

## **Basic Drop Ship Vendor Requirements**

### **Modifications**

These Basic Drop Ship Vendor Requirements may be modified by Company at any time. Such modifications will be posted on the Company's website or otherwise provided to Vendor and shall be binding upon the parties from the date they are published on Company's website or otherwise provided to Vendor, whichever comes first.

### **Third-Party Interface Overview**

Our drop ship Program utilizes a third-party interface for fulfilling orders (referred to herein as the "Third-Party Interface"). This Third-Party Interface is used to view orders, generate the packing slip, and confirm shipment on all orders. Prior to your launch date, the Drop Ship Administrator (as defined below) will set up an onboarding training session to introduce you to the Third-Party Interface.

### **Third-Party Interface - Basic Requirements**

- A dedicated resource to monitor and fulfill orders. Vendor is expected to respond to all fulfillment issues within twenty-four (24) business hours after receiving notice of the issue.
- Internet access
- Adobe Reader 7.0 or higher
- IE 8 or higher
- Printer
- Ability to ship orders within the Required Shipping Window (as defined in the Shipping Requirements section below)

### **Customer Service Resource Requirements**

- Vendor must address urgent operational and customer-facing issues within the same business day that any such issue is identified. Non-urgent issues must be addressed within 24 hours of any such issue being identified. Vendor must make customer service and operational support available to the Company on weekdays during the hours of 9:00am through 5:00 pm Vendor's local time (excluding holidays)
- Access to email
- Access to inventory availability information
- Shipping and tracking number information
- Ability to follow up on questions within twenty-four (24) hours (excluding holidays)
- General working knowledge of the supplier direct to consumer business process General working knowledge of the Drop Ship Administrator and the Third-Party Interface processes



## Shipping Requirements

- We use a third-party shipping carrier for shipping and vendors will be set up with an account. All shipping charges are incurred by Company.
- All orders must ship within twenty-four (24) hours (excluding holidays) of receipt of a 997 Functional Acknowledgment (“997”) from Vendor of transmission to the Third-Party Interface (the “Required Shipping Window”). Vendor is required to confirm shipment via an 856 Advanced Shipping Notice (“ASN”), which must be sent the same day the product ships.
- Orders that are not shipped within the Required Shipping Window will either be cancelled or requested to be shipped expedited at the Vendor’s expense and will result in issuance of a chargeback (see Drop Ship Vendor Chargeback Policy).
- In the event that less than 98% of orders in any given month are not shipped within the Required Shipping Window, Company may remove the Vendor’s inventory from the website, suspend Vendor’s participation in the Program, and determine if the Vendor should be removed from the Program altogether.
- Vendor is required to maintain shipping standard records and report to Company on a monthly basis. In the event of a conflict between Vendor’s records and the records in the drop ship software, the drop ship software governs.
- Orders are required to ship from a domestic warehouse and cannot be shipped from warehouses located in Alaska, Hawaii, or US Territories.
- Drop ship orders received with an international APO, FPO, PO BOX or US Territory address must be canceled. Shipping fees resulting from orders shipped to APO, FPO, PO BOX or US Territory addresses will not be honored.
- All drop ship orders are required to be shipped via Company dictated parcel carrier utilizing a Company provided third-party shipping account.
- Company will not be liable for payment of shipping expenses incurred by using an unauthorized ship method or alternate parcel carrier account. Utilization of unauthorized ship methods will result in issuance of a chargeback (see Drop Ship Vendor Chargeback Policy).
- All warehouse changes or closures must be communicated to [Dropship@dswinc.com](mailto:Dropship@dswinc.com) thirty (30) days in advance of the effective date of the change or closure. Failure to communicate warehouse changes or closures can result in suspension of Vendor’s participation in the Program. Additionally, failure to provide the required advance notice of warehouse changes or closures will result in issuance of a chargeback for any resulting order delays or cancellations (see Drop Ship Vendor Chargeback Policy).
- Shipping labels will be used for all merchandise (“Merchandise”) subject to this Agreement. No carton content labels or UCC128 will be used. Parcel shipping labels will be generated using Company’s third party collect shipper number. Packages will use Company’s return address below for all shipments.
- Company Return Address:  
32 Springside Road  
Westampton, NJ 08060

## **Packing Orders**

- Multi-piece orders and split shipments may or may not be combined in one shipment to a customer. The Drop Ship Administrator notifies customers that their packages may arrive separately.
- Do not include any additional packing slips, collateral, or marketing in packages.
- Orders may ship in plain box, polybag or opaque shrink wrap with no visible branding, including the tape to seal the carton(s).
- Orders should be packaged in accordance with the applicable parcel carrier's shipping standards to avoid shipping charge corrections. Additional carrier charges incurred as a result of improper packaging will result in reimbursement to Company of any such additional carrier charges plus a chargeback (see Drop Ship Vendor Chargeback Policy).

## **Replacement of Lost Items**

The Drop Ship Administrator will incur the costs involved for the replacement of lost items if Vendor provides written proof of delivery to the Drop Ship Administrator within thirty (30) days. Vendors must cooperate with Drop Ship Administrator by providing tracking information, assisting in researching and resolving carrier claims and recouping the claim dollars.

## **Expected Fulfillment Rate**

Vendor must maintain a fulfillment rate of ninety-eight percent (98%) or higher of accepted orders (the "Expected Fulfillment Rate") while participating in the Program. If Vendor is unable to maintain the Expected Fulfillment Rate, the Drop Ship Administrator (dropship@dswinc.com) will review the Vendor's assortment and determine if items will be removed from the website and/or if the Vendor should be removed from the Program altogether.

## **Cancellations by Vendor**

- Vendor is required to notify the Drop Ship Administrator of all order cancellations daily via (i) manual cancellation within the Third-Party Interface or (ii) EDI Transmission of an 870 Cancellation File.
- The Third-Party Interface system notifies the Drop Ship Administrator's customer service group when updates are made to a specific order. The customer service group will then execute a cancellation that will flow through to the Drop Ship Administrator's order management system and generate an email advising the customer of the order modification.
- Cancellation rates exceeding 2% of imported units per week may result in removal from the Program. If cancellation rates hit or exceed 2% of imported units for more than one week, the Company may remove the Vendor's inventory from the website, suspend Vendor's participation in the Program, and determine if the Vendor should be removed from the Program altogether, and Company may in its sole discretion issue a chargeback for any cancellations (see Drop Ship Vendor Chargeback Policy). Orders for any item not available

## **Cancellations by Vendor Cont'd**

due to a “no inventory position” should be cancelled if the order cannot be filled within twenty-four (24) hours from (i) the date the order is downloaded or (ii) the date of receipt of a 997 Functional Acknowledgement for the order.

## **Customer Returns/Exchanges**

- At Company’s option, customer returns of Merchandise may be accepted in Company’s stores, shipped to Company’s fulfillment center, or shipped back to Vendor.
- Company may return to Vendor, at Vendor’s expense, Merchandise that is: (i) defective or nonconforming, (ii) returned to Company by a customer, or (iii) subject to a Recall (in any case, “Returned Merchandise”). “Recall” means any removal of Merchandise from the stream of commerce, or the issuance of a corrective action plan or other remedial action initiated by Vendor, a governmental entity, or Company. Returned Merchandise will be shipped with return freight charges billed back to Vendor, and Vendor will issue a credit to Company for the Returned Merchandise.
- If Company elects to resell non-Recalled Returned Merchandise, Vendor acknowledges that Company may be required to resell the Returned Merchandise at a discount to the retail price. In such case, Company reserves the right to recoup the amount of the discount.
- All customer exchange requests will be processed as two transactions: (1) a return processed in the Drop Ship Administrator’s fulfillment center crediting the client and (2) a new order placed on behalf of the customer. The exchange order will be processed as a new order.

## **Invoicing**

The Drop Ship Administrator’s invoicing process is completely electronic and is triggered by the Third-Party Interface system. When an 856 ASN has been sent confirming shipment on an order, the Third-Party Interface will generate an 810 Invoice for that order and submit it electronically to the Drop Ship Administrator’s accounts payable department. No paper invoice is needed or will be accepted. For clarity, an 810 Invoice will not be transmitted until after an 856 ASN has been sent confirming order shipment.

## **Payment Terms**

As of the Effective Date of this Agreement, the Company does not accept invoices for orders aged beyond three (3) months from the date of the original purchase order. Accounts payable questions regarding the status of an invoice, payment information and claim copies should be directed to [dropshipinvoices@dswinc.com](mailto:dropshipinvoices@dswinc.com).

### **Invoices for Cancelled Orders**

Invoices for Merchandise shipped after the order has been cancelled will not be paid.

### **Incorrect or Unpaid Purchase Orders**

- Purchase Orders reflecting an incorrect cost must be sent to drop ship specialists at [dbidropshipassortments@designerbrands.com](mailto:dbidropshipassortments@designerbrands.com) for quick resolution. Prior to contacting [dropshipinvoices@dswinc.com](mailto:dropshipinvoices@dswinc.com) for payment of unpaid invoices, Vendor is required to conduct research within Vendor's organization (e.g., Vendor's finance and accounting department) for resolution.
- Product cost changes must be submitted to [dbidropshipassortments@designerbrands.com](mailto:dbidropshipassortments@designerbrands.com) at least seven (7) days prior to the effective date of the cost change.

### **Change Process**

Vendor must provide a minimum of thirty (30) days written (email is acceptable provided it is sent to [dropship@dswinc.com](mailto:dropship@dswinc.com)) and verbal notification of significant operational or technical changes that may affect the direct-to-consumer process.

### **Drop Ship Administrator**

Drop Ship Administrator will likewise provide the Vendor with a minimum of thirty (30) days written (email is acceptable provided it is sent to the email address set forth on the first page of this Agreement) and verbal notification of significant operational or technical changes that may affect the direct-to-consumer process.