domestic Transportation Department	Footlocker.Routing@footlocker.com
<b>Foreign orders:</b>	Foot Locker Canada International Trade Department	905-875-0522 ext: 4243
<b>Landed/Domestic orders:</b>	Foot Locker Canada “Milton Scheduling Desk”	905-875-0522 ext: 4236

### Quality Control Procedures

Samples of all merchandise (existing and new product) are checked as they are received at the service center. This includes footwear, apparel, hard-goods, and accessories.

We inspect for materials, construction and overall cosmetic appearance.

If the merchandise is of inferior quality, the following procedures are exercised:

- The merchandise is put on “quality control hold” and service center management is notified
- The buyer is notified and samples are sent to the buying office upon the buyer’s request
- The vendor is contacted by the buyer to discuss resolution, return authorizations and/or other terms and conditions
- The product is accepted, returned to the vendor, or sent out for repairs as per the agreed upon resolution between the buyer/buying department and the vendor/agent with input from the Quality Control Department

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### Cancellation Policy

- All orders are considered cancelled if not shipped by the Ship Complete date
- We will not accept any product beyond the Cancel Date without authorization from the Vice-President of Buying or the Director of Buying

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### 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, 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 and the return itself shall be adequate notice of rejection of the merchandise.

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