2.0 Vendor Chargeback Policy

2.1 General Information

- The purpose of chargebacks is not to create revenue for the Company, but to recover non-value-added costs and operating expenses incurred from correcting vendor errors and inefficiencies. This policy creates a means of feedback, ensures cost recovery, supports the goals of the Company, and allows everyone to share in the success of the Company.
- All vendor shipments delivered in error will be documented and be subject to the chargebacks as provided in Section 2.2. Additionally, a single vendor shipment with multiple errors may have each occurrence individually documented and charged back in accordance with Section 2.2.
- Requests for chargeback documentation must be submitted within 60 days. Any request for research on payment deductions over 6 months old may result in a chargeback.
- To request Company supporting documentation (i.e., photos, etc.) related to a chargeback, please provide vendor contact information to the Company's Merchandise Operations Vendor Relations department via email (see Section 12). When submitting chargeback documentation requests, be sure to include the following information:
    - Name of Contact
    - Title
    - Mailing Address
    - Phone Number
    - E-mail Address
    - PO number
    - Deduction type

Upon receipt of request, the Company's Merchandise Operations Vendor Relations department will forward supporting documentation within 72 business hours (3 business days).

- Any previously assessed chargebacks will adhere to the policies and procedures found in this guide.
- Any questions or concerns pertaining to chargeback issuance, negotiation, and/or reversals/refunds need to be directed to the Company's Vendor Relations department (see Section 12).

2.2 Schedule of Chargeback Expense

Non-Compliance Issue	Designer Brands Canada Chargeback Fee
Merchandise Setup Incidents	
1. Missing/Late/Unusable Catalogue Data (EDI – Web Portal or Catalogue 832) including Failure to Load required UPCs and/or Styles into Vendor Catalogue for Style Creation	$100 per EDI Message
2. Manual Entry of UPC Codes	$100 per style created
3. Samples requested to be shipped to vendor without vendor prepaid shipping	$25 per sample
4. Missing or Unusable Sample/Image not received 30 days prior to the Ship Not Before Date	$100 per Style
5. Missing/Inaccurate/Unusable Ecommerce Specifications	$100 per style created
Electronic Data Interchange (EDI) Incidents	
6. Manual Purchase Order Due to Non-EDI Compliance	$75.00 per PO
7. Failure to Use PO/PO Change Documents (850/860) Once EDI Enabled	$100 per EDI Message
8. Failure to Acknowledge PO/Late Acknowledgment – Past 72 Business hours/Unusable Acknowledgment (Functional Acknowledgement Transmission 997) Once EDI Enabled	$100 per EDI Message
9. Failure to Send Electronic ASN/Late ASN (According to Appointment Guidelines – Minimum of 72 business hours in Advance)/Unusable ASN Transmission (ASN 856)	$7.50 per Carton shipped (Minimum Charge of $50 Per Purchase Order)

UPC Code (UCC 12/EAN) Incidents	
10. Incorrect/Missing UPC Information on Product	$150 per PO plus $0.30 per unit received
11. UPC Information Placed Incorrectly on Product/Covered Over/Illegible/Unusable	$150 per PO plus $0.30 per unit received

Merchandise Ticketing Incidents	
12. Incorrect/Missing Merchandise Tickets on Product (Non-Footwear product). Including Incorrect/Missing Retail Price and/or Compare at Price if applicable	$150 per PO plus $0.30 per unit received
13. Merchandise Tickets Placed Incorrectly on Product/Covered Over/Illegible/Unusable	$150 per PO plus $0.30 per unit received
14. Removal of Incorrect Stickers/Tags and/or Manual Concealing of Incorrect Stickers/Tags	$150 per PO plus $0.30 per unit received
Shipping & Shipment Documentation Incidents	
15. Unauthorized Attempt to Deliver at DC Without Appointment/Approval	Refusal of shipment and $250 per occurrence plus all fees incurred to resolve
16. Pick up/Truck Ordered and Not Used	$250 per occurrence
17. Detention of Pick Up at Vendor Facility Due to Delay in Loading	$75 per hour of detention
18. Unauthorized Shipments Received After Cancel Date	$250 per occurrence plus all fees incurred to return product to vendor OR $250 per occurrence + 10% of value of Purchase Order **per week** past cancel date
19. Failure to Deliver in Ship Window - Including Approved Extensions at Vendor's Request	$150 per occurrence plus all fees incurred to return product to vendor OR 10% of value of Purchase Order **per week** past cancel date Day 1-7 = 10% Day 8-14 = 20% Day 15-21 = 30% Day 22+ = 40%

20. Shipments Received Prior to Ship Not Before Date (Early Receipts) Without Prior Written Approval	$150 per occurrence plus 10% of value of Purchase Order **per week** prior to Ship Not Before Date
21. Failure to Show for Appointment Made Without 24 hours + Notice to Receiving Warehouse	$150 per occurrence plus 0.5% of value of goods (PO Value) per day after appointment date, up to a maximum of 30% of value of Purchase Order
22. Late Arrival at Warehouse for Appointment Previously Arranged Without Approval (Same Day Arrivals)	$50 per hour late per occurrence/Purchase Order when arriving within same day as original appointment booked

Shipping & Shipment Documentation Incidents Continued	
23. Failure to Comply with PO Preparation or Packing Instructions/Specifications	$50 processing fee plus $0.50 per unit received
24. Full QC (Quality Control) Check Required Due to Failure of Minimum Inspection	$150 processing fee plus $1.00 per unit received
25. Add-On Labour Required to Assemble Boxes, Repack Merchandise, etc.	$1.50 per Unit/Piece Rate
26. Missing MH 10 or UCC 128/No Information on Cartons/Incomplete Carton Labelling/Non-Scanning Carton ID	$5.00 per Carton (Minimum Charge $75.00 per Purchase Order)
27. Duplicate Numbering on Cartons/Duplicate MH 10 or UCC 128	$25 per Carton
28. No Bill of Lading or Missing Information on Bill of Lading	$150 per Occurrence
29. Packing List Missing/Incomplete	$50 per Occurrence/Purchase Order
30. Multiple Shipments per PO/Short Shipment Received vs. Units Ordered on Purchase Order	$50 processing fee plus $0.50 per unit received in initial short shipment receipt; each additional shipment against the same PO number will incur an additional $50.00 processing fee plus $0.50 per unit received
31. Over Shipment Received vs. Units Ordered on Purchase Order	$150 per occurrence plus all fees incurred to return product to vendor OR $50 processing fee plus $0.50 per unit over received

32. Prepacks and Solids Reversed/Mixed Receipt of Prepacks and Solids	$25 per carton received (Minimum Charge of $75 per PO)
33. Sorting of Receipt Required (Sort by Receiving Warehouse Required – Sort by Colour; Sort by Style; Sort by Size; Sort by PO #) Due to Mixed Shipments	$25 per carton received required to be sorted (Minimum Charge of $75 per PO)
34. Incorrect Style/Colour/Size/Dimension Received in Shipment vs. Ordered – Substitutions of Style/Colour/Size/Dimension NOT Previously Authorized in Writing	$25 per carton received (Minimum Charge of $75 per PO)
35. Pack by Store Errors – Mixed Stores per Carton, Incorrect Store ID on Cartons, etc.	$25 per carton received (Minimum Charge of $75 per PO)
Miscellaneous Incidents	
36. Failure to Meet Weight Minimum/Maximum Indicated	$7.50 per carton
37. Failure to Meet Carton Size Dimensions (Minimum/Maximum) Indicated	$7.50 per carton
38. Storage Fees at Receiving Warehouse for Non-Response to Shipping Issues in a Timely Manner (48 hours Maximum Response Time)	$150 processing fee and $0.50 per unit received/per day stored until resolution
39. Shipping Materials Required – New Boxes; New Cartons; etc.	$2.00 per footwear box; $5.00 per shipping carton
40. Request for Research on Payment Deductions Taken 6 Months and Over	$100 per aged PO/Debit Memo
41. Defective/Damaged/Unsaleable Merchandise Received in Warehouse	$150 processing fee and $0.50 per unsaleable unit received **plus** shipping charges incurred to return merchandise to Vendor
42. Removal of any bands, straps, wires or other material wrapped around the carton (non-conveyable carton)	$5.00 per Carton (Minimum Charge $75 per Purchase Order)