

KOHL'S

Reverse Logistics Guidelines

Kohl's Reverse Logistics policy effectuates the cost-effective flow of the handling and transportation of any damaged, defective, or callback merchandise from the Kohl's Distribution Network and Stores, and contains mandatory terms, obligations and policies in addition to the vendor agreements on file. Kohl's may at its sole discretion update the disposition of merchandise or assess handling charges for non-conformity with any of the parameters outlined within Kohl's requirements.

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Reverse Logistics Defined

Reverse Logistics is defined as the material handling and transportation of damaged/defective customer returns, callbacks, merchandise otherwise required to be returned to vendor under the terms of an agreement between Kohl's and a vendor, or any merchandise which does not otherwise conform to the terms, specifications or warranties contained in the Purchase Order (i.e., Non-Kohl's Merchandise, Style Substitutions, POs in trouble at the DC/eFC's, etc). Depending on the type of Merchandise and the reason for return, the following terms, conditions, and processes shall apply:

Damage/Defective Customer Returns

- Customer Returns merchandise is defined as any item that was returned by a Customer & that, for any reason, cannot be put back on the sales floor or resold online
- This merchandise is processed by Kohl's 3rd party returns partner and is dispositioned based on the merchant vendor returns agreement on file at the time of processing
- Merchant vendor return agreements are required for all Kohl's vendors and any updates to these agreements must be negotiated directly with your merchant partner and changes requested by vendors must be approved in writing by Kohl's. Below are the returns disposition options available along with the requirements associated with each:
 - **Mark Out-of-Stock ("MOS"):** Vendor will not receive this merchandise back, as it is liquidated via Kohl's 3rd party returns partner. A predetermined Defective Allowance is required for this disposition type
 - Defective Allowance is a negotiated percentage taken off the merchandise invoices & Kohl's reserves the right to retroactively recover any defective shortfalls.
 - **Debit & Destroy:** This merchandise will not be returned to the vendor & and the vendor will be debited for this merchandise as items are transferred out of the stores & processed via Kohl's 3rd party returns partner. For the purposes of clarification, "destroy" shall mean that the merchandise can be disposed of in any manner in Kohl's discretion, be that liquidated, destroyed, donated or any other method of disposition.
 - **Return to Vendor ("RTV"):** This merchandise is returned back to the vendor via Kohl's 3rd party returns partner.
 - **General RTV Requirements:**
 - All Freight expenses for RTV shipments are the responsibility of the vendor.
 - Vendors are required to provide contact information for return shipments including contact name, phone number, billing address, & shipping address. Any updates to this information must be communicated to reverse.logistics@kohls.com prior to the vendor needing return shipments to change to a new location.
 - RTV merchandise may or may not require Return Authorization ("RA") prior to shipment to vendor (which will be set forth in the merchant vendor returns agreement):
 - **RTV No RA Required:** Kohl's 3rd party returns partner can create & schedule return shipments with the vendor without prior authorization for each invoice. This is the default RTV option (and Kohl's preferred method).
 - **RTV RA Required:** Upon receipt of a return shipment invoice ("RTV Invoice"), the vendor is required to provide Return Authorizations (RA) via Kohl's 3rd party returns partners website prior to shipments being created or scheduled.
 - RA's must be provided and entered into the website no later than 30 days after a return-to-vendor invoice has been created.
 - If Kohl's has not received the required RA within thirty (30) days of the RTV invoice, Kohl's reserves all rights to Debit & Destroy the subject merchandise (i.e. dispose of that product as it sees fit in its sole discretion and, further, to debit the cost of those goods against your account as though they had been successfully returned to you).

Callback Merchandise

- This merchandise is defined as unsold items warehoused in Regional Distribution Center ("RDC's"), e-Fulfillment Centers ("eFCs"), or Kohl's stores that the vendor and Kohl's have negotiated to be returned to the vendor.

- Merchandise that is pulled from Kohl's stores or the EFC's is processed at the Kohl's Findlay, OH Return Center
 - The quantity of these Callback shipments is determined by volume and return flow. Kohl's will consolidate shipments whenever possible & all shipments will come from the Kohl's Findlay, OH Return Center.
- Merchandise that is pulled from the RDC's (also known as PORTV) will be processed at the individual RDC's that possess the merchandise.
 - Each individual RDC that possesses this merchandise will create its own load(s) to be sent back to the vendor
- Vendors are required to provide the following information for Callback merchandise:
 - Return Authorization number
 - Billing address
 - Shipping address
 - Vendor contact
 - Freight cost responsibility and carrier preference if vendor paid
 - Special packaging instructions that will be considered
 - Style number information
 - Reason for callback
- Questions or updates regarding Callback merchandise should be sent to reverse.logistics@kohls.com along with your merchant partner(s).

Non-Kohl's Merchandise

- In the event Kohl's receives merchandise from a vendor that is not part of Kohl's current assortment, Kohl's may dispose of the merchandise as Kohl's determines is appropriate. Kohl's shall have no obligation to notify the vendor that Kohl's received such merchandise if the total retail value is less than \$500.00 or there are fewer than 36 pieces received.
- In the event non-Kohl's merchandise is returned to the vendor, the vendor is responsible for shipping expenses incurred as well as processing expenses (calculated at 5% of cost: minimum of \$150; maximum of \$300).

Style Substitutions/Unexpected Merchandise

- As stated in Kohl's Merchandise Purchase Order Terms & Conditions, Kohl's reserves the right to return, for full credit and without prior authorization; at your expense and risk, all or part of any shipment should any merchandise differ in any way from the terms, specifications or warranties contained in the Purchase Order.
- Kohl's will request a return authorization from a vendor, but in the event an RA Number is not received within 7 working days the merchandise will automatically be shipped back to the vendor prepaid. The amount Kohl's was invoiced for the goods and the freight will be deducted from the vendor's account.

Vendor Claims/Disputes on Return Shipments

- Claims related to accepted Return shipments for the following issues should be sent to Kohl's AP using the email format of *AP_merch_vendor_ "the 1st letter of the vendor name"@kohls.com*. (e.g, Nike would email: AP_merch_vendor_N@kohls.com)
 - Issues include the following:
 - Shortages
 - Damaged items
 - Discount % Issue
 - Freight Cost Issue
 - Unit Cost Issue
 - Claims should be submitted against each individual invoice that has issues.
 - If multiple invoices were received on the same shipment (BOL) then multiple claims should be submitted(ex; BOL 56789 included 2 invoices both of which had shortages. 2 claims should be sent to AP, one for each individual invoice)
 - If multiple issues exist against the same invoice number those can be submitted all at once (ex; Invoice 123456 has a shortage & a discount % issue)
 - All Claims must be submitted within 60 days of receipt

- Claims are processed on a first in first out basis and can take 6-8 weeks for resolution
- Vendors should include the following information along with any claims:
 - Description of the issue along with the unit counts related to the issue
 - Invoice number related to claim
 - BOL(s) of the related shipment
 - Scan-based documentation for any shortages (document must be in PDF or Excel format)
- Claims related to NOM (Not Our Merchandise) should be reported to reverse.logistics@kohls.com email address.
 - Vendors should include the following information for NOM claims:
 - Invoice number you received the merchandise under
 - BOL(s) of the related shipment
 - Number of total cartons of NOM merchandise
 - Total Weight of the cartons
 - Vendor address for pickup of merchandise
 - Once this information is received further instructions will be provided to get merchandise returned to Kohl's for reprocessing so that any necessary credits can be issued back to the vendor.
- If a shipment of damaged/defective customer returns or callback merchandise from Kohl's appears to be tampered with, the shipment should be refused back to the carrier. If the shipment was accepted and, after further inspection, the shipment appears to be tampered with, please stop processing the shipment. Leave the shipment intact, in its original carton(s) and contact Kohl's via the reverse.logistics@kohls.com email address for further instructions

Reverse Logistics Contacts

Questions pertaining to submitted shortage, damage, discount %, freight or Unit cost Claims should be submitted as follows:

- AP_merch_vendor_ "the 1st letter of the vendor name"@kohls.com. (e.g., Nike would email: AP_merch_vendor_N@kohls.com)
- For access to, or issues with navigating, Kohl's 3rd party returns provider website:
 - invoicelink@inmar.com & reverse.logistics@kohls.com
- Any other questions regarding Return shipments and their processing:
 - reverse.logistics@kohls.com

Frequently Asked Questions (FAQ):

How do I change/update my Returns Disposition?

Vendors need to contact their merchant partner if they would like to update their returns agreement. Updates to the disposition of currently invoiced items cannot be performed by Kohl's 3rd party return partner. Any currently invoiced items are subject to the current vendor merchant agreement that is on file.

How long do Callbacks take to process?

Callbacks coming from eFC's or Stores can take 30-90 days as these must be shipped back to Kohl's Findlay, OH Return Center to be processed. Callbacks that are captured at the RDC's (also known as "PORTV") may arrive sooner as these will ship from each individual RDC instead of being consolidated to the Findlay Return Center.

How do I match items to their corresponding invoice if multiple invoices arrive on the same shipment?

Item level detail can be obtained from the InvoiceLink website which includes the UPC & SKU information for each invoice. That information should be compared to all items received and if any of the invoices are short, or have discrepancies, then vendors should follow the claims process contained on page 5 of this document

What do I do if I didn't receive a BOL with my RTV shipment or the Invoice number(s) is not on the BOL?

Contact reverse.logistics@kohls.com and include any information that you do have pertaining to the load in question:

- Carton label photos (a few examples is all that is needed)
- The carrier that delivered the shipment and what date it arrived to your facility
- The BOL or documents that the carrier did provide (if any were provided)
- Any other identifying information related to the received cartons/pallets