

KOHL'S

KOHL'S.COM DIRECT SHIP NETWORK (DSN) POLICIES

Assist direct ship vendors in complying with the Direct Ship Program

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1. Purpose

The purpose of this document is to assist participating Kohls.com Direct Ship Network (DSN) vendors in administering and complying with the Direct Ship Program. Please be advised that these policies are intended as a supplemental resource to Kohl's Purchase Order Terms and Conditions "Purchase Order" which is the governing contract and which would prevail in the event of a conflict with these Policies. As set forth in the Purchase Order, Kohl's expects every vendor to comply with all the applicable laws with respect to its products (including packaging and corresponding assets) and delivery of the same.

2. Direct Ship Program Fee

Vendors that participate in the Direct Ship Program will be assessed an annual Direct Ship Program fee. The current annual flat rate fee of \$1500* is charged for each vendor connection in March. By participating in the Direct Ship Program, each vendor agrees that it shall be responsible for payment of this fee to Kohl's.

*subject to change

3. Merchantability

All merchandise purchased by Kohl's and sold/delivered to Kohl's customers must comply with applicable laws as described in our Purchase Order. This includes (without limitation) all of the following:

- Products must NOT contain real animal fur (unless expressly requested and authorized by Kohl's in writing).
- Products must be free from defects and harmful/toxic substances.
- Products must be free of any conflict minerals.
- Products must satisfy any registration and license requirement and be fit for sale by Kohl's and use by our customers.

4. Product Content

Kohl's Merchant Team is responsible for final selection, pricing, initial setup and display status of all Digital products available for sale. All vendors are required to be set up on a Kohl's-approved UPC Catalog – InterTrade or OpenText. Please work with your Kohl's Merchant Team if you are not set up on either of these UPC catalogs.

4.1 Product Content Updates

Vendors are responsible for notifying Kohl's Merchant Team and their Direct Ship Specialist of any pricing changes, errors displayed on Kohls.com or received in a purchase order. The Kohl's Merchant Team owns all Direct Ship Product Assortments.

- 30-day notice is requested for product attribute changes that may affect marketing or merchandising materials produced by Kohl's. This includes changes to the vendor's planned DSN assortment submitted to Kohl's.

4.2 Assortment Additions

Additions to a vendor's assortment must be approved by a Kohl's Buyer.

- Vendors are responsible for completing the Kohl's DSN Assortment Worksheet, in order for the product to be set up for sale on Kohls.com.
 - o The completed Kohl's DSN Assortment Worksheet should be submitted to the Kohl's Merchant Team 10-12 weeks before the planned launch date.
 - o Vendors should contact their Kohl's Merchant Team or Kohl's Direct Ship Specialist for assistance with questions on the Kohl's DSN Assortment Worksheet.
- During the item setup process, K-Link will notify the vendor via email when to load positive inventory quantities into their inventory file along with the assigned Kohl's merchant sku numbers.
- Vendors are responsible for reviewing their live assortment and notifying their Direct Ship Specialist of errors within 48 hours of launch on the Kohl's website.

4.3 Pricing

The Kohl's Merchant Team is responsible for any pricing updates, maintenance, or issues.

- Pricing changes should be submitted to the Kohl's Merchant Team at least 30 days in advance.
- **Vendors should not hold or cancel orders due to pricing issues, as this would result in a negative customer experience. Orders that are held open past the Kohl's fulfillment time frame due to pricing issues and/or cancelled will be subject to chargebacks.**
- Please work with the Kohl's Merchant Team and your Kohl's Direct Ship Specialist with any pricing issues and/or discrepancies.

4.4 K-Link

K-Link is a cloud-based user interface that is a one-stop shop for vendors to enter in product attribution and upload images which allows for quick item setup (link.kohls.com). The Kohls.com Direct Ship Network (DSN) Policies and Addendum is available in K-Link under Resources/Digital/Direct Ship (DSN) and updates are posted periodically.

- Vendors are responsible for reviewing K-Link for Kohl's DSN program updates. ▪ K-Link gives full visibility to workflow, due dates and timelines.
- If you are having issues logging into K-Link, contact K-Link Access & Technology Support at 262-703-1515. Additional users can be registered with a Kohl's corporate PO # (available on payment remittance) and a Kohl's vendor ID.

5. DSN Inventory Availability

Kohl's utilizes a 3rd party platform to streamline the exchange of inventory and order processing between Kohl's and its vendors. The use of a Kohl's approved 3rd party platform is a requirement of the Kohl's Direct Ship Program.

5.1 Communicating "On Hand" Quantities

Vendors should be familiar with Kohl's website logic and the frequency of the inventory information flow between the 3rd party platform and Kohl's.

The 3rd party platform takes inventory changes (quantity, status) or deltas all day/ every day. The change in quantity sent by the vendor becomes the new quantity available to sell on Kohls.com. The vendor is 100% responsible for keeping their inventory updated.

5.2 Guaranteeing Inventory for Kohl's

Vendors will "guarantee" 100% availability of the on-hand quantity provided to Kohl's.

- "Guaranteeing" inventory for Kohls.com does not mean that inventory needs to be segregated, or exclusively allocated for Kohl's orders. "Guaranteed" simply means the vendor is committed to fulfilling the unit count submitted through the 3rd party platform to Kohl's customers in the associated fulfillment timeframe (standard or expedited orders).
- Inventory information communicated via the 3rd party platform will be interpreted by Kohl's as the total number of on hand units the vendor has available for Kohls.com. ▪ The amount of inventory available for new customer orders will always be reduced by the total open orders against each SKU.

5.3 Inventory by Location (IBL)

Communicating inventory by location through our 3rd party platform is required for the Kohl's Direct Ship Network. This allows for Kohl's to apply internal shipping and sourcing logic before an order is passed over to the vendor.

- IBL allows Kohl's to assign the accurate carrier and method to arrive by our guaranteed arrival date.
- If a vendor has multiple warehouse locations, Kohl's system is able to request the closest warehouse to the customer with available inventory.

5.4 Maintaining In-Stock Rate (Service Level)

Vendors are required to keep all items in stock across their DSN product assortment throughout the calendar year. For seasonal product, work with Kohl's Merchant Team.

- Vendors are expected to accurately manage their replenishment and inventory quantities submitted to Kohl's.
- Vendors are expected to accurately maintain the status of each SKU in their assortment. ▪ Vendors are responsible for ensuring all inventory feeds are successfully transmitted and any error responses are appropriately addressed.
 - o In the event quantities appear not to be updating correctly, vendors should contact the Direct Ship Team to investigate and manually update inventory quantities using the online browser interface as necessary
- All out-of-stock items will count against a vendor's in-stock rate.
- Expected in-stock quantities, as well as the estimated availability date for available items with zero quantity, are recommended and should be as accurate as possible when entered into the 3rd party platform.
- Please work with your Kohl's Digital Analyst with any questions related to in-stock rate.

5.5 Oversells

Overselling occurs when more orders are taken than a vendor has the inventory to fulfill. Overselling is a very negative experience for Kohl's customers and should never occur if a vendor is updating inventory availability quantities daily.

In the event an oversell occurs, the affected orders must be cancelled within the 3rd party platform. **Kohl's does not allow backorders to be held.**

5.6 Fill Rate Requirements

All vendors are required to maintain a 99.5% Fill Rate. Fill Rate is calculated using units ordered versus units shipped complete. If a vendor falls below the required 99.5% or if there is a cancellation trend, a Direct Ship Coordinator will contact their vendor to discuss how to resolve this issue.

If a vendor's inventory is updated daily and accurately, there should not be any issues meeting this program requirement, as Kohl's only accepts orders from customers up to the quantity on hand.

6. Fulfillment Requirements

Kohl's standard shipping window (delivery to customer) is 3-6 business days, whereas expedited shipping is 1-2 business days. For this reason, Kohl's has strict fulfillment service levels in place, and reserves the right to cancel delinquent orders. Fulfillment service levels are measured from the time a PO is available in the 3rd party platform, until the time that an order status (shipped or cancelled) is applied to all lines on the PO and all shipped lines are invoiced. Vendors are required to meet the Standard Fulfillment timeframe detailed below for all customer orders.

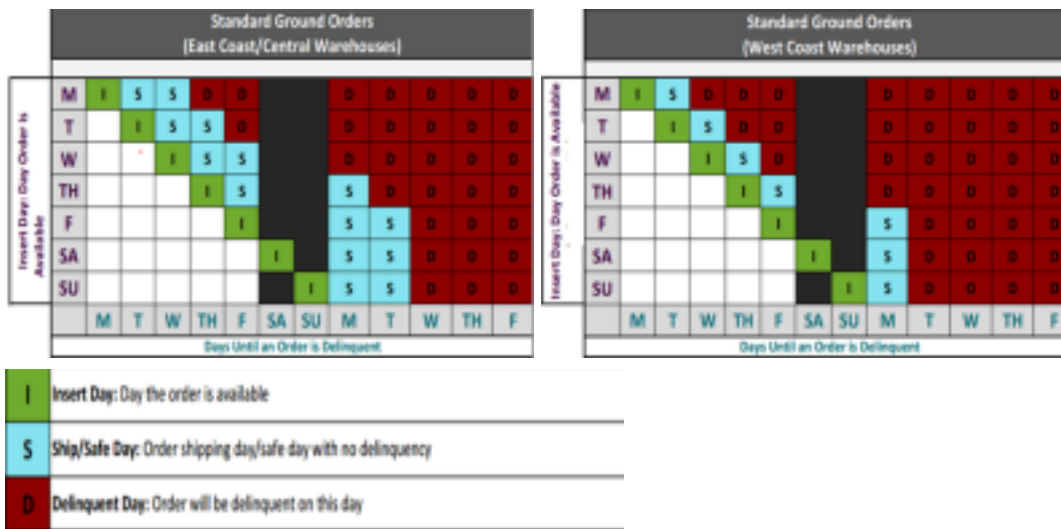
6.1 Standard Fulfillment

Standard fulfillment lead-time is defined as less than two (2) business days (48 hours). Kohl's expects all standard orders to be fulfilled within the standard fulfillment time. Since a large percentage of Kohl's customer base is located on the East Coast, all West Coast* vendors are expected to fulfill orders within 1 business day (24 hours) to meet Kohl's standard shipping window (delivery to customer) of 3-6 business days.

*West Coast states include CA, WA, OR, AZ, UT, WY, ID, MT and NV

- Orders placed on Saturday or Sunday will be required to be shipped and shipped and invoiced in the 3rd party platform no later than EOD Tuesday.

Figure 1: Fulfillment Chart



6.2 Expedited (Priority Shipping) Fulfillment

If the vendor has agreed to support Expedited Fulfillment (Priority Shipping), all customer orders must be fulfilled in the associated fulfillment timeframe. Vendors agreeing to offer “expedited” fulfillment services will ship POs marked as priority delivery same day if the order is placed prior to 1pm CST, and next day if placed after 1 pm CST. Business days for expedited fulfillment are calculated in the same manner as standard fulfillment lead-time.

6.3 Purchase Order Delinquency

A Purchase Order is considered Delinquent if any line items on that PO do not have an associated order status (Shipped or Cancelled) after the associated fulfillment lead-time (standard or expedited) has expired.

- Vendors are responsible for monitoring order status update feeds to ensure that updates are appropriately processed.
- Automated email notifications by the Direct Ship Team will be sent to vendors daily notifying them of any delinquent orders. Kohl’s expects vendors to ship and invoice delinquent orders immediately.
- All vendors, regardless of their connection type, can utilize the web browser tool to manage their orders.
- Vendors should contact the Direct Ship Team for known system outages that could impact shipment/invoice confirmations.
- Regardless of internal system issues, vendors are expected to adhere to the turnaround requirements even if that requires manually processing orders or working through 3rd party platform to upload a file
- Vendors with delinquent orders should continue to ship if product is available.

7. DSN Order Processing

All order processing messages are required to be transmitted electronically between Kohl’s and the vendors via Kohl’s 3rd party platform. Vendors are responsible for ensuring that order updates are successfully processed in the 3rd party platform

7.1 Third Party Platform Interface

Kohl’s transmits DSN purchase orders to vendors via the 3rd party platform 24 hours a day/ 7 days a week. There are multiple connection types available for vendors to receive and transmit DSN purchase order (PO) information. A vendor’s connection type will be established during initial setup and onboarding.

- Once live on Kohls.com, changes or enhancements to the vendor’s connection should be communicated to your Kohl’s Direct Ship Coordinator. Changes to notify include: o Packlist generation method (i.e., vendor prints it from their own systems). o PO Transmission method / Connection Type (i.e. moving from Browser to Integrated). o All other changes that may impact the way the vendor transmits DSN order information.

7.2 Receiving Purchase Orders

Depending on a vendor's connection type, purchase orders may be downloaded via the web browser interface or received via integrated file transfer (e.g., EDI). Regardless of method, vendors are responsible for acknowledging orders as soon as possible to allow adequate time to

fulfill orders timely. **The order fulfillment timeframe starts when the PO is AVAILABLE in the 3rd party platform, NOT when it is downloaded by the vendor.**

- Integrated vendors are responsible for ensuring their systems are functioning properly to pull or receive order information from the 3rd party platform. .
- Vendors using the web browser must check for new orders a *minimum* of once per day. o It is important to download and allocate orders prior to sending any inventory updates. o More frequent downloads may be necessary to keep up with order volume during periods of high volume, such as holiday or promotions vendors are supporting.
- o Vendors that support Expedited Fulfillment (Priority Shipping – 1 Day or 2 Day) must be able to process orders multiple times a day in order to meet the fulfillment requirements for Expedited Orders.

7.3 Purchase Order Fill or Kill

Vendors are required to provide an order status update for each line on the PO. Kohl's DSN program operates as fill or kill at the *line* level – the PO line must be either fully *Shipped and Invoiced* or *Cancelled*. **There are no partial shipments of quantities within a line.**

- Any line item on the PO that cannot be shipped must be cancelled.
 - o For example, If Line 1 is for 2 units of SKU ABC3, but the vendor only has 1 available within the associated fulfillment timeframe, the entire line must be cancelled. o In the event a line is inadvertently shipped incomplete, the vendor should complete the order in the 3rd party platform, and contact Kohl's Customer Support and the Direct Ship Team so that a return may be processed and the customer notified of the error. ▪ If one line of a PO cannot be shipped, but the remaining line(s) can, the vendor should ship the lines that can be filled complete within the associated fulfillment timeframe – EXCEPT in the case of sets/collections.
 - o For example, if an order is made up of separate line items that are all part of a set (i.e. place settings) or collection (i.e. bedroom set), and some of the lines are not available to ship, vendors should contact Kohl's Customer Support prior to shipping only part of the order.
- Vendors are NOT permitted to make a product substitution, unless authorized by Kohl's. If the product ordered is not available to ship within the standard fulfillment time, the order must be cancelled.

7.4 Shipping Efficiency Guidelines and Best Practices

Vendors participating in Kohl's Direct Ship program are responsible for managing the shipment of every order they fulfill; this includes ensuring that ship costs, time in transit and safe delivery are consistently accounted for.

- **Combinability**
 - o Vendors are required to combine multi-item orders into one shipping carton whenever possible.
- **Efficient and Appropriate Packaging**
 - o Vendors are to have appropriate sized packaging available, including box/carton dimensions that work efficiently with their product.
 - o All shipments must be adequately packaged to ensure safe delivery to the customer.
 - o Within specified product categories, polybags/mailed bags are to be used.
- **Multiple Warehouses/Regional Shipping**
 - o Vendors with the capability to fulfill orders from multiple warehouses should process and ship items from the fulfillment center with the closest proximity to the customer. o It is preferable that the entire order should ship from a single location.
 - o Vendors with multiple warehouses are to stock all Kohl's Direct Ship SKU's in all facilities that fulfill orders, whenever possible.
- **Proper Shipping Method**
 - o All orders should ship using the shipping method provided by Kohl's.
 - o Always use the most cost efficient option within an assigned ship method (ie: If Priority/1 Day is requested, please ship using FedEx Standard Overnight or UPS Next Day Air Saver. If Priority/2 Day is requested, please use FedEx 2 Day or UPS 2nd Day Air).
- **Appropriate Declaration of Insurance/Package Value**
 - o Kohl's DSN shipments should not be assigned an insurance value or signature required, unless they carry a retail price >\$2,000.

When declaring a value for a package, make sure to assign the value based on the cost of the item, not the retail price.

7.5 Order Cancellations & Packlist Reprint Process

Order cancellations may be initiated by a vendor or at the request of Kohl's.

If a line item needs to be cancelled, the vendor must cancel each line item on the PO in the third party platform and include the reason for the cancellation. When a line item is cancelled for out of stock situations, the vendor is required to update inventory positions immediately to reflect zero (0) on hand inventory. The vendor must also follow the packlist reprint process: apply cancelled status to the line with zero inventory and then reprint the packslip. This process removes the cancelled line item from the packlist. Not using the reprinted packlist will lead to customer confusion as to what the customer was charged or expects to receive.

For Kohl's initiated cancellation requests, the following guidelines apply:

- Kohl's Customer Support representative will contact the vendor to request a stop shipment. The primary contact method is through e-mail.
- Vendors are expected to make all reasonable attempts to stop shipment on the order. ▪ A response to the cancellation request, indicating either success or failure, is expected within one (1) business day (24 hours).
- Vendors should make sure to apply the correct cancellation code (i.e. a fraudulent order would be a merchant request so we know to exempt the order from chargeback fees).

7.6 Purchase Order Errors

Occasionally orders come through without enough information to ship. Though infrequent, examples of such orders include incomplete/invalid address information, and suspected order duplication (multiple POs with the same Ship To, Bill To and products ordered).

Vendors should contact Kohl's Customer Support (dsn.custsupp@kohls.com) with requests for missing 'Ship To' information, address correction (which includes obtaining a physical address if the vendor does not support USPS for PO Box/APO/FPO), or in cases of suspected order duplication. Please copy your Direct Ship Specialist on these e-mails so they can exempt orders from delinquent order chargebacks due to waiting for an updated address.

If an error occurs during order processing, vendors need to inform Kohl's of the error immediately. Frequent occurrences may result in corrective action, chargebacks, or termination from the DSN program.

- Orders updated with a status of "Cancelled" but were in fact shipped should be reported via email to Kohl's Customer Support and cc: the Direct Ship Specialist. The notification should include: *PO number, Line Number, Actual quantity shipped, Carrier Name, Carrier Tracking number, and a brief description of how the error occurred.*
- Orders updated with a status of "Shipped" but in fact were cancelled should be reported to Kohl's Customer Support . Additionally vendors should initiate a return notification for the order in the 3rd party platform.
- **NOTE: Kohl's is not responsible for paying cost of goods or shipping on orders that are updated with an inaccurate status.**

7.7 Shipment Confirmation

An order status message identifying the item as shipped needs to be provided as soon as possible after the order has shipped. Failure to provide timely ship notifications may result in order cancellation.

- Ship confirmations, including the applicable shipping and invoice information (tracking information and a unique invoice number), must be posted to the 3rd party platform so that Kohl's and its customers know the product was shipped.
- A Shipped status means the vendor shipped the line item complete with all associated quantities.
- The order status message identifying the item as Shipped and Invoiced or Cancelled is expected within the same business day that the order was shipped.
 - The shipment date is the day that the package was actually *picked up* by the carrier.
 - Kohl's recommends vendors to post all order confirmations the same day the order was shipped in order for the orders to be posted in Kohl's financials by the following morning.

7.8 Carrier Tracking Information

Ship confirmations should contain the actual carrier name, service level and tracking number used to transport the customer shipments.

- Vendors using the browser interface should always select the carrier name used to ship the product from the interface drop-down.
- Vendors sending electronic ship notifications must send the appropriate carrier code to the 3rd party platform (Please contact your 3rd party platform for additional mapping details). ▪ The data in the tracking number field is provided directly to the customer and may be linked directly into the carrier's site. Vendors must include the carrier tracking number that customers can reference to trace a package.
 - o For UPS & SurePost shipments, the tracking number is a 18-digit number beginning with "1Z."
 - o For FedEx shipments, the tracking number is a range of digits which can vary depending on the system used to generate the ship label.
 - o For US Postal Service (USPS) shipments, the tracking number is the delivery confirmation number (USPS shipments must be sent with delivery confirmation service). ▪ If a single PO has multiple tracking numbers, vendors should submit only one tracking number. All tracking numbers have a parent-child relationship for that carrier (one tracking number is associated to multiple cartons shipped).
- Tracking numbers cannot be updated once submitted. Vendors should contact Kohl's Customer Support and cc their Direct Ship Coordinator with updated tracking information in the event that an error is made and the wrong tracking number is provided.

7.9 Order to Delivery Tracking

Through daily reporting year round, Kohl's tracks all orders from time of purchase to delivery to the customer to ensure we are delivering on Kohl's shipping promise. Reporting also reduces the calls to Kohl's Customer Support from customers inquiring when their packages will be arriving. There are several statuses utilized in the reporting tool:

- Manifest – a package that is not moving with the carrier.
 - o Vendors need to follow the proper sequencing to ensure orders do not show as still being in manifest status:
 - pick and pack order
 - run PLD (Package Level Detail)
 - ship and invoice order in 3rd party platform in same day
 - o Vendors are responsible for the timeliness of running the PLD and ensuring packages have left the warehouse.
- Void – Tracking number was cancelled/voided by the shipper.

- Invalid – Tracking number is not valid or complete.
 - A valid and accurate tracking number needs to be entered into the ship confirm.
 - N/A – Tracking number that is not recognized by the carrier.
 - Vendors need to upload their PLD with their carrier prior to carrier pickup.
 - Late Delivery – Package is not going to arrive in time for the Kohl's expected delivery date.
 - Vendors need to ship with the correct service level and ship on time.
 - Vendors need to ensure holiday orders are delivered prior to the holiday.
- Exception – An issue has interrupted the packages transit.

If an order is showing in one of these statuses, a member of the Direct Ship Team will be reaching out to the vendor to see if the order has shipped or if a new tracking number needs to be obtained.

7.10 Holiday Fulfillment

During certain holiday periods vendors are expected to maintain, at minimum, the standard fulfillment service level. Vendors are responsible for shipping orders received up through the cutoff date, so that the product will arrive in time, as promised, for holiday delivery.

- Vendors are responsible for providing ample staffing (fulfillment operations and shipment confirmation) to comply with the required fulfillment lead-times (standard or expedited) during peak order volumes, especially post-holidays (i.e., Thanksgiving weekend).
 - Browser interface vendors may want to consider adding additional people for entering in shipment and invoice information.
- Kohl's will notify vendors of holiday shipping cutoff times prior to the cutoff as information becomes available.
- Orders will be submitted to vendors with the appropriate upgraded shipping service level, as needed, and should be shipped accordingly.
 - Kohl's may request shipping service level upgrades if orders are not going to ship on time.
 - For orders not upgraded per our guidelines, the vendor will be responsible for the shipping cost difference between the actual ship method used to ship the order and the ship method that was transmitted on the order (instances where Kohl's authorizes packages to be upgraded are still subject to the above reimbursement in the cases of, but not limited to, the order being delinquent and the package is scheduled to deliver after the guaranteed cutoff/need to be intercepted).
 - This is inclusive of all vendors, whether priority shipping is regularly supported or not.

8. Financial Reconciliation

Kohl's system will automatically create a Kohl's Corporate P.O. by day, by merchandise department for all vendor provided invoices processed through your Direct Ship shipment confirmations. Invoices are paid at the department/vendor level.

If you receive a Direct Ship order that contains product from multiple merchandise departments the payment remittance detail will list separate payments, split out by merchandise department. The invoice listed will be the vendor provided invoice with an underscore and the last 3 digits of the Kohl's generated Corporate P.O. Vendors should NOT submit additional invoices to Kohl's, either paper or electronic, as this will only create confusion and potentially lead to delays in payment. Invoices should ONLY be submitted as part of your Direct Ship shipment confirmations.

- Vendors will be paid according to their agreed payment terms.
- Vendor remittance payments will be delayed and extend beyond the agreed payment terms if the required invoicing information (gross unit costs and gross total costs) is not submitted in the shipment confirmation at the time the order was shipped.
- Vendor invoice numbers submitted in the ship confirmation MUST NOT exceed 12 digits in length. Invoice numbers can be alpha numeric.
- If handling fees apply to a PO, the fee must be included in the shipment confirmation at the line item level. Handling fees submitted at the header (order) level will not flow to the Kohl's system and therefore will not be paid.
 - o If an order has multiple units within a line, the handling fee must be multiplied by the units ordered in the given line and submitted in the ship confirmation at the line level.
 - o If the handling fee is not entered correctly by the vendor, the vendor will not be reimbursed for the handling fee at a later date.
- Vendors who utilize USPS for PO box and military address orders must submit any prepaid freight charges via the 3rd party platform shipment confirmation in order to be reimbursed on their payment remittance. (**Exception:** vendors who have a UPS postal insertion enabled account or Kohl's USPS account should **NOT** submit these charges in their shipment confirmation. The freight for these orders will be billed directly to Kohl's through the carrier billing account).
 - o Multiple invoice numbers can be submitted against a single purchase order.
- Direct Ship (DS) vendors provide order updates with the required invoice information for Kohl's to remit payment for all shipped orders.
 - o Kohl's will only reconcile DSN financials per the Direct Ship 3rd party platform shipment confirmation.
 - o Each invoice number can be associated with only one purchase order (i.e., the same invoice number cannot be submitted against multiple purchase orders).
 - The invoice number is critical for vendors since it is the only number that will be referenced on the payment remittance. Kohl's will only recognize the vendor submitted invoice as a valid invoice in the Kohl's system. Accounts Receivable teams should be aware of the invoice number that is being submitted as part of the shipment confirmation.
 - It is recommended that vendors who are not able to use a separate invoice number for each PO insert the PO number as the unique invoice number. (If using this option ensure your Accounts Receivable team is aware that this is what is being transmitted to Kohl's as your invoice number).
 - o Vendors are required to submit gross invoice totals for all products shipped in the shipment confirmation. Any applicable allowances will be taken off invoice.

o Vendors can receive the invoice remittance advice either electronically (via EDI 820) or a paper version. The EDI 820 is supplied by Kohl's through our EDI process and not through the 3rd party platform. EDI 820 mapping specifications can be found at link.kohls.com. Vendors can e-mail edimio@kohls.com to start the setup process.

- Vendors can receive their payment via EFT instead of in paper form. To be eligible for EFT payment the vendor must have a US based bank, must not be factored, and must complete a Bank Account Setup Form to start the process. Signing up for EFT payment and the EDI 820 payment remittance is strongly encouraged and avoids possible delays of payment or checks being sent to an incorrect address. (NOTE: it is possible to set up EFT payment without also setting up the EDI 820 payment remittance. With this option the payment remittance detail will be e-mailed through a csv file to the contact listed on the Bank Account Setup Form).
- o Kohl's Accounts Payable Team has set up an automation system to provide information on invoice payment statuses. This is available upon request. Vendors should contact their Kohl's Accounts Payable Specialist if they are interested in receiving invoice payment dates and open to pay reports.

9. Kohls.com Logo and Branded Packlist

Branding is an important part of the DSN program because vendors are representing Kohl's whenever they fulfill and ship a product to a Kohls.com customer. The goal is for DSN vendors to provide a consistent brand image so as to remain invisible to Kohls.com customers.

9.1 Kohls.com Branded Packlist

There are two (2) versions of the Kohls.com packlist depending on the order type: Standard and Gift. All DSN vendors must be able to print both versions.

- *Standard*: Will include all pricing and payment information on the packlist. ▪ *Gift*: The packlist will contain a personalized gift order message and the payment info and pricing will be suppressed.

Vendors can comply with Kohl's packlist branding specification in two ways: generated from 3rd party platform or vendor-generated. The decision on which one to use generally depends on the vendor's ability to integrate this manual download into their fulfillment process. ▪ *Generated from 3rd party platform*: Enables a vendor to download a .PDF file of the completed and fully compliant Kohls.com branded packlist from the 3rd party platform. All vendors can use this option.

- *Vendor-generated*: Requires a vendor to produce the Kohls.com branded packlist. Vendors must strictly adhere to the Kohls.com specification and Kohl's must approve the packlist types prior to use. Only vendors with an integrated connection can use this method. Development of the packlist may take several weeks so vendors are strongly encouraged to begin development as soon as possible.

Common issues vendors encounter when developing the packlist are:

- Receipt ID Barcode missing
- Missing critical data (ie: tax codes)
- Receipt ID Barcode does not properly scan on Kohl's point-of-sale systems
- Barcode does not contain the correct # of digits
- Standard text misspelled
- Font size incorrect/inconsistent

9.2 Packlist Compliance

Vendors are required to generate and include a branded packlist in every shipment. Vendors must comply with Kohl's branding standards for all products shipped via the DSN program. Kohl's will periodically monitor vendor shipments to ensure the vendor is complying with the policies and branding standards required for Kohls.com. Failure to maintain compliance with Kohls.com policies and branding standards may result in corrective action or DSN program termination. For vendor-generated packlists, samples of both the Regular and Gift packlists must be submitted for approval to Kohl's.

- All packlist changes must be approved by Kohl's prior to use. (vendor-generated packlists only)
- Packlist must be able to be reprinted, even after the order has been shipped and invoiced. (vendor-generated packlists only)
- The packlist included with the shipping carton should be an original copy. The packlist samples submitted for approval must be printed from one of the actual printers that will be used to print LIVE orders.
- Packlists must be clean and cannot be marked because this serves as the customer's receipt. Vendors using the packlist to pick, stage or ship products should create a separate pick ticket that will not be enclosed in the customer shipment.
- Multiple carton shipments are expected to have a packlist in each carton noting the carton contents or the ship label must tie all the cartons together.
 - o For example, a PO contains 2 line items that ship in separate cartons and the vendor is only going to include one packlist in the one carton. The vendor then should include the packlist in the first carton and the ship labels on the cartons should be marked 1 of 2 and 2 of 2.
 - o The second option is for the vendor to use the reprint process within the 3rd party platform to create a packlist that notes the content of the corresponding package.

10. Ship Label Specifications

Vendors must be able to ship via UPS and FedEx for the Kohl's DSN program. All shipments, regardless of the freight payment terms, must adhere to the branded shipping label specifications. Kohl's DSN program currently has three approved carriers: UPS, FedEx, and USPS.

10.1 Ship Label Specifications

Field	Description or Text	Notes
Shipper Name:	KOHL'S.COM	ALL CAPITALS - top line of the shipping label
Phone Number:	1-866-887-8884	Included in the Ship From Address
Ship Address:	Address, City, State, Zip	Vendor's warehouse returns address
REF 1 Field:	PO Number	10-digit PO number (6554053133_1)

Figure 2: UPS & FedEx Sample Ship Labels



10.2 Ship Label Compliance

Vendors are required to generate and include a branded shipping label on every shipment.

- o Ship labels must meet the Kohl's branding requirements.
- o Kohl's will require a sample label for approval during Onboarding. All vendors should continue to use the approved ship label for all orders and changes must be approved by Kohl's prior to use.

11. Shipping

Kohls.com supports delivery to any address in the United States (including Alaska and Hawaii) as well as military (APO/FPO/DPO/MPO) addresses. Vendors are responsible for complying with applicable foreign and domestic transportation laws for carrier routing and for otherwise adhering to the shipping service level specified on the DSN purchase order for the specified customer "Ship To" address. DSN vendors that ship FedEx and/or UPS should ship on their freight account number but bill the ship expense to their Kohl's specific account number (s). For vendors with multiple shipping locations, Kohl's may assign a separate FedEx and/or UPS account number for each warehouse that ships Kohl's direct ship orders. It is the vendor's responsibility to ensure that each of their warehouses is billing the direct ship freight to the correct Kohl's FedEx and/or UPS billing account. If freight is not billed to the correct carrier account it is not guaranteed that the freight can be rebilled to Kohl's. In cases where a rebill is possible, the vendor will be responsible for reimbursing FedEx and/or UPS for any assessed rebill fees. Kohl's uses both prepaid and 3rd party billing accounts and your Direct Ship Coordinator will confirm if the accounts are prepaid or 3rd party billing.

11.1 Multi-Carrier Requirement

Kohl's requires all direct ship vendors to be multi-carrier for the Kohl's DSN Program. This means shipping both UPS *and* FedEx. Depending on the product type, USPS should be additionally supported. The carrier codes that need to be mapped into your system can be obtained from the Direct Ship Team. Vendors will only receive codes for carriers/service levels that they support for Kohl's DSN Program.

11.2 Carrier Routing Guidelines

The Kohl's DSN program has developed a list of approved carriers for the different types of merchandise it sells. Kohl's will not reimburse vendors for DSN shipments on non-approved carriers and/or non-Kohl's billing accounts. The following shipping and delivery methods are supported for DSN (please note the specific criteria for each):

- **Small Package / Parcel** – Smaller products meeting carrier size and weight restrictions. Vendors should always specify "residential" for delivery (except for PO Box and APO/FPO/DPO/MPO addresses). Standard delivery is at doorstep or postbox with no signature required.
 - o Authorized Carriers: United Parcel Service (UPS), Federal Express (FedEx), and U.S. Postal Service (USPS).
 - o Standard small package parcels maximum weight and girth (length and distance around the thickest part combined) restrictions are as follows:
 - UPS:**
 - UPS Ground: Weight up to 150 lbs.; length up to 108 in and length plus girth combined up to 165 inches.

- UPS SurePost: Actual and dimensional weight less than or equal to 9 lbs and less than or equal to 3'X3' – weight differences depend on your shipping location (use of this ship method to be authorized by Kohl's).

FedEx:

- FedEx Home Delivery: Weight up to 70 lbs; length up to 108 inches and length plus girth combined up to 165 inches. This is the preferred method unless weight is over 70 lbs.
- FedEx Ground: Weight from 70-150 lbs; length up to 108 inches and length plus girth combined up to 165 inches.
- FedEx SmartPost: Actual and dimensional weight less than or equal to 9 lbs and less than or equal to 3'X3' (use of this ship method to be authorized by Kohl's).

USPS:

- Vendors who cannot support USPS shipments should notify the Direct Ship Team who then disables PO Box and APO/FPO/DPO/MPO addresses for their products.
 - USPS Ground Advantage: Weight up to 70 lbs (including packaging), maximum dimensions are 22" L x 18"W x 15"H (use of this ship method must be authorized by Kohl's).
 - USPS Priority Mail: Weight up to 70 lbs
- **Less-than-Truckload (LTL)** – please reach out to your Kohl's Merchant Team if you have merchandise that cannot ship via small package/parcel.

Table 3. Carrier Routing

Carrier Type	Approved Carriers	Valid Address Types	Freight Payment
Small Package / Parcel	UPS & FedEx	<ul style="list-style-type: none"> ▪ Residential Home ▪ Business ▪ Alaska/Hawaii 	3rd Party Bill or Prepaid
	USPS	<ul style="list-style-type: none"> ▪ PO Box ▪ APO/FPO/DPO/MPO 	Prepaid / Add

11.3 Shipping Service Level Guidelines

Kohls.com customers may choose *Standard Ground* or *1 Day / 2 Day* shipping service levels. If a vendor has merchandise that cannot be shipped *1 Day / 2 Day*, Kohl's will work with the vendor to disable this shipping service level for all the affected SKUs during product setup. It is extremely important that vendors employ the operational controls to adhere to the requested shipping service level. Customers with *1 Day / 2 Day* orders have paid for this service and are expecting their orders be shipped using an expedited service level.

- P.O. Box and military (APO/FPO/DPO/MPO) addresses must be shipped via USPS Parcel Post Ground or SmartPost or SurePost methods. Please complete the appropriate customs forms when shipping to military addresses. Vendors should not receive expedited shipping service level requests for these destinations.
 - Vendors should notify Kohl's Customer Support in the event a shipping error occurs so that Kohl's can properly credit the customer for the shipping costs.
- Vendors must obtain written authorization from Kohl's to add additional shipping services, such as insurance or signature required.

11.4 Freight Claim Process

Vendors are responsible for filing freight claims for products damaged or lost in-transit. Vendors will only be paid up to \$100 for reimbursement due to carrier rules and Kohl's will not pay for the difference. Vendors need to follow the freight claims process for each carrier. Vendors should contact their respective carrier:

UPS: "1-800- PICK-UPS" line or contact their Preferred Customer Associate. FedEx: 1-800-463-3339 line or contact their FedEx Account Representative. USPS: contact their local USPS representative or go to the USPS website (<http://www.usps.com/help/claims.htm>).

12. Returns & Customer Service Issues

DSN products returned to Kohl's stores may be resold in stores at Kohl's discretion. All returned DSN products not resold in Kohl's stores are subject to the returns disposition negotiated with the Kohl's Merchant Team and noted on the Standard Vendor Agreement Form. Return disposition options are as follows:

- RTV RA Required: Kohl's will debit the vendor the cost of the item and return it.
 - Items will be returned via the Kohl's eFC.
 - An RA # is required and should be listed on the Vendor Set Up and Maintenance General Information Form in the Return to Vendor Disposition box
- RTV NO RA Required: Kohl's will debit the vendor the cost of the item and return it.
 - Items will be returned via the Kohl's eFC.
 - An RA# is not required.
- Debit and Destroy: Kohl's will debit the vendor the cost of the item and destroy it.
- Defective Allowance – Use off-invoice incentives (no returns): Kohl's will deduct the negative defective allowance off all cost receipts . The defective allowance is negotiated between the vendor and the Kohl's Merchant Team.

12.1 Undelivered Returns

Undelivered returns are DSN shipments that the recipient does not take possession of due to in-transit damage, invalid or undeliverable address, or refused by recipients. These returns will be routed back to the shipper's (i.e., the DSN Vendor) fulfillment center of origin.

- All vendors are required to accept and process undeliverable returns.
- **Undeliverable returns are not subject to the return disposition negotiated with the Kohl's Merchant Team.**
- Kohl's is not required to notify vendors in advance or obtain a Return Authorization (RA) as Kohl's likely is not aware of undelivered returns unless the carrier or customer contacts Kohl's.
- Vendors are responsible for inspecting and determining the condition of the returned merchandise (i.e., can it be returned to stock or does a freight claim need to be filed). ▪ **Vendors are expected to complete a return notification to Kohl's via the 3rd party platform within 48 hours of receipt of the undelivered product.**
- Kohl's will determine whether a new order needs to be created for the customer. Vendors should NOT attempt to contact the customer or re-ship the returned product without authorization by Kohl's Customer Support.
- Vendors should contact Kohl's Customer Support via email with information or questions about undelivered product returns and include a PO number in all communications.

12.2 Damaged, Defective or Shipping Error Returns

All DSN merchandise is expected to arrive in "as ordered" condition. If merchandise is delivered damaged, defective or does not match the order, customers may return the product to Kohl's. Vendors or products with excessive damage, defective or shipping errors may be removed from Kohls.com DSN program. All DSN merchandise is expected to be packaged to prevent in-transit product damage during the outbound and potential return shipping of the product. Kohl's monitors damaged/defective product returns and considers freight damage from packaging quality when evaluating a vendor's performance on the DSN.

- If Kohl's handles the return, the agreed upon return disposition will be followed. ▪ Vendors should direct customers for damaged or shipping error returns to Kohl's Customer Support.
- The vendor is responsible for filing freight claims for damaged merchandise. ▪ Vendors are expected to have a fulfillment Quality Assurance process in place to prevent shipping incorrect merchandise or short shipments.
 - For short shipments, vendors are expected to ship the merchandise shortage to the Kohl's customer at the vendor's expense.
- Kohl's must approve all non-product related inserts prior to use.
- Vendor-related marketing inserts are NOT allowed. However, warranty and assembly instructions are permitted.
- Direct RTV is not supported by Kohl's at this time except in cases where shipments are returned undelivered by the carrier or significant parts are missing and cannot be replaced.

12.3 Product Delivered with Missing Pieces

Kohl's Customer Support will contact vendors to inquire about availability of replacement parts missing from DSN shipments. "Parts" include, but are not limited to, physical components of the product (e.g. chair legs, etc.), accessories included with the product, instructions, and hardware.

- Vendors must respond to Kohl's inquiry for parts within one (1) business day.
- If replacement parts are available, vendors are expected to ship the parts at the vendor's expense and provide the tracking number(s) to Kohl's Customer Support via email.
- In the event that parts are unavailable, Kohl's may arrange for the product to be returned to the vendor, and a new PO will be issued to send the customer a complete product.

12.4 Customer Service Inquiries

Vendors are responsible for responding to Kohl's Customer Support (dsn.custsupp@kohls.com) in a timely manner to assist Kohl's in resolving customer issues.

- All customer service inquiries require responses within one (1) business day (24 hours).
- **Multiple people on the vendor side should monitor the customer service e-mail addresses, to ensure Kohl's customers are not impacted by employee vacations or turnover.**
- Incorrectly shipped or pictured items may result in negative customer reviews or Kohl's Customer Support inquiries. Kohl's Customer Support may reach out to remedy the issue.

13. Vendor Compliance Program

Vendor performance in all key customer facing metrics is monitored on a daily basis. The goals of monitoring vendor performance are as followed:

- Maintain a positive and consistent customer experience through Direct Ship fulfillment.
- Increase vendor performance in all customer facing key performance metrics.
- Positively impact sales performance through strong vendor compliance.
- Reduce the number of customer service issues stemming from Direct Ship orders.

13.1 Vendor Performance Scorecard

In addition to frequent vendor performance feedback, all DSN vendors will be supplied with a monthly performance scorecard. Scorecard results will represent performance from the prior fiscal month and year.

The scorecards detail out your compliance performance on the DSN program from the time the customer order is placed to the time the order is delivered to the customer. The scorecards will also provide the sales for the prior fiscal month and YTD sales.

Grading Scale

- The scorecard will be graded on a GPA scale created by Kohl's.
- Your overall grade will be determined by calculating your overall GPA (sum of all GPA Pts/2)
- The scale to determine your overall letter grade is below

OVERALL GPA	
GRADE	Updated Range
A	4-3.67
B	3.66-2.67
C	2.66-1.67
D	1.66-1.0
F	.99-0

Scoring Metrics

- There are 2 metrics that comprise a vendor's total score:

Metric	Definition
Ship On Time	% of orders shipped within Kohl's designated timeframe
Fill Rate	% of units fulfilled

- A vendor's performance and grade, for the month and the year respectively, are located in each of the metrics' sections with other key metrics for support.
 - o Details on how these scores are calculated are displayed at the end of the information.

Direct Ship Network Vendor Performance Scorecard Detail

Calculation of Scoring Metrics

Fill Rate (% of Units Shipped Complete):

- **Definition:** The vendor's ability to fill a customer's order complete and as ordered. This greatly impacts the level of service and satisfaction we are able to provide our customers and allows us to maximize sales.
- **Goal:** Kohl's expectation is that our vendors ship 100% of units complete during the ship window (orders that are cancelled due to buyer remorse or fraud are exempted). ▪ **To Get an "A":** Your Fill Rate % must be at least 99.50%.
- **Calculation:** Fill rate is calculated by comparing the total units shipped compared to the total units ordered.

Ship on Time (% of orders shipped within Kohl's designated timeframe): ▪ **Definition:** A Standard Ground order must be shipped and confirmed within 2 business days. Any order that ships outside of the ship window expectations is counted against a vendor's % shipped on time. Weekends and standard United States holidays are excluded.

▪ **Goal:** Vendors are expected to ship 100% of Direct Ship orders received on time. ▪

To Get an "A": Your Ship on Time % must be at least 99.40%.

▪ **Calculation:** Order fulfillment lead time begins when the order is first made available to the vendor in the 3rd party platform and fulfillment lead time ends as soon as the order confirmation is received.

Problematic Tracking # %:

• **Definition:** % of tracking numbers that show up on our order to delivery action report. An order becomes eligible to track to delivery once it has been shipped and invoiced in the 3rd party platform.

a) An order appears on our action report when the tracking # is:

- A duplicate tracking #, invalid, or has been voided out (Duplicate/Invalid/Void) ▪ Has no records within the carrier data for 4 days past the close date (Not Trackable)
- Is in a manifest status with the carrier for 4 days past the close date (Manifest)
 - Manifest means that the carrier shows no movement of that tracking number

b) If a tracking number falls into any of these categories, your Direct Ship Vendor Management team will reach out to you for action

c) Orders may fall into multiple categories listed above. Each time a unique status affects an order it will count against the vendor

▪ Ex: if an order has no record with the carrier for 2 days, then at a later time has a status of manifest that meets the above criteria, it will count against the vendor twice

• **Goal:** Have zero orders populate in this bucket.

• **Calculation:** The number of problematic tracking issues divided by the total number of orders during the specified timeframe.

Scorecard Grade/Score Matrix:

100.00%		50%		50%	
OVERALL GPA		FILL RATE		SHIP ON TIME	
GRADE	Updated Range	GRADE	CURRENT RANGE	GRADE	CURRENT RANGE
A	4-3.67	A	100.00% - 99.50%	A	100.00% - 99.40%
B	3.66-2.67	B	99.49% - 99.00%	B	99.39% - 98.75%
C	2.66-1.67	C	98.99% - 98.50%	C	98.74% - 98.00%
D	1.66-1.0	D	98.49% - 98.00%	D	98.49% - 98.00%
F	.99-0	F	97.99% - 0.00%	F	97.99% - 0.00%

Scorecard Example:

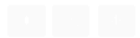
SALES	Total November		Year To Date		Cumulative Grade	
	TY \$	% CHG	TY \$	% CHG	GPA	Grade
	\$ 1,253,240	147%	\$ 2,253,323	88%	1.25	D
				1.50	D	

Delinquent Orders					
	Total Orders	Aged Orders	Ship On Time %	Grade	Chargebacks
This Month	38,666	7,185	81.42%	F	\$ 42,356.67
This Year	66,086	7,598	88.50%	F	\$ 44,565.49

Fill Rate					
	Total Units	Cancelled Units	Fulfilled %	Grade	Chargebacks
This Month	50,625	1,028	98.01%	D	\$ 5,454.05
This Year	89,835	1,168	98.72%	C	\$ 5,782.53

	Order Turn Time			Problematic Tracking		
	Total Hours To Ship	Business Hours To Ship	Grade	TTL Tracking Issues	TTL Tracking Issues %	Grade
This Month	67	58	D	1.31%	1.31%	B
This Year	55	49	D	1.04%	1.04%	B

For questions on how scores are derived, please log into KLINK and navigate to the Direct Ship Operations Guide.



13.2 Direct Ship Non-Compliance Chargeback Process

- If Kohl's performance expectations are not met, there are three compliance metrics that a vendor could receive a chargeback for (subject to change with advance notice):

1. Delinquent Orders
2. Unit Cancellations
3. Shipping Reimbursements

- Chart representing the chargeback fees is shown below:

Chargeback Calculations:

Compliance Chargebacks

Chargeback Metric	Chargeback Amount
Unit Cancellation	\$10 fee per cancellation
Delinquent Order	\$10 fee per order
	*If a unit is canceled after being delinquent, both charges will be assessed (\$20)
Shipping Reimbursement	No set amount for the reimbursement. Collected on a monthly basis, for Kohl's to be reimbursed for the cost of shipping errors made by the vendor

- An order that cannot be fulfilled should be cancelled within the associated fulfillment lead time.
- An order is considered delinquent if any line items on that PO do not have an order status (shipped and invoiced or cancelled) after the associated fulfillment lead-time has expired.
- Vendors who ship using any method other than the method Kohl's specified will be required to pay the difference in the ship costs regardless of scorecard grade

13.3 Chargeback Dispute Process

- Chargeback disputes should be sent to dsncompliance@kohls.com along with any supporting documentation.
- All PO detail requests for chargebacks must be sent within 60 days of the date that appears on the payment remit and should be sent to dsncompliance@kohls.com.
- Kohl's will not provide PO detail requests for chargebacks that are sent after 60 days of the date that appears of the deduction/credit.
- Allow 30 days for a response from the Direct Ship Team. Acceptance or denial of a claim will be communicated via e-mail.

13.4 Incentive Program

Any vendor who earns an overall "A" scorecard grade for the current month will not receive any compliance chargebacks for that month.

14. Vendor Profile Updates

Vendors are responsible for keeping Kohl's updated on key DSN contact information and fulfillment center operational hours and closures. To update vendor contacts or warehouse closures please e-mail the appropriate Direct Ship Specialist and Direct Ship Coordinator.

14.1 Profile Updates

Vendors should notify Kohl's of any significant technical or operational changes that may impact order processing or order fulfillment. Profile updates include system enhancements, DSN contacts, or fulfillment center location(s) changes or additions. Required vendor contacts are as follows:

- Kohl's Account / Sales Representative
- Information Technology / EDI
- Customer Service
- Warehouse Operations/Fulfillment
- Forecasting/Planning/Purchasing
- Order Processing/Delinquent Orders
- SKU Maintenance/Inventory Updates

14.2 Warehouse Closures

Vendors are required to provide their Kohl's Direct Ship Coordinator with their planned DSN warehouse closure dates, including one day closures and nationally recognized holidays. For vendors who support priority shipping, they must provide all planned closures including half day closures. For vendors supporting USPS First Class Mail, include USPS federal holidays. Your Direct Ship Coordinator will reach out via email twice through the calendar year, to retrieve these dates.

For warehouse closures the vendors must notify their Kohl's Direct Ship Coordinator at least 90 days prior to any additional closures date(s) or immediately if unplanned.

- For closures that may impact the vendor's ability to fulfill orders in the required fulfillment timeframe, the Direct Ship Coordinator will work with the vendor to determine the necessary steps to prevent lost sales or a negative customer experience.
- All open Kohls.com customer orders must be shipped and invoiced prior to warehouse closure date(s).

15. Kohl's DSN Key Contact Information

Each vendor will be assigned a Kohl's Direct Ship Coordinator and Direct Ship Specialist as their primary contact. The Direct Ship Specialist is responsible for managing a vendor's overall operational performance in regards to direct ship logistics.

Kohl's Customer Support will assist in managing day-to-day order processing activities for Kohl's DSN vendors. Kohl's Customer Support may also be in contact with the vendor to follow-up on customer issues, including (but not limited to): order status, lost in-transit package tracing, part replacement, and other customer issues. **Vendors should not contact Kohl's customers directly unless providing parts replacement, warranty service, or requested to do so by Kohl's.** In the event a customer engages a vendor directly, vendors should refer the customer to Kohl's Customer Service department.

Kohl's Corporate Headquarters:

Kohl's Department Stores
N56 W17000 Ridgewood Drive
Menomonee Falls, WI 53051
Website: www.kohls.com

Kohl's Customer Service (General Customers Only)

Email: Customer.service@kohls.com
(866) 887-8884

Kohl's Customer Support (Vendors Only)

Email: dsn.custsupp@kohls.com
(262) 703-1048

Kohl's Vendor Portal
Website: link.kohls.com

Accounts Payable

Kohl's Department Stores

P.O. Box 359

Milwaukee, WI 53201

Email: (separate email addresses per the alphabet)

Ex.: AP_Merch_Vendor_A@kohls.com (If your Vendor Name begins with the letter "A")

ADDENDUM

1.Using Dsco To Update Inventory

Inventory information in Dsco is static (i.e., it does not decrement). When a vendor associates a positive quantity with a SKU, it will be displayed on Kohls.com and vendors can receive orders against it, as long as it is in an in-stock status. If no value, a value of zero (0), or the value transmitted less open order quantities equal zero (0), then it will not be available for sale to Kohls.com customers and vendors will not receive orders. Once a quantity of 0 is sent with an in-stock status, it will automatically update to an out-of-stock status. If you give an out-of-stock status with a positive quantity, it will automatically update to an in-stock status.

Inventory from vendors will be submitted to Kohl's via Dsco. There are two properties that drive the quantity information sent to Kohl's from Dsco for Direct Ship fulfillment: Quantity and the Status flag (Availability).

- All active SKUs offered for sale to Kohls.com should be flagged with an "In-Stock" status. ▪ Products that will no longer be available for sale should be marked as "Discontinued." If you want to sell down on a discontinued item, it must be in an in-stock status til it gets to zero. ▪ Quantity listed in Dsco should always be consistent with actual quantity available. ▪ Approved inventory statuses for Kohl's DSN are as follows:
 - o In-stock with quantity on hand: These items will be available for sale on Kohls.com.
 - o Out-of-stock with '0' quantity on hand: These items will not be available for sale on Kohls.com.
 - o Discontinued with '0' quantity on hand: These items will not be available for sale on Kohls.com.
 - o Hidden with '0' quantity on hand: This status should be used for any items that were uploaded to DSCO in error or for items that are not ready to be sold online or for an item that the vendor wants to delete but the item has a sale.

Inventory changes (deltas) are sent from Dsco to Kohl's every two to five minutes. Any change in quantity sent through by the vendor becomes the new quantity available to sell on Kohls.com. Delta inventory feeds are accepted 7 days a week with the exception of a 2-hour block between 4PM-6PM CST. Do not make delta inventory changes at this time as Kohl's will not be able to accept them.

2. Inventory by Location

All Direct Ship vendors must have at least one warehouse configured in their Dsco Warehouse Manager and all items must be tied to a warehouse. Updates without assigned warehouses will be rejected.

- All items must have both a total quantity and a warehouse quantity assigned to them using the configured warehouse codes. The summation of warehouse quantities must equal the total quantity for an item and updates with misaligned quantities will be rejected.
- Inventory feeds to Dsco including warehouse codes must match a warehouse already created on your account. Unrecognized warehouse codes will cause an inventory update to be rejected.
- If you have a SINGLE warehouse configured in your warehouse manager, Dsco will automatically assign that warehouse to your items when you send a total quantity update. ▪ If you have MULTIPLE warehouses, be sure to include all warehouse codes and quantities for each item on your feed.

3. Product Deletion

Once an item is created and at least one order is received against that item, it can never be deleted from the Dsco portal. This is to preserve history and data integrity. If an item has not had a sale on it, it can be deleted from the inventory file. The item should be set to zero quantity before deletion.

4. File Failure Notifications

If you know that a specific ASN, invoice, or cancellation failed to import into Dsco and you would like to find out the reason, you can search for the PO number in Orders >> All Orders. The PO details page shows all error messages related to that specific PO.

When creating an automated job, be sure to include at least one email address in the *Failure Notifications* field. Dsco can then email you a link to the logs for any process that experienced a failure of some kind.

If you normally use automated processes to pass data to your retailer, you can always use the portal to make simple updates such as changing an item's quantity, cancelling an order or a line item, and/or adding a tracking number to an order.

5. Shipment Confirmation

Kohl's encourages vendors to post all order confirmations nightly by 12 PM CST in order for the orders to be posted in Kohl's financials by the following morning.

Contact Information:

Website: www.dsco.io

Email: support@dsco.io

