

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 March 2023				
TAMS Rate Code	Description	Rate Desc	Rate	AAFES Cost
VC.0	Base Administrative / Processing fee.			\$221.00
VNC	Base Administrative cost. DC Expenses Involved in Vendor Non Conformance.	Calculated		

Delivery / Shipping Date Compliance				
VCD.1	FOB Origin PO. ▶ Shipped >72 hours before/after Scheduled Ship Date – SSD ▶ Supplier window is 7 days...3 days either side of SSD			\$195.00
VCD.2		Per Box	\$0.60	Calculated
VCD.3		Number of Pos	\$17.76	Calculated
VCD.4	FOB Destination PO: ▶ Rec'd >72 hours before/after Required Delivery Date – RDD ▶ Supplier window is 7 days...3 days either side of RDD			\$195.00
VCD.5		Per Box	\$0.60	Calculated
VCD.6		Number of Pos	\$17.76	Calculated
VCD.7	Port of Embarkation / Debarkation Errors ▶ Customs documentation error(s). Product specifications, Quantity, content, nomenclature, etc. ▶ Insufficient data to manifest shipment.			\$195.00
VCD.8		Per Box	\$0.60	Calculated
VCD.9		Number of Pos	\$17.76	Calculated
VCD.10	▶ Multiple / split shipments. Supplier made more than one shipment against the same purchase order or SKU on the purchase order.			\$195.00
VCD.11		Per Box	\$0.60	Calculated
VCD.12		Number of Pos	\$17.76	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		\$130.00
		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		

Bill of Lading (BOL) Compliance				
VCB.1	Failure to consolidate purchase orders into one BOL			\$221.00
VCB.2		Number of Pos	\$19.71	Calculated
VCB.3	PO #, carton qty, and/or department number not listed individually or accurately on BOL			\$221.00
VCB.4	Failure to list PO # in .Special Instructions. Section on BOL			\$221.00
VCB.5	BOL error resulting excess freight charge.			Actual \$
VCB.6	BOL does not contain contact information			\$221.00
VCB.7	Bill of lading marked prepaid should be collect			\$221.00

VCB.8	Bill of lading marked collect should be prepaid			\$221.00
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Physical Carton Compliance				
VCP.1	Multiple PO.s in one carton			\$221.00
VCP.2		Per Box	\$0.68	Calculated
VCP.3		Number of Pos	\$19.71	Calculated
VCP.4	PO number incorrect or not listed			\$221.00
VCP.5		Per Box	\$0.68	Calculated
VCP.6		Number of Pos	\$19.71	Calculated
VCP.7	Style # incorrect or not listed (except Crossdock 2)			\$221.00
VCP.8		Per Box	\$0.68	Calculated
VCP.9		Number of Pos	\$19.71	Calculated
VCP.10	Color incorrect or not listed (except Crossdock 2)			\$221.00
VCP.11		Per Box	\$0.68	Calculated
VCP.12		Number of Pos	\$19.71	Calculated
VCP.13	Size incorrect or not listed (except Crossdock 2)			\$221.00
VCP.14		Per Box	\$0.68	Calculated
VCP.15		Number of Pos	\$19.71	Calculated
VCP.16	Unnecessary packing materials/pins			\$221.00
VCP.17		Per Box	\$0.68	Calculated
VCP.18		Number of Pos	\$19.71	Calculated
VCP.19	Invalid Purchase Order			\$221.00
VCP.20		Per Box	\$0.68	Calculated
VCP.21		Number of Pos	\$19.71	Calculated
VCP.22	Merchandise received in poor condition			\$221.00
VCP.23		Per Box	\$0.68	Calculated
VCP.24		Number of Pos	\$19.71	Calculated
VCP.25	Pre-pack detail not provided on outside of carton			\$221.00
VCP.26		Per Box	\$0.68	Calculated
VCP.27		Number of Pos	\$19.71	Calculated

LDU, Carton, and Pallet Compliance				
VCC.1	Style, Colors and or Sizes mixed in a carton (excludes cross dock shipments)			\$361.40
VCC.2		Boxes Rehandled	\$0.68	Calculated
VCC.3		Number of Pos	\$19.71	Calculated
VCC.4	No packing slip provided.			\$221.00
VCC.5	Overshipment			\$221.00
VCC.6	Resulting excess freight charge			Actual \$
VCC.7		Boxes Rehandled	\$0.68	Calculated
VCC.8		Number of Pos	\$19.71	Calculated
VCC.9	Failure to follow ISPM-15 pallet & wood packing mat guidelines (import & export)			\$221.00
VCC.10		Per Pallet	\$9.10	Calculated
VCC.11		Boxes Restacked	\$0.68	Calculated
VCC.12		Number of Pos	\$19.71	Calculated
VCC.13	Incorrect Casepack			\$221.00
VCC.14		Boxes Rehandled	\$0.68	Calculated
VCC.15		Number of Pos	\$19.71	Calculated

Merchandise Compliance				
VCM.1	Incorrect Style			\$221.00
VCM.2		Boxes Rehandled	\$0.68	Calculated
VCM.3		Number of Pos	\$19.71	Calculated
VCM.4		Return Freight Component		Actual \$
VCM.5	Incorrect Size			\$221.00
VCM.6		If returned, Inbound Freight Component		Actual \$
VCM.7		If returned, Return Freight Component		Actual \$
VCM.8		Boxes Rehandled	\$0.68	Calculated
VCM.9		Number of Pos	\$19.71	Calculated
VCM.10	Incorrect Color			\$221.00
VCM.11		If returned, Inbound Freight Component		Actual \$
VCM.12		If returned, Return Freight Component		Actual \$
VCM.13		Boxes Rehandled	\$0.68	Calculated
VCM.14		Number of Pos	\$19.71	Calculated
VCM.15	Size strip tape missing from folded garments (if specified)			\$221.00
VCM.16		If returned, Inbound Freight Component		Actual \$
VCM.17		If returned, Return Freight Component		Actual \$
VCM.18		Boxes Rehandled	\$0.68	Calculated
VCM.19		Number of Pos	\$19.71	Calculated
VNC.8.4	Import Compliance for Customs/Shipment. Must comply with Import Regulations			\$221.00

Shipping / Carrier Compliance				
VCS.1	Incorrect Carrier used			\$195.00
VCS.2		Added freight charges incurred.		Actual \$
VCS.3	Live unloads not scheduled or not on time			\$260.00
VCS.4	Incorrect information entered into TMS			\$195.00
VCS.5	Carrier accessorial charges at origin loading location			\$195.00

VCS.6		Charges incurred		Actual \$
VCS.7	Failure to request routing via TMS			\$195.00
VCS.8	Incorrect weight entered into TMS			\$195.00
VCS.9		Number of Pos	\$17.76	Calculated
VCS.10	Incorrect cube entered into TMS			\$195.00
VCS.11		Number of Pos	\$17.76	Calculated
VCS.12	Incorrect carton count entered into TMS			\$195.00
VCS.13		Number of Pos	\$17.76	Calculated
VCS.14	Truck / container ordered not used. Dry run.			\$195.00
VCS.15		Expenses of the truck/trailer not used		Actual \$
VCS.16	Incorrect ship point			\$195.00
VCS.17		Excess freight charges w/ ship pt		Actual \$
VCS.18	Incorrect delivery location			\$195.00
VCS.19		Excess freight charges w/ ship pt		Actual \$
VCS.20	Storage fee after 10 th day awaiting RA#			\$195.00
VCS.21		Number of Pos	\$17.76	Calculated
VCS.22	Detention charges/Storage Charges			Actual \$
VCS.23	Denied Returns Cost			\$195.00
VCS.24		Number of Pos	\$17.76	Calculated
VCS.25		Freight costs incurred		Actual \$
VCS.26	Didn't provide cnt. Van and seal info 24 hrs of cnt departing vendors dock			\$221.00
VCS.27		Fee per container	\$72.15	Actual \$
VCS.28	Late delivery to port			\$195.00
VCS.29		Fee per container	\$195.00	Calculated
VCS.30		Number of Pos	\$17.76	Calculated
VCS.31	Pallet Loading-Failure to load by PO			\$221.00
VCS.32		Fee per box	\$0.65	Calculated
VCS.33		Number of Pos	\$19.71	Calculated
VCS.34	Trailer Loading-Failure to load trailer by PO then Style			\$221.00
VCS.35		Fee per box	\$0.65	Calculated
VCS.36		Number of Pos	\$19.71	Calculated
VCS.37	Failure to list TMS shipper Reference Number on BOL			\$195.00

Ticketing Compliance				
VCT.1	AAFES furnished tickets not on merchandise			\$221.00
VCT.2		Per Garment Fee	\$0.78	Calculated
VCT.3		Fee per Box	\$0.68	Calculated
VCT.4		Fee per PO	\$19.71	Calculated
VCT.5	Ticket placement errors			\$221.00
VCT.6		Per Garment Fee	\$0.78	Calculated
VCT.7		Fee per Box	\$0.68	Calculated
VCT.8		Fee per PO	\$19.71	Calculated
VCT.9	Random ticket errors found in pre-ticketing (10 or more)			\$221.00
VCT.10		Per Garment Fee	\$0.65	Calculated
VCT.11		Fee per Box	\$0.68	Calculated
VCT.12		Fee per PO	\$19.71	Calculated
VCT.13	Merchandise is not pre-ticketed			\$221.00
VCT.14		Per Garment Fee	\$0.78	Calculated
VCT.15		Fee per Box	\$0.68	Calculated
VCT.16		Fee per PO	\$19.71	Calculated
VCT.17	AAFES provided vendor tickets			\$221.00
VCT.18		Per Ticket Removed	\$0.39	Calculated
VCT.19		Per Ticket Applied	\$0.78	Calculated
VCT.20		Fee per Box	\$0.68	Calculated
VCT.21		Fee per PO	\$19.71	Calculated
VCT.22	Tickets on merchandise are for a different retailer			\$221.00
VCT.23		Per Ticket Removed	\$0.39	Calculated
VCT.24		Per Ticket Applied	\$0.78	Calculated
VCT.25		Fee per Box	\$0.68	Calculated
VCT.26		Fee per PO	\$19.71	Calculated

E-Business Compliance				
VCA.1	No ASN received at time of receipt at Distribution Center			\$221.00
VCA.2		Fee per Box	\$0.68	Calculated
VCA.3		Fee per PO	\$19.71	Calculated
VCA.4	Inaccurate ASN/Carton contents do not match ASN			\$221.00
VCA.5		Fee per Box	\$0.68	Calculated
VCA.6		Fee per PO	\$19.71	Calculated
VCA.7	Carton Label not scannable/Defective			\$221.00
VCA.8		Fee per Box	\$0.68	Calculated
VCA.9		Fee per PO	\$19.71	Calculated

VCA.10	No UCC 128 label on carton/misplaced			\$221.00
VCA.11		Fee per Box	\$0.68	Calculated
VCA.12		Fee per PO	\$19.71	Calculated
VCA.13	ASN does not include Carton Detail			\$195.00
VCA.14		Fee per Box	\$0.60	Calculated
VCA.15		Fee per PO	\$17.76	Calculated
VCA.16	Failure to respond to Outbound Transactions with accurate 997 acknowledgement			\$32.50
VCA.19	Removed from cross dock to manual processing			\$221.00
VCA.22	810 invoice is technically wrong requiring retransmission	Per Invoice		\$32.50
VCA.24	856 ASN Transmission Errors	Per Transmission		\$97.50
VCA.25	855 VMI Technically wrong requiring retransmission	Per Transmission		\$32.50
VCA.26	No PO#/Incorrect PO # on Invoice	Per Transmission		\$32.50
VCA.27	Duplicate Invoice infraction charge	Per Transmission		\$32.50

Accounting Compliance Rates				
AP.1	Multiple/Duplicate invoices	Per invoice		\$195.00
AP.2	Sending paper invoice in addition to EDI invoice	Per invoice		\$195.00
AP.3	Incorrect pricing	Per invoice		\$130.00
AP.4	No PO#/incorrect PO# on invoice	Per invoice		\$97.50
AP.5	Returned check due to address change	Per invoice		\$97.50
AP.6	Returned ACH payment due to incorrect bank information	Per invoice		\$65.00
AP.7	Vendor Invoice received late or after the negotiated discount date	Per invoice		\$130.00
AP.8	Direct Store Delivery (DSD) Vendor submitting invoice to Accounts Payable Rather than to the facility/store	Per Invoice		\$97.50

Merchandise Shipping Compliance				
VCO.1	Sent as a set and ordered as a separate; vice versa			\$221.00
VCO.2		Boxes Rehandled	\$0.68	Calculated
VCO.3		Number of Pos	\$19.71	Calculated
VCO.4	Sent in Bulk but ordered as a pre-pack and vice versa			\$221.00
VCO.5		Boxes Rehandled	\$0.68	Calculated
VCO.6		Number of Pos	\$19.71	Calculated
VCO.7	Pre-pack quantities not packed as ordered			\$221.00
VCO.8		Boxes Rehandled	\$0.68	Calculated
VCO.9		Number of Pos	\$19.71	Calculated
VCO.10	Pre-pack top/bottom sizes do not match			\$221.00
VCO.11		Boxes Rehandled	\$0.68	Calculated
VCO.12		Number of Pos	\$19.71	Calculated
VCO.13	Set top/bottom not bundled or packaged			\$221.00
VCO.14		Boxes Rehandled	\$0.68	Calculated
VCO.15		Number of Pos	\$19.71	Calculated
VCO.16	Hang merchandise not on VICS Hangers			\$221.00
VCO.17		Boxes Rehandled	\$0.68	Calculated
VCO.18		Number of Pos	\$19.71	Calculated
VCO.19	Freight charged within a Commercial Free Zone			Actual \$
VCO.MISC	Miscellaneous Logistics Non Compliance Charge, see claim back up for addl. detail.	Calculated		

Electronic Data Interchange (EDI) Compliance Rates				
VNC.EDIA	Base Administrative / Processing fee. Base Fee is applied to every claim	Base Fee + Each PO		\$221.00
VNC.EDIS	EDI INFRACTION ASN	Per Purchase Order		\$32.50
VNC.EDII	EDI INVOICE INFRACTION	Per Purchase Order		\$32.50
VCA.16.M	EDI Failure to respond to Outbound Transmission with Accurate 997	Base Fee + ISA Number		\$32.50
VNC.EDIP	EDI INFRACTION VMI	Per Purchase Order		\$32.50