

EXCHANGE™

ARMY & AIR FORCE EXCHANGE SERVICE

Subject: Vendor Compliance Program

Purpose: To identify costs incurred for vendors not complying with shipping/packing/marketing/bill of lading/return to vendor/ticketing/palletizing instructions. Background: The Vendor Compliance Program (VCP) is implemented to recover expenses caused by vendors' noncompliance for merchandise shipped to and through our operations. Vendor's merchandise will flow through our Distribution Centers and stores and on to the selling floor in a efficient manner, if vendors follow the detailed requirements outlined in this guide.

Distribution Centers, and stores, will submit data for the purpose of recovering costs incurred by vendor nonconformance. The Exchange will charge the contractor for any costs incurred as a result of nonconformance. Nonconformance may include but is not limited to the compliance violation(s) below.

As detailed in the Vendor Compliance Cost Structure below, Exchange HQ Co-operative Advertising will process charges to recover costs caused by vendor/supplier shipments to our distribution centers and stores that are not compliant with the purchase order terms and conditions.

In the event vendors require additional information, the Exchange contact information is provided on each claim.

**Army & Air Force Exchange Service
Vendor Compliance Cost Structure**

Updated: 01 August 2010

TAMS Rate Code	Description	Rate Desc	Rate	AAFES Cost
VC.0	Base Administrative / Processing fee.			\$150
Delivery / Shipping Date Compliance				
VCD.1	FOB Origin PO.			\$150
VCD.2	▶ Shipped >72 hours before/after Scheduled Ship Date - SSD	Per Box	\$0.464	Calculated
VCD.3	▶ Supplier window is 7 days...3 days either side of SSD	Number of POs	\$13.660	Calculated
VCD.4	FOB Destination PO:			\$150
VCD.5	▶ Rec'd >72 hours before/after Required Delivery Date - RDD	Per Box	\$0.464	Calculated
VCD.6	▶ Supplier window is 7 days...3 days either side of RDD	Number of POs	\$13.660	Calculated
VCD.7	Port of Embarkation / Debarkation Errors			\$150
VCD.8	▶ Customs documentation error(s). Product specifications, quantity, content, nomenclature, etc.	Per Box	\$0.464	Calculated
VCD.9	▶ Insufficient data to manifest shipment.	Number of POs	\$13.660	Calculated
VCD.10	▶ Multiple / split shipments.			\$150
VCD.11	Supplier made more than one shipment against the same purchase order or SKU on the purchase order. .	Per Box	\$0.46	Calculated
VCD.12		Number of POs	\$13.660	Calculated
VCD.13	▶ Missed Delivery Appointment. You established an appointment to deliver merchandise at our Distribution Center and did not make delivery in at the agreed appointment time.	Date Appointment made: DD MMM YY Carrier who made appointment: ----- carrier name here ----- Carrier who actually delivered: ----- carrier name here ----- Appointment Time/Date TIME DD MMM YY Arrival Time/Date TIME DD MMM YY Offload Time/Date TIME DD MMM YY		\$100

Bill of Lading (BOL) Compliance

VCB.1	Failure to consolidate purchase orders into one BOL			\$150
VCB.2		Number of POs	\$13.660	Calculated
VCB.3	PO #, carton qty, and/or department number not listed individually or accurately on BOL			\$150
VCB.4	Failure to list PO # in .Special Instructions. section on BOL			\$150
VCB.5	BOL error resulting excess freight charge.			Actual \$
VCB.6	BOL does not contain contact information			\$150
VCB.7	Bill of lading marked prepaid should be collect			\$150
VCB.8	Bill of lading marked collect should be prepaid			\$150

Physical Carton Compliance			
VCP.1			\$150
VCP.2	Multiple PO.s in one carton	Per Box	\$0.464 Calculated
VCP.3		Number of POs	\$13.660 Calculated
VCP.4			\$150
VCP.5	PO number incorrect or not listed	Per Box	\$0.464 Calculated
VCP.6		Number of POs	\$13.660 Calculated
VCP.7			\$150
VCP.8	Style # incorrect or not listed (except Crossdock 2)	Per Box	\$0.464 Calculated
VCP.9		Number of POs	\$13.660 Calculated
VCP.10			\$150
VCP.11	Color incorrect or not listed (except Crossdock 2)	Per Box	\$0.464 Calculated
VCP.12		Number of POs	\$13.660 Calculated
VCP.13			\$150
VCP.14	Size incorrect or not listed (except Crossdock 2)	Per Box	\$0.464 Calculated
VCP.15		Number of POs	\$13.660 Calculated
VCP.16			\$150
VCP.17	Unnecessary packing materials/pins	Per Box	\$0.464 Calculated
VCP.18		Number of POs	\$13.660 Calculated
VCP.19			\$150
VCP.20	Invalid Purchase Order	Per Box	\$0.464 Calculated
VCP.21		Number of POs	\$13.660 Calculated
VCP.22			\$150
VCP.23	Merchandise received in poor condition	Per Box	\$0.464 Calculated
VCP.24		Number of POs	\$13.660 Calculated
VCP.25			\$150
VCP.26	Pre-pack detail not provided on outside of carton	Per Box	\$0.464 Calculated
VCP.27		Number of POs	\$13.660 Calculated

LDU, Carton, and Pallet Compliance			
VCC.1	Style, Colors and or Sizes mixed in a carton (excludes cross dock shipments)		\$250
VCC.2		Boxes Rehandled	\$0.464 Calculated
VCC.3		Number of POs	\$13.660 Calculated
VCC.4	<i>No packing slip provided.</i>		\$150
VCC.5	Overshipment		\$150
VCC.6			Actual \$
VCC.7	Resulting excess freight charge	Boxes Rehandled	\$0.464 Calculated
VCC.8		Number of POs	\$13.660 Calculated
VCC.9			\$150
VCC.10	Failure to follow ISPM-15 pallet & wood packing mat guidelines (import & export)	Per Pallet	\$6.00 Calculated
VCC.11		Boxes Restacked	\$0.464 Calculated
VCC.12		Number of POs	\$13.660 Calculated
VCC.13			\$150
VCC.14	Incorrect Casepack	Boxes Rehandled	\$0.464 Calculated
VCC.15		Number of POs	\$13.660 Calculated
VCC.16			\$150
VCC.17	Incorrect Ship To / Mark For Information on Cartons	Boxes Rehandled	\$0.464 Calculated

Merchandise Compliance				
VCM.1				\$150
VCM.2	Incorrect Style	Boxes Rehandled	0.464	Calculated
VCM.3		Number of POs	13.66	Calculated
VCM.4		Return Freight Component		Actual \$
VCM.5				\$150
VCM.6	Incorrect Size	If returned, Inbound Freight Component		Actual \$
VCM.7		If returned, Return Freight Component		Actual \$
VCM.8		Boxes Rehandled	0.464	Calculated
VCM.9		Number of POs	13.66	Calculated
VCM.10	Incorrect Color			\$150
VCM.11		If returned, Inbound Freight Component		Actual \$
VCM.12		If returned, Return Freight Component		Actual \$
VCM.13		Boxes Rehandled	0.464	Calculated
VCM.14		Number of POs	13.66	Calculated
VCM.15	Size strip tape missing from folded garments (if specified)			\$150
VCM.16		If returned, Inbound Freight Component		Actual \$
VCM.17		If returned, Return Freight Component		Actual \$
VCM.18		Boxes Rehandled	0.464	Calculated
VCM.19		Number of POs	13.66	Calculated

Shipping / Carrier Compliance				
VCS.1				\$150
VCS.2	Incorrect Carrier used	Added freight charges incurred.		Actual \$
VCS.3	Live unloads not scheduled or not on time			\$200
VCS.4	Incorrect information entered into TMS			\$150
VCS.5	Carrier accessorial charges at origin loading location			\$150
VCS.6		Charges incurred		Actual \$
VCS.7	Failure to request routing via TMS			\$150
VCS.8	Incorrect weight entered into TMS			\$150
VCS.9		Number of POs	13.66	Calculated
VCS.10	Incorrect cube entered into TMS			\$150
VCS.11		Number of POs	13.66	Calculated
VCS.12	Incorrect carton count entered into TMS			\$150
VCS.13		Number of POs	13.66	Calculated
VCS.14	Truck / container ordered not used. Dry run.			\$150
VCS.15		Expenses of the truck/trailer not used		Actual \$
VCS.16	Incorrect ship point			\$150
VCS.17		Excess freight charges w/ ship pt		Actual \$
VCS.18	Incorrect delivery location			\$150
VCS.19		Excess freight charges w/ ship pt		Actual \$
VCS.20	Storage fee after 10th day awaiting RA#			\$150
VCS.21		Number of POs	13.66	Calculated
VCS.22	Detention charges/Storage Charges			Actual \$
VCS.23	Denied Returns Cost			\$150
VCS.24		Number of POs	13.66	Calculated
VCS.25		Freight costs incurred		Actual \$
VCS.26	Didn't provide cnt. Van and seal info 24 hrs of cnt departing vendors dock			\$150
VCS.27		Fee per container	50.00	Actual \$
VCS.28	Late delivery to port			\$150
VCS.29		Fee per container	150.00	Calculated
VCS.30		Number of POs	13.66	Calculated
VCS.31	Pallet Loading-Failure to load by PO			\$150
VCS.32		Fee per box	0.464	Calculated
VCS.33		Number of POs	13.66	Calculated
VCS.34	Trailer Loading-Failure to load trailer by PO then Style			\$150
VCS.35		Fee per box	0.464	Calculated
VCS.36		Number of POs	13.66	Calculated

Ticketing Compliance				
VCT.1				\$150
VCT.2	AAFES furnished tickets not on merchandise	Per Garment Fee	0.50	Calculated
VCT.3		Fee per Box	0.46	Calculated
VCT.4		Fee per PO	13.66	Calculated
VCT.5				\$150
VCT.6	Ticket placement errors	Per Garment Fee	0.50	Calculated
VCT.7		Fee per Box	0.46	Calculated
VCT.8		Fee per PO	13.66	Calculated
VCT.9				\$150
VCT.10	Random ticket errors found in pre-ticketing (10 or more)	Per Garment Fee	0.50	Calculated
VCT.11		Fee per Box	0.46	Calculated
VCT.12		Fee per PO	13.66	Calculated
VCT.13				\$150
VCT.14	Merchandise is not pre-ticketed	Per Garment Fee	0.50	Calculated
VCT.15		Fee per Box	0.46	Calculated
VCT.16		Fee per PO	13.66	Calculated
VCT.17				\$150
VCT.18	AAFES provided vendor tickets	Per Ticket Removed	0.25	Calculated
VCT.19		Per Ticket Applied	0.50	Calculated
VCT.20		Fee per Box	0.46	Calculated
VCT.21		Fee per PO	13.66	Calculated
VCT.22				\$150
VCT.23	Tickets on merchandise are for a different retailer	Per Ticket Removed	0.25	Calculated
VCT.24		Per Ticket Applied	0.50	Calculated
VCT.25		Fee per Box	0.46	Calculated
VCT.26		Fee per PO	13.66	Calculated

E-Business Compliance				
VCA.1				\$150
VCA.2	No ASN received at time of receipt at Distribution Center	Fee per Box	\$0.46	Calculated
VCA.3		Fee per PO	13.66	Calculated
VCA.4				\$150
VCA.5	Inaccurate ASN/Carton contents do not match ASN	Fee per Box	\$0.46	Calculated
VCA.6		Fee per PO	13.66	Calculated
VCA.7				\$150
VCA.8	Carton Label not scannable/Defective	Fee per Box	\$0.46	Calculated
VCA.9		Fee per PO	13.66	Calculated
VCA.10				\$150
VCA.11	No UCC 128 label on carton/misplaced	Fee per Box	\$0.46	Calculated
VCA.12		Fee per PO	13.66	Calculated
VCA.13				\$150
VCA.14	ASN does not include Carton Detail	Fee per Box	\$0.46	Calculated
VCA.15		Fee per PO	13.66	Calculated
VCA.16	Failure to respond to Outbound Transactions with accurate 997 acknowledgement			\$25
VCA.19	Removed from cross dock to manual processing			\$150
VCA.22	810 invoice is technically wrong requiring retransmission	Per Invoice		\$25
VCA.24	856 ASN Transmission Errors	Per Transmission		\$75

Accounting Compliance Rates				
AP.1	Multiple/Duplicate invoices	Per invoice		\$150
AP.2	Sending paper invoice in addition to EDI invoice	Per invoice		\$150
AP.3	Incorrect pricing	Per invoice		\$100
AP.4	No PO#/incorrect PO# on invoice	Per invoice		\$75
AP.5	Returned check due to address change	Per invoice		\$75
AP.6	Returned ACH payment due to incorrect bank information	Per invoice		\$50

Merchandise Shipping Compliance

VCO.1				\$150
VCO.2	Sent as a set and ordered as a separate; vice versa	Boxes Rehandled	0.46	Calculated
VCO.3		Number of POs	13.6	Calculated
VCO.4				\$150
VCO.5	Sent in Bulk but ordered as a pre-pack and vice versa	Boxes Rehandled	0.46	Calculated
VCO.6		Number of POs	13.6	Calculated
VCO.7				\$150
VCO.8	Pre-pack quantities not packed as ordered	Boxes Rehandled	0.46	Calculated
VCO.9		Number of POs	13.6	Calculated
VCO.10				\$150
VCO.11	Pre-pack top/bottom sizes do not match	Boxes Rehandled	0.46	Calculated
VCO.12		Number of POs	13.6	Calculated
VCO.13				\$150
VCO.14	Set top/bottom not bundled or packaged	Boxes Rehandled	0.46	Calculated
VCO.15		Number of POs	13.6	Calculated
VCO.16				\$150
VCO.17	Hang merchandise not on VICS Hangers	Boxes Rehandled	0.46	Calculated
VCO.18		Number of POs	13.6	Calculated
VCO.19	Freight charged within a Commercial Free Zone			Actual \$