THE HOME DEPOT

Direct Fulfillment DC Supplier Handbook

For Your Other Warehouse (YOW) division of The Home Depot including the HomeDepot.Com, YOW Wholesale, and Retail Special Order channels

WINTER 2014
# REVISION HISTORY: Direct Fulfillment DC Supplier Handbook

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</tr>
</tbody>
</table>
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERVIEW</td>
<td>5</td>
</tr>
<tr>
<td>DIRECT FULFILLMENT DISTRIBUTION CENTER</td>
<td>5</td>
</tr>
<tr>
<td>1 SUPPLIER SETUP</td>
<td>6</td>
</tr>
<tr>
<td>1.1 Supplier Buyer Agreement (SBA)</td>
<td>6</td>
</tr>
<tr>
<td>1.2 Insurance</td>
<td>6</td>
</tr>
<tr>
<td>1.2.1 SUPPLIER INSTRUCTIONS</td>
<td>6</td>
</tr>
<tr>
<td>1.3 Insurance Coverage Option (Import Only)</td>
<td>7</td>
</tr>
<tr>
<td>1.4 Global Location Number</td>
<td>8</td>
</tr>
<tr>
<td>2 PURCHASE ORDER MANAGEMENT</td>
<td>9</td>
</tr>
<tr>
<td>2.1 Purchase Order Confirmation</td>
<td>9</td>
</tr>
<tr>
<td>2.2 Supplier Lead Times/ Turn Times</td>
<td>9</td>
</tr>
<tr>
<td>2.3 Special Orders</td>
<td>9</td>
</tr>
<tr>
<td>3 ELECTRONIC DATA INTERCHANGE (EDI)</td>
<td>11</td>
</tr>
<tr>
<td>3.1 Overview</td>
<td>11</td>
</tr>
<tr>
<td>3.2 Getting Started</td>
<td>11</td>
</tr>
<tr>
<td>3.3 EDI 850/Purchase Order</td>
<td>12</td>
</tr>
<tr>
<td>3.4 856/Advance Ship Notice (ASN) Requirements</td>
<td>12</td>
</tr>
<tr>
<td>3.5 997/Functional Acknowledgement requirements</td>
<td>13</td>
</tr>
<tr>
<td>4 ITEM MANAGEMENT</td>
<td>14</td>
</tr>
<tr>
<td>5 COMPLIANCE</td>
<td>15</td>
</tr>
<tr>
<td>5.1 Vendor Compliance Program</td>
<td>15</td>
</tr>
<tr>
<td>5.2 Supplier Scorecard Metrics</td>
<td>16</td>
</tr>
<tr>
<td>6 DOMESTIC MERCHANDISE – TRANSPORTATION AND SHIPPING GUIDELINES</td>
<td>17</td>
</tr>
<tr>
<td>6.1 Delivery Appointments</td>
<td>17</td>
</tr>
<tr>
<td>6.2 Freight Carrier Damage</td>
<td>18</td>
</tr>
<tr>
<td>6.3 Bill of Lading</td>
<td>18</td>
</tr>
<tr>
<td>6.4 Collect Freight Billing</td>
<td>18</td>
</tr>
<tr>
<td>6.5 Packing List</td>
<td>18</td>
</tr>
<tr>
<td>6.6 Trailer Loading</td>
<td>19</td>
</tr>
<tr>
<td>6.7 Transportation Management System (TMS)</td>
<td>19</td>
</tr>
<tr>
<td>7 LOGISTICS</td>
<td>20</td>
</tr>
<tr>
<td>7.1 Packaging Distribution Attributes</td>
<td>20</td>
</tr>
<tr>
<td>7.2 Special Product Package and Testing Requirements</td>
<td>21</td>
</tr>
<tr>
<td>7.3 Pallet Construction Requirements</td>
<td>23</td>
</tr>
<tr>
<td>7.4 Stretch Wrap and Banding</td>
<td>23</td>
</tr>
<tr>
<td>7.5 Labeling</td>
<td>23</td>
</tr>
<tr>
<td>7.6 Carton Labeling</td>
<td>23</td>
</tr>
<tr>
<td>7.7 Damaged or Defective Merchandise upon Receipt</td>
<td>29</td>
</tr>
<tr>
<td>7.8 Incorrect Product Received</td>
<td>29</td>
</tr>
<tr>
<td>7.9 Product Rework</td>
<td>30</td>
</tr>
<tr>
<td>7.10 Return Authorizations: Customer Returns to the DFC</td>
<td>30</td>
</tr>
<tr>
<td>7.11 Distribution Centers and Facility Information</td>
<td>31</td>
</tr>
</tbody>
</table>
8  FINANCE & ACCOUNTING: DOMESTIC MERCHANDISE PAYABLES ................................................................. 32
  8.1  Invoicing Requirements ......................................................................................................................... 32
  8.2  YOW Portal Requirement ....................................................................................................................... 32
  8.3  “Contact Us” Feature .............................................................................................................................. 33
  8.4  Identifying Deductions & Appropriate “Contact Us” Path ....................................................................... 34
  8.5  Pallet Charges ......................................................................................................................................... 34
  8.6  Receiving/Payment Based on Tender Type ............................................................................................. 34
  8.7  Payment Terms ....................................................................................................................................... 35
  8.8  Reconciliation: Critical First Steps - Listed in Order of Importance ...................................................... 35
  8.9  Audit Policy and Monthly Statements .................................................................................................... 38
  8.10 Freight Claims ....................................................................................................................................... 39
  8.11 Return Best Practices ............................................................................................................................ 39
  8.12 Return Dispute Process .......................................................................................................................... 40
  8.13 Credit Submission .................................................................................................................................. 41

9  IMPORT INVOICING REQUIREMENT ........................................................................................................ 42
  9.1  Open Account ......................................................................................................................................... 42
  9.2  Discounts or Deductions .......................................................................................................................... 43
  9.3  Commercial Invoice Specifications ........................................................................................................ 44
  9.4  Vendor Address Change Request .......................................................................................................... 46
  9.5  Payment Inquiry and dispute Resolution ................................................................................................. 46
  9.6  Shipment Discrepancies .......................................................................................................................... 46
  9.7  Import Service Providers Payment Process ............................................................................................. 47

APPENDIX A – UCC128 LABEL FORMAT AND GUIDELINES ........................................................................... 48
APPENDIX B – UCC128 FORMAT AND GUIDELINES ....................................................................................... 49
Overview

The purpose of this document is to serve as an addendum to the Home Depot Supplier Reference Guide for vendors fulfilling orders through the YOW division of The Home Depot including the HomeDepot.Com, YOW Wholesale, and Retail Special Order channels. This handbook will assist vendors in meeting the Direct Fulfillment DC requirements and expectations regarding order fulfillment, packaging, labeling, transportation, and invoicing.

The business terms within this document applies to all suppliers doing business with Your Other Warehouse (YOW) and Homedepot.com. Throughout this document the business will be referred to as The Direct Fulfillment DC.

Direct Fulfillment suppliers are held accountable to The Home Depot Supplier Reference Guide and the Direct Fulfillment Supplier Handbook. Where the supplier handbook has a different requirement than stated in the Supplier Reference Guide suppliers will be held to the Direct Fulfillment Supplier Handbook requirement. It is therefore a requirement for suppliers to continuously review both the Supplier Reference Guide and the Supplier Handbook.

In some cases, suppliers may have to modify their processes, make system modifications, or purchase equipment to meet these guidelines.

From time to time, the information contained in this handbook may change as The Home Depot improves its business model. Suppliers will be given notice prior to new policies going into effect, so that they can make the appropriate operational and/or technical system changes to meet the new guidelines.

If questions arise that are not addressed by the Supplier Reference Guide and this document, please contact Direct Fulfillment – Channel Management at DF_Vendor_Support@homedepot.com.

Direct Fulfillment Distribution Center

The Direct Fulfillment DCs are created to stock and move products from our suppliers to our consumers more efficiently, and provide higher service levels. This network allows The Home Depot to support the continued growth of our homedepot.com and YOW wholesale business channels. Partnership with our suppliers is critical in ensuring products are received on time with the right quantity to fulfill customer orders.
1 Supplier Setup

1.1 Supplier Buyer Agreement (SBA)

The Supplier Buying Agreement (SBA) serves as the main legal agreement between the Supplier and The Home Depot. Once The Home Depot decides to do business with a Supplier, the Channel Management Team will send the Supplier an email requesting them to complete an SBA.

The email invitation contains step-by-step directions on the SBA submittal process. There are seven sections of the SBA document that suppliers should be prepared to complete: General information, Payment terms, Shipping terms, Banking Detail, Return terms, EBIX Insurance Approval, Contact information, W-9 tax information (domestic suppliers only) and Environmental Wood Data form (if applicable). The document must be completed, signed and returned to Channel Management within 10 business days. Once all documentation has been received and processed internally, a vendor number can be created. Only then will the supplier receive orders for product.

Channel Management is the primary source for information and support regarding the SBA process; please contact YOW_SBA@homedepot.com for any questions or concerns regarding the Direct Fulfillment DC SBA.

1.2 Insurance

1.2.1 Supplier Instructions

1. Provide your insurance agent/broker with The Home Depot, Inc. Insurance Approval Request Form.
2. Provide your agent/broker with the chart entitled Home Depot Insurance Requirements, which identifies the insurance limit required, based on the product being supplied.
3. Make sure that your agent follows instructions below in full when submitting for approval.
4. Complete the Insurance Approval Request Form in entirety. Please remember to list the required limit based on the product you will be supplying from the Home Depot Insurance Requirements chart.
5. Fax or email the Insurance Approval Request form and certificate of insurance to EBIX.
6. Provide your new EBIX number in addition to the Insurance Approval Request Form when submitting the SBA.

1.2.2 Agent Instructions

The Home Depot's Supplier Insurance Requirements:

1. Requirements must be completed in full to be submitted for approval.
2. All insurance must be written by a U.S. insurance company which is rated in the most recent edition of Best's Key Rating Guide (Property-Casualty International edition) as A-VIII or better
3. Supplier must provide a current Certificate of Insurance with the agent's signature.
4. The insured's name and address must be the same as the company executing the Supplier Buying Agreement (SBA). The same applies if a third party handles receivables.
5. Supplier must have a certificate of insurance that meets the following requirements:
   - Commercial general liability, insurance on an occurrence basis with per occurrence and general aggregate limits of not less than the US dollar amounts specified on the Home Depot Insurance Requirements chart.
   - Products-completed operations insurance on an occurrence basis with per occurrence and general aggregate limit of not less than the US dollar amount specified in the Home Depot Insurance Requirements Chart.
   - A Certificate that reflects a 30 days’ notice of cancellation.
   - An insurance policy that provides for filing of claims in the United States and for payment of claims in U.S. currency.
   - An insurance policy that permits legal service of process in the U.S. and U.S. law must apply to claims.
   - The Home Depot, Inc., its affiliates and subsidiaries, must be named as an additional insured.
     Attn: Supplier Insurance
     P.O. Box 12010-HD
     Hemet, CA, 92546-8010

Request that the agent/broker email or fax the Certificate of Insurance and the completed Insurance Approval Request form to the address or fax number on the form.

The Certificate will be reviewed for compliance with The Home Depot's insurance requirements. If approved, an EBIX approval letter with an approval number will be returned to Supplier. If not approved, a detailed list of the deficiencies will be returned to Supplier and the agent/broker. It should be noted that delays in this process may disqualify the supplier from this sourcing event.

A revised Certificate and the original deficiency notice should be sent back to The Home Depot.

Any questions regarding The Home Depot's requirements or clarification of deficiency notices should be referred to The Home Depot at 951-766-2210.

1.3 Insurance Coverage Option (Import Only)
If you are an import supplier, and are having difficulty meeting The Home Depot's insurance requirements or wish to have an alternative, you may contact Marsh, an insurance broker, by email (preferred method) at import.vendors@marsh.com, by telephone at 404-995-3174, by fax at 404-995-3175, or by mail at: Home Depot Foreign Vendors Program, Marsh USA Inc., 3560 Lenox Road, Atlanta, GA 30326.
1.4 Global Location Number
All suppliers are required to provide a valid GLN (Global Location Number) on their SBA. GLNs can be obtained through GS1, and must show active within their system to be considered valid. If the provided GLN is not valid, you will need to provide a new number or contact GS1 to resolve. http://www.gs1.org/

GLN information will be provided to the suppliers with the SBA document, to answer questions and provide further instruction.
2 Purchase Order Management

2.1 Purchase Order Confirmation

All fax purchase orders placed by The Direct Fulfillment DC must be confirmed within 24 hours of PO placement. A PO confirmation from the Supplier via email or fax is preferred as a form of reference. EDI PO must be acknowledged within 12 hours of receipt. Quantities ordered, SKU information and pricing must match exactly prior to shipments being made against a Purchase order. Product substitutions are not allowed without prior approval and all multi-boxed SKU’s must be listed as such on the supplier confirmation as well as the purchase order in order to be considered as approved for shipment. Any and all shipments that deviate from the original purchase order will result in an RGA request and possibly delayed payments.

Shipments made against a PO should match the PO exactly as it was originally ordered. Any deviation of product or quantities will not be accepted. If a substitute product or a replacement model is available and recommended for shipment, it must be APPROVED by the procurement team BEFORE it can be added to a PO or shipped. DFC reserves the right to return excess/overage to the supplier at the supplier’s expense.

2.2 Supplier Lead Times/ Turn Times

Supplier lead times are clearly defined in the Supplier Buying Agreement (SBA). Although the Direct Fulfillment DCs does accept backorders, Suppliers are expected to provide weekly updates as to the delay of any merchandise on order. Production or sourcing delays that could result in a large influx of inbound product must be communicated prior to shipments being made on any purchase order.

2.3 Special Orders

Contact your Merchant directly with any questions on special orders.

2.3.1 Direct Delivery to the Customer

Orders often require delivery of merchandise directly to customers. DFC expects the supplier to efficiently distribute compliant merchandise. The Merchant coordinates freight terms for special orders. The supplier can facilitate payment by including on relevant documents the following information: Customer’s name and address, The Home Depot Store #, and address, Purchase Order Number.
2.3.2 Ordering and Shipping Process

The cost of special orders must be confirmed at the time the order is placed to avoid any chargebacks. If a cost discrepancy occurs, or if a purchase order has no cost, suppliers must contact the DFC by the end of the business day following date of receipt of the special order to obtain a corrected hard copy of the purchase order, prior to shipping or invoicing. All special orders must be clearly labeled “Special Order” with the customer’s name for easy identification.

2.3.3 Special Order Backorder Policy

Backorders for Special Order merchandise will be accepted with the consent of an authorized representative of the DFC. If circumstances require that a purchase order be cancelled and a new purchase order issued, all supplier documentation must refer to the new purchase order number. Failure to do so may result in a delay in payment.

Procurement is the primary source for information and support regarding the purchase order process and maintenance; please contact YOW_Purchasing@homedepot.com for any questions or concerns.
3 Electronic Data Interchange (EDI)

3.1 Overview
The Home Depot uses electronic business interfaces to support business and supply chain initiatives with the supplier community. These consist of web-based and message-exchange based application interfaces.

The benefits of conducting business electronically, instead of manually faxing or mailing paper are lower costs from reduced manual data entry and postage costs, timeliness due to rapid exchange of business data, accurate information and audit trails of transactions, and flexibility of the technology. As we look for ways to drive down the cost of doing business, we are pleased to extend electronic trading programs to all of our business partners to gain efficiencies across the supply chain. There are 2 electronic trading exchanges in place:

- **EDI** - Electronic Data Interchange (EDI) is an exchange of business transactions utilizing a standard file format. EDI is The Home Depot preferred method for electronic exchanges of business transactions for suppliers. The Home Depot EDI program relies on the standards and conventions as developed by the American National Standards Institute (ANSI) that are common across the industry and used by most major retailers.

- **Web based Solution** – Allows suppliers the ability to trade business documents electronically via the Internet (via a secure web-based service called Sterling Web Forms). These solutions allow you to participate in the exchange of business transactions if you do not possess the technical or capital resources to purchase and support an EDI system.

3.2 Getting Started
3.2.1 Traditional EDI Solution

Home Depot and the Direct Fulfillment DC employ an online solution to certify new vendors on our EDI specs. All new vendors will receive an e-mail invitation to begin the onboarding program. The Home Depot expects all suppliers to be fully engaged and comply with the requirements of the Business to Business (B2B) electronic exchange program before receiving the first purchase order. Suppliers are required to visit the Direct Fulfillment DC page on HomeDepotLink for full details on the following requirements and testing guides:

- Review the requirements, and ensure compliance in all aspects, of the EDI Implementation Guide for the electronic program specific to your business relationship with The Home Depot.
- Setup and maintain an environment to facilitate electronic exchanges based on the appropriate governing standards body as specified in the EDI Implementation Guide. Establish and test the 3 Core required EDI documents (850, 856, 997)
- Maintain a transmission schedule to support the business as specified in the respective EDI Implementation Guide.
• Upon receipt of an electronic document from The Home Depot, transmit an electronic acknowledgement within the set time to support the business, as specified in the respective Implementation Guide(s). The electronic acknowledgement will certify and establish evidence that the electronic document has been properly received.
• Monitor the receipt of acknowledgements from The Home Depot for electronic documents sent by you and take prompt action to resolve issues relating to unacknowledged electronic transmissions.
• Maintain electronic document version numbers, which are compatible with The Home Depot’s implementation.

3.2.2 Web Based Solution

Vendors without in-house EDI capabilities can receive their POs using the web based solution. Vendors will receive an e-mail invitation to begin the EDI onboarding program. The vendor should comply with the invitation and specify that a web based solution is required. Once the vendor has made this need known they will be directed to the training program for the web based solution. The vendor will be required to receive POs and acknowledge each. Vendors will also need to provide a shipment notice using the web based solution.

3.3 EDI 850/Purchase Order

The Home Depot requires that all Purchase Orders be picked up within 12 hours after posting to the VAN.

3.4 856/Advance Ship Notice (ASN) Requirements

• One ASN is required per shipment
  ▪ If multiple loads are being shipped, then an ASN must be built for each shipment being sent
• Multiple Purchase Orders can be mapped per ASN for one location.
• ASN transactions are required for all orders
• The ASN shipment detail must match the physical shipment
• All ASN line #s must match original PO line #s

The ASN must include the following accurate information:
• Pro Bill #
- Bill of Lading Number
- Ship From
- Ship To
- DC Number
- Ship Date
- Purchase Order NO.
- UCC128 label barcode
- UPC
- Manufacturing Part Number
- SKU (YOW Item No)
- Shipped Quantity
- Unit Cost
- Line #

ASN shipped quantity must match PO order quantity.

ASN must be transmitted to the DFC as soon as the load leaves the vendor’s facility.

3.5 997/Functional Acknowledgement requirements

The 997 must be at Transaction Set Level (include the AK2 and AK5 segments).

Home Depot requires a 997 within 12 hours of receipt of all outbound documents.
4 Item Management

Vendors are required to utilize Item Data Management (IDM), an online tool for supplier partners to view, set up, and maintain product data for the Home Depot. Using IDM is required for all vendors (Store, Dotcom, Special Order YOW, etc.) and has no associated fees. Suppliers are required to enter and maintain complete and accurate product data which includes marketing data, product specifications, images, assets and supply chain data. This data may feed homedepot.com, support The Home Depot supply chain initiatives, feed the YOW catalogue business, and ultimately drive the new SKU setup process for merchandising.

The Home Depot and the DFC have data standards that ensure we provide the information customers need to guide their buying decisions and that the product presentation is consistent across each product category. Specific standards are defined for every category of product currently sold on homedepot.com and can be found on the main page of the IDM Vendor Portal.

Additional information on Item Data Management and Data Quality Compliance can be found on HomeDepotLink at Doing Business > Item Management > Item Data Management.

Contact information is sent to suppliers in a weekly newsletter and also posted on the IDM homepage. Click HERE for a complete list of helpful contacts.

- The preferred method of contact for suppliers is to use the “Submit Ticket” option in the IDM vendor portal under Menu
- Suppliers are able to chat with an IDM support representative Monday through Friday from 9am – 5pm EST by clicking the “Chat with Customer Service” button in the IDM vendor portal
- Suppliers can call IDM Support at 877-355-5839. There may be long wait times due to the high call volume
5 Compliance

Vendor compliance to THD requirements is critical in fulfilling customer orders on time. The Vendor Compliance Program measures supplier performance at points where vendors have complete control within the supply chain. Suppliers are expected to meet or exceed the established performance thresholds.

5.1 Vendor Compliance Program

- **ASN Timeliness** – ASNs must be transmitted and received into The Home Depot network before the shipment arrives at the DC.
- **ASN Accuracy** – SKU numbers and quantities should accurately reflect the actual received amounts on each shipment. Shortages, overages and substitutes will count against ASN accuracy.
- **Collect Shipment On Time**: Collect suppliers are expected to adhere to their Vendor Turn Time (VTT/Ship to Arrive) on all POs inbound into the DFC. Vendor Turn Time is measured from the date supplier receives the purchase order until the goods are shipped from the supplier’s facility.
- **Prepaid Shipment On Time**: Prepaid suppliers are expected to meet the lead times on all POs inbound into the DFC. Prepaid suppliers are expected to manage transportation points and methods to minimize transit time and delay in receipt of purchase orders.
- **Data Accuracy** – Suppliers must maintain and update data in the Item Data Management application. THD offers 3 business days to adjust any issues within the Item Data Management application. Ensure you are receiving the proper IDM email communications.
- **Fill Rate** – POs must be filled in its entirety
- **Transportation** - Measures proper usage of the Transportation Management System (TMS).
5.2 Supplier Scorecard Metrics

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<th>Threshold</th>
<th>Financial Offset</th>
<th>Calculation</th>
<th>Level</th>
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<td>ASN Timeliness</td>
<td>98%</td>
<td>Compliance in 2014</td>
<td>ASN on Time / Total ASN</td>
<td>Shipment</td>
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<tr>
<td>ASN Accuracy</td>
<td>98%</td>
<td>Compliance in 2014</td>
<td>Units Received / ASN Quantity</td>
<td>SKU</td>
</tr>
<tr>
<td>On-Time Shipping</td>
<td>90%</td>
<td>Compliance in 2014</td>
<td>Lines On Time / Total Lines</td>
<td>SKU</td>
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</table>

**Collect Compliance**
Collect = Measures PO Estimated Ship Date to product actual ship date

1. Enter a “Pickup Request Date” in TMS less than or equal to the Estimated Ship Date on the PO. Any change in the “Pickup Request Date” after initial RTS submission must be coordinated with your THD Transportation Planner. THD’s carriers will not adjust pickup dates without THD’s involvement.
2. Have the load ready for pickup when the carrier arrives.

**Prepaid Compliance**
Prepaid = PO Estimated Delivery Date to product arrival at a DF DC
- Each Prepaid Freight Term Shipment is considered on-time if the shipment arrives at THD DF DC on or before the “expected delivery date” on the PO
  - The timestamp when the trailer is checked in at the facility is used to determine the date the shipment arrived at the THD facility

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<thead>
<tr>
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<th>Threshold</th>
<th>Financial Offset</th>
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<tr>
<td>Fill Rate</td>
<td>98%</td>
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<td>Units Received / Units Ordered</td>
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<td>Data Quality</td>
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<td>Compliance in 2014</td>
<td># of issues not fixed in 3 days in IDM</td>
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A detailed definition compliance metrics, calculations are available in the [THD Supplier Reference Guide](#).
6 Domestic Merchandise – Transportation and Shipping Guidelines


Collect suppliers are expected to adhere to the routing guide. Failure to adhere to the routing guide could result in loss of business with The Home Depot, cancellation or renegotiation of the Supplier Buying Agreement, or financial penalties.

All purchase orders will indicate which of the DC locations the shipment should be made to. All shipments must be made via an approved Carrier by The Home Depot. For collect shipments, see www.routingguides.com/hd for the appropriate carriers to use according to your “ship from” location.

IMPORTANT: All inbound shipments to the DFCs are FOB Destination regardless of the freight term.

C.O.D. Shipments are not accepted.

6.1 Delivery Appointments

All carriers must make a delivery appointment at the Distribution Center. When making the delivery appointment, please have available the PO number and the size of the freight (whether full container/load or pallets). Freight arriving without a delivery appointment will not be accepted and a fee will be imposed.

- All trailers must have a scheduled or standing appointment with the DFC.
- Inbound drop trailers have 4 hours before a scheduled appointment time to deliver product. Arrival any time after the appointment time is considered late.
- Inbound “live” trailers have 30 minutes before a scheduled appointment time to deliver product. Arrival any time after the appointment time is considered late.
- If a trailer is going to be late, the driver must call the DFC and reschedule their appointment.
- If appointment times are not met, penalties may be imposed to cover additional labor and administrative costs.

NOTE: The DFC is NOT responsible for any redelivery or storage charges that may result from a carrier’s failure to follow this policy.
6.2 Freight Carrier Damage

Responsibility for freight claims filed with the carrier resulting from any merchandise damaged in transit to the Distribution Center (e.g., moisture damage, destroyed cartons, etc.) is the responsibility of the Supplier as all Suppliers are FOB Destination. FOB Destination terms mean the supplier owns the product until delivery. Therefore, the supplier should file the claim with the carrier for the value of the product that was lost or damaged.

6.3 Bill of Lading

Each shipment MUST have a VICS Bill of Lading (BOL). BOL must include a DFC Location Number

All truckload shipments (full trailer) must be sealed with the seal number listed on the bill of lading.

Refer to the Supplier Reference Guide section 6.1.2 for complete BOL requirements.

6.4 Collect Freight Billing

Our billing address for carrier invoices is as follows:

Your Other Warehouse  
c/o Tranzact Technologies  
W Butterfield Road, Suite 400  
Elmhurst, IL 60126-5015

6.5 Packing List

An Advance Shipping Notification is an EDI formatted notification (packing list) of pending inbound deliveries to The Home Depot.

All shipments (individual POs) MUST have a packing list (PL) that includes the following information:

- Your company’s name and address
- Date of shipment
- YOW 7 digit purchase order number
- YOW SKU number
- Vendor’s SKU/model number
- Quantity Shipped
- Carrier name
- Special instructions (if applicable)

The packing list must be in an element-safe pouch adhered to a carton (not attached to shrink wrap) marked “LEAD CARTON.” The lead carton must be easily noticed and available when opening the trailer. Information on the packing list must be consistent with the information provided on the bill of lading(s). Each purchase order must have a separate packing list.

Vendors with an incorrect or missing packing list may be charged to offset the additional labor to verify the contents.

6.6 Trailer Loading

Shipment into the DFC should maximize the cubic space of the truck either by weight or cube depending on the product.

All single-SKU pallets and their residual SKUs must be grouped together on the truck.

Do not load a SKU across multiple trailers unless the SKU quantity on the PO exceeds a truckload quantity.

POs must be grouped together on the trailer.

6.7 Transportation Management System (TMS)

TMS is a powerful tool that shipment planners, vendors, and carriers use to manage inbound transportation (vendor to The Home Depot facilities). The driving purpose behind the system is to optimize utilization of all fleet and carrier assets across the network. The system dynamically links all inbound and outbound movement to eliminate empty miles, reduce expense, and improve service, while utilizing a web-based user interface.

Refer to the Supplier Reference Guide for TMS requirements.
7 Logistics

7.1 Packaging Distribution Attributes

Packaging quality is an essential component to customer satisfaction for the DFC. Small parcel and less than truckload (LTL) shipping can present a severe hazard to products in transit. Proper packaging protection is required.

Suppliers are responsible for ensuring packaging design sufficiently protects product from damage during transit without requiring additional over-packing. Suppliers are subject to chargebacks in the event over-packing is required.

All products designed for the DFC must pass an ISTA 2 series test cycle at a minimum. ISTA 2 series tests must be completed by an ISTA 2 series certified laboratory. Suppliers must present ISTA certification before Purchase orders will be placed. Testing must include ISTA test (Drop & Vibration), Bursting Strength (for master carton), and Compression test (see below). Certified ISTA 2 series labs can be found at the ISTA web site, www.ista.org.

**Patio is an exception to the rule above. All Patio SKU’s must pass the following ISTA standards:**

### Patio Packaging Standards

<table>
<thead>
<tr>
<th>PRODUCTS COVERED</th>
<th>ISTA SERIES 1</th>
<th>ISTA SERIES 2</th>
<th>ISTA SERIES 3</th>
<th>BURSTING STRENGTH</th>
<th>COMPRESSION TEST PER ISTA SERIES 2</th>
<th>HORIZONTAL COMPRESSION (CLAMP) TEST (IF THE MASTER CARTON IS &gt; 75 LBS.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products containing: Glass, Tile and Nature Stone: includes all Patio Items</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>NOT REQUIRED</td>
</tr>
<tr>
<td>Products containing: Composite Materials Tables/Side tables</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>INCLUDED IN ISTA SERIES 2 TESTING</td>
<td>NOT REQUIRED</td>
</tr>
<tr>
<td>Products containing: Aluminum: Tables and Benches (not Chairs) Note that ISTA 3 may be required for some items due to RTV and damage issues with Aluminum – this requirement will be communicated by the DFC team)</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>NOT REQUIRED</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Swivel Chairs (must be packaged so that the base is suspended in the package – see item 5 below)</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>NOT REQUIRED</td>
</tr>
<tr>
<td>All Other Product: Standard/chairs/tables/benches...etc.</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>INCLUDED IN ISTA SERIES 2 TESTING</td>
<td>NOT REQUIRED</td>
</tr>
</tbody>
</table>

### 7.2 Special Product Package and Testing Requirements

**Swivel Chairs**
- Shipped assembled - must be suspended off the swivel base in the package to prevent damage to the swivel mechanism – this can be accomplished by adding an insert (corrugated or foam) to support the chair off the swivel base
- Shipped unassembled – Swivel Base must be packaged to ensure no weight will be applied to the swivel base mechanism during shipment or storage
- Base should be suspended in the package

**Tables/side tables with loose ceramic or stone tiles (any product where the tiles are not permanently attached)**
Tiles will not be shipped inset into the table (or product) but will be:
- Packaged in a separate carton within the master carton. Tiles will be properly blocked, braced, and the tile will be cushioned within that package (EPS foam pads) to ensure damage will not occur to tiles
- Packaged in a separate section within the package designed to accommodate and protect the tiles for shipment and handling (see below)
DFC: Aluminum tables and benches: ISTA 3 may be required for testing based on RTV and damage to product (or similar product) from previous years – The DFC team will provide requirements at time of test.
7.3 Pallet Construction Requirements

In addition to the Supplier Reference Guide pallet requirements, the DFC product shipped on a pallet will have a stack height less than 8 feet (including pallet height) to enable placement in racks.

7.4 Stretch Wrap and Banding

The DFC requires a clear stretch wrap for all wrapping.

A minimum of 4 bands must be used to secure product to the pallet; two across each lateral axis. The banding should not be the only source for closure for the package.

7.5 Labeling

All multi-unit master shipping containers being handled through the DFC are to include an i2of5 barcode utilizing a 14-digit data structure.

- The i2of5 is used for multi-unit master cartons only. The i2of5 must not be used on single unit cartons (for retail carton - the i2of5 must never be on the same carton as the UPC).
- Vendor must update IDM data when an update is made to their UPC or i2of5 or pack quantity.
- Any changes to an existing product barcode (UPC and ITF-14) or its quantity must be communicated to IDM prior to change.

7.6 Carton Labeling

7.6.1 Master Carton: Non-Set – Single Carton

- Single Unit Master Carton:
· **Multiple Unit Master Carton**: Contains two or more retail sales units
7.6.2 Multiple Cartons:
For Carton sets:
- Chair Carton (if used) – will always be Box 1 of 2 (to keep UPC placement consistent) for both Store SKU and YOW SKU – For multiple set cartons the UPC is only printed on Box 1 (never printed on Box 2 or Box 3 etc. – or may result in double/triple charge at register)
- Table Carton - will be Box 2 of 2 (when combined with a chair carton)
- Follow Guidelines of BRR (Big Red Rooster) Artwork

The DFC requires I2of5 for each set with multi boxes. Each carton within the set must have its own unique UPC code on each box.

Multiple Carton Sets will be marked as follows – (for example when you have a 2 carton set - Chairs and a Table)
- Example Below: Carton Sets - Box 1 of 2

- Example Below: Carton Sets - Box 2 of 2
7.6.3 USA - YOW & STORE SKU’s (THD SKU) – If the carton would be used for both the DFC and Store SKU’s – must include:
- STORE SKU (THD SKU)
- YOW SKU
- 9 Digit OMS ID

Below example of Multi Retail Unit Master Shipper

7.6.4 USA - YOW ONLY SKU’s
- BMC Marking - typically applied to the bottom panel (Flaps)
- Apply Master Carton Markings (Label)
  - Department
  - Up Arrow
  - YOW SKU
  - Internet Number (9 digit OMS ID)
  - Description
  - PO Number (can be printed one panel or all 4 panels – PO Number can be applied with label)
  - Pack Quantity
  - Case wt.
  - UPC (Carton 1 only for multiple carton set – this will be the Chair Carton if chairs are included in the set – go by artwork provided by BRR)
  - I2 of 5 (ITF-14) is used for cartons with pack > 1
  - Box X of X (Box 1 of 2 or Box 2 of 2...)
  - BMC (Box Manufacturers Certificate) Outer Bottom Flap or Panel

All Printing color must be Black

7.6.5 SKU Barcode
Barcode for YOW is the Home Depot SKU in barcode format only (example below)
  - Includes SKU BARCODE in printed format at top
  - Includes SKU Number in printed format (numbers) at bottom (6 digit or 10 digit SKU - will be assigned by Home Depot)

  - Location as shown (Top - per arrow orientation)

7.6.6 Corrugated Requirements
Material: Corrugated Kraft
  - Material selection appropriate for product weight/package size to ensure no deformation/tears/bulging occurs (comply with Rule 41 found in the National Motor Freight Classification for size and weight of the package) or as approved and passed at Pre Purchase Testing (PPT).
  - or as passed and approved at PPT testing
7.6.7 Litho Labels: Artwork as provided by BRR
Litho Label Placement as instructed by BRR (Big Red Rooster) and provided artwork

Spot Label - PS Label
- 80gsm Minimum Thickness White Poster Paper - Material thickness to be appropriate to ensure no deformation/tears/bubbles/folds/sagging occur – properly positioned/placed to ensure in-line with POG requirements
- Supplier verify size to ensure proper fit on dieline
- Ensure permanent adhesive used - so label does not lift at the corners and edges – properly secured all places

7.6.8 Product Changes
No changes to the product or package can be made after PPT closes without submission of an ECN (Engineering Change Notice) to update the IR – Otherwise PSI will fail

ECN (Engineering Change Notice)
(Imports and Home Depot Proprietary Branded items – does not apply to domestic national brands)

- Any change made to the structural, design, graphics, verbiage, and/or material composition of a package (and/or product) requires an ECN to be filed for prior approval. No changes may be made and IR will not be updated without an ECN submission and approval.
- ECN Submittal Procedure (note that no login is needed):
  - ECN Home Page:
    http://www.formrouter.net/engineeringchange@THD/default2.asp
FAQ’s - Frequently Asked Questions (For questions regarding the ECN submission and form)
http://www.formrouter.net/engineeringchange@THD/faq.asp

ECN Form: Select when ready to complete the form:
http://www.formrouter.net/engineeringchange@THD/EngineeringChangeNoticeFormNew.pdf

Refer to The Supplier Reference Guide on the HomeDepotLink for a complete list of packaging and labeling requirement.

7.7 Damaged or Defective Merchandise upon Receipt

The DFC policy for all merchandise that is deemed non-saleable is that it be returned to the supplier via a requested RGA. Suppliers are required to fully inspect and correct the faults identified during the inspection procedure. The cost of returning the goods and any expenses relating to the repair of the product will be the supplier’s responsibility. The product will be received at the DFC and a payment will be processed as normal. The DFC will then expect a credit to be issued for use as a deduction from a future payment. Supplier will immediately be notified of any rejected shipments or product via e-mail.

An RGA must be issued within 48 hours of this notification. If supplier does not provide the Return Authorization Number necessary to process the shipment, the merchandise will be destroyed and the entire cost deducted from the payment. In addition, any labor and administrative costs incurred by the DFC Operations will be debited back to the supplier.

Only when we deem it necessary will the DFC return an entire shipment to supplier. When this does occur, supplier will be notified prior to refusal of any / all shipments. Any labor, repackaging and administrative costs will be the responsibility of the supplier and the supplier will be notified of the cost involved.

7.8 Incorrect Product Received

Any merchandise sent to the DFC not on the purchase order is subject to return to the supplier at the supplier’s expense. Shipments should match the PO exactly. Any deviation will not be accepted. If a substitute needs to be made to a product or a replacement model is available, it must be approved by the purchasing agent BEFORE it can be shipped. If the DC receives the incorrect product, the supplier(s) will be notified of the receipt of incorrect product and asked to determine disposition within 48 hours. It is the supplier’s responsibility to arrange the return of the product and assume both inbound and
outbound freight costs. Merchandise that cannot be returned, for any reason, will be immediately destroyed and charged back to the vendor.

### 7.9 Product Rework

The DFC reserves the right to charge back the vendor for all product reworks. This would include, but not limited to, the following:

- Unreadable/unscannable UPC codes
- Carton Damage
- Improperly packed product
- Missing/Defective parts

The DFC will also charge the supplier back for each instance where the DC must use extra labor to resolve inbound shipping issues to get product stocked.

### 7.10 Return Authorizations: Customer Returns to the DFC

The layout of our Distribution Centers is designed to move merchandise in and out as quickly as possible and with the least amount of handling. This policy applies to customer returns where the product was not packaged sufficiently to withstand shipment from the DFC to the customer and back to our DC, or where merchandise defects are discovered. Our policy covers all merchandise with manufacturing defects, whether discovered upon initial quality assurance inspection or when returned by the customer.

The DFC offers two options for processing merchandise returned by the customer. Defective returns will be processed according to the terms in the SBA.

1. Suppliers with a United States presence can give the DFC a standing Return Authorization or a return authorization must be provided within 10 business days of request. All returned merchandise will be sent back to the supplier based on negotiated SBA terms
2. Suppliers may also allow the DFC to take a 100% credit for the damaged/defective returned merchandise and the DFC will dispose of the merchandise per the supplier’s instructions.
3. Suppliers are welcome to contact independent inspectors, if desired. This inspector, which will be at the supplier’s cost, must contact the Distribution Center for an appointment and must be procured in a timely manner, so as to least disrupt the efficiency of the returns processing system.

**IMPORTANT:** Do NOT ship replacement merchandise. If replacements are needed, you will be issued a new purchase order. A credit for the return will be taken from your next payment.
**IMPORTANT:** Product with insufficient “not like new” packaging will be returned to the vendor and processed according to the RTV terms of the SBA. All return merchandise of this nature will be sent back to the supplier with freight costs at the expense of the DFC. In some cases, restocking fees may apply (as agreed upon with the Merchant).

### 7.11 Distribution Centers and Facility Information

<table>
<thead>
<tr>
<th>Branch Name</th>
<th>Address</th>
<th>Contact Information</th>
<th>Hours of Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch 50 – Hagerstown</td>
<td>16500 Hunters Green Parkway Hagerstown, MD 21740</td>
<td>Email: <a href="mailto:YOW_Rec50@homedepot.com">YOW_Rec50@homedepot.com</a></td>
<td>Mon – Fri: 5am - 1:30pm</td>
</tr>
<tr>
<td>Branch 44 – Ontario</td>
<td>5450 E Francis St Ontario, CA 91761</td>
<td>Email: <a href="mailto:Candace_Maciel@homedepot.com">Candace_Maciel@homedepot.com</a></td>
<td>Mon-Fri 8am-2pm</td>
</tr>
<tr>
<td>Branch 47 - Perris</td>
<td>350 West Markham St. Perris, CA 92571</td>
<td>Email: NA</td>
<td>NA</td>
</tr>
<tr>
<td>Branch 77 – Locust Grove</td>
<td>2500 Highway 155 South Locust Grove, GA 30248</td>
<td>Email: NA</td>
<td>NA</td>
</tr>
</tbody>
</table>
8 Finance & Accounting: Domestic Merchandise Payables

8.1 Invoicing Requirements
Your Other Warehouse requires all merchandise suppliers to submit invoices electronically. Electronic invoices can be submitted via EDI, or through an E-Invoicing alternative (only for vendors without EDI capability).

Suppliers requesting to onboard to an electronic invoicing method should submit an AP-type “Contact Us” inquiry (reference Section 8.3) to be routed to the YOW EDI Onboarding Team.

8.2 YOW Portal Requirement
Suppliers must register and login to the YOW Merchandise Payables Supplier Self Service Portal at https://my.directcommerce.com/Login.jsp?customer=yow. Refer to the section below for the Registration Process.

Registration Instructions:
1. Copy the hyperlink above into your web browser.
2. Click the link under “Not Registered?”
3. Enter the information for an invoice paid within the last 12 months (vendor number, vendor name, PO#, invoice number (exactly as shown on a past remittance advice), and invoice date (mm/dd/yyyy format).
   *If you do not know your YOW AP vendor number (as found on your YOW remittance), leave it blank.
   **If you do not have a paid invoice, you can also enter future-due invoice.
4. Enter your contact information.
5. Click “Submit.”
6. Once you have successfully registered, the portal will show a successful registration screen and a welcome email will be sent to the email address you provided, with your login ID and temporary password.
   *Ensure that you check your spam/junk folder for the welcome email.
7. Login to the portal using your new credentials.
   *Ensure that you check your spam/junk folder for the welcome email.
8. Login to the portal using your new credentials.
9. Under the “Help” tab located in the upper right corner and through the “Contact Us” link, you can locate the FAQs. Read the complete FAQs, as they provide guidance on most common AP issues. A Quick Start Guide is provided upon successful registration.

The features listed below will be available within the YOW Merchandise Payables Supplier Self Service Portal:
- Unlimited access at no cost
- View details of paid invoices (including check number and date)
- View open invoices (cash requirements)
- View return debit details
- View invoice debit details (shortage, pricing, etc.)
- View Accounting debit details (rebates, co-ops, etc.)
- Submit AP inquiries through “Contact Us” feature
- Remittance Advice
- Important communications from the DFC AP team via “Supplier Alerts”

8.3 “Contact Us” Feature

Contact Us – The online assistance feature, “Contact Us,” located on the YOW Merchandise Payables Supplier Self Service Portal, is the REQUIRED method of communication with the Your Other Warehouse Accounts Payable team. Log into the YOW Merchandise Payables Supplier Self Service Portal and from the “Activity Center,” click on the “Contact Us” link.

Review ALL of the FAQs to determine if your question can be resolved by reviewing previously asked questions and answers. The FAQs provide guidance on most AP inquiries, disputes, and issues you will encounter.

You can also contact other departments from within the DFC Merchandise Payables Supplier Self Service Portal, such as Control Services (i.e. vendor set up/maintenance) and Accounting (i.e. rebate, co-op, etc.).
8.4 Identifying Deductions & Appropriate “Contact Us” Path

AP-Type Inquiries: Initiate disputes for off-invoice deductions and general questions
Off-Invoice Deduction Format:
DM (Invoice #)
Ex. DM123456

Return-Type Inquiries: Initiate disputes for return deductions
Return Deduction Format:
DM (Location #)-(Seven Digit Return #)
Ex. DM50-0456789

Accounting-Type Inquiries: Questions and disputes regarding Co-Op, Rebate, Do-Dad, Incentive, etc. deductions/agreements
With rare exception, these deductions will have the prefix “DM55.”
Accounting Deduction Format:
DM55-(Auto-Generated #)
Ex. DM55-12345

Audit Claim Inquiries: Questions regarding Audit Claims
Audit Deduction Format:
A (Eight Digit Number #)
Ex. A12345678
RECOVERY_AUDIT@homedepot.com

8.5 Pallet Charges

If a supplier charges for pallets, the price and details must be negotiated with the appropriate DFC merchandising contact. If pallet charges have been negotiated, they must be listed on the invoice as a separate summary line item.

8.6 Receiving/Payment Based on Tender Type

It is the DFC’s policy to receive merchandise as stated on the bill of lading/delivery receipt (pieces, cartons, racks, bundles, or pallets). The bill of lading/delivery receipt must detail multiple tender types. If the DFC is tendered cartons and signs the carrier’s delivery receipt as the stated number of cartons received, any piece shortages will be charged back to the supplier as concealed. If the DFC is tendered pallets and signs the carrier’s delivery receipt as the stated number of pallets received, any piece or
carton shortages will be charged back to the supplier as concealed. Boxes shipped via small parcel delivery are treated as carton tendered.

8.7 Payment Terms

Payment Terms as negotiated on the Corporate Form of the Supplier Buying Agreement will define when the, EFT (ACH) or paper check will be released for payment. Example: negotiated payable days + delivery date = payment due date.

8.8 Reconciliation: Critical First Steps - Listed in Order of Importance

- **Post payment remittance timely.** It is not efficient to follow up on invoices too proactively. Allow at least 7-14 days from your invoice due date for an invoice to appear on a remittance. Lead times could impact due dates.

- **View open items** (Cash Requirements report) from the YOW Merchandise Payables Supplier Self Service Portal. This report will provide visibility to invoices successfully processed and scheduled for payment on a future due date. Reconcile your open AR. Ensure that you have reduced your open AR by reconciling paid and scheduled invoices.

- **Reconcile your open AR.** Ensure that you have reduced your open AR by reconciling paid and scheduled invoices. View details of paid invoices on the YOW Merchandise Payables Supplier Self Service Portal.

**Review invoice chargebacks.** The DFC may take a deduction against a paid invoice. Reasons for the deductions are discrepancies between the invoice and Your Other Warehouse’s PO, as it relates to price, terms, or conditions, as agreed upon in writing by the Merchant or in the Supplier Buying Agreement. Discrepancies between invoiced quantities and the DFC’s received quantities may also result in a chargeback. Procedures for account reconciliation are to be followed for any disputed chargebacks.

8.8.1 Timely Submittal of Disputes

It is the DFC’s policy to resolve all open invoices and discrepancies within twelve months for FOB destinations shipments and seven months for FOB origin shipments. Timely identification of disputed items is required and strictly enforced to ensure optimal efficiency and effectiveness in the account reconciliation process. The DFC will only address disputed items that are submitted with the 12 month timeframe.
In the event that an invoice is not paid, suppliers must submit the past due invoice to Your Other Warehouse AP (EDI or E-Invoicing). Notify the Your Other Warehouse AP through the “Contact Us” feature if you have submitted the past due invoice and it is still unpaid after allowing approximately two weeks from date of receipt by the Your Other Warehouse AP.

Any disputes for short payments must be initiated (documented) through the “Contact Us” feature. The timeline for submitting reconciling items is based on shipping, invoice, or deduction date, whichever is later. Off-invoice deductions for pricing, shortages, or freight should be submitted as AP-type inquiries. Return deductions should be submitted as Return-type inquiries.

8.8.1.1 Dispute Resolution Timeframe

Please allow two business days for disputed items to be resolved. If additional time is needed to research your request that will extend beyond two business days, you will be provided with an ETA date for resolution. Any deviation from the dispute procedures will result in delays in processing time and/or denial of payment. If the documentation provided is inconclusive to support payment, the DFC may deny payment and/or request additional supporting documentation which may need to be submitted.

8.8.2 Root Cause Analysis

As disputed items are identified, it is important that suppliers use all available information to identify the root cause of the issue. Timely identification of the root cause is required to ensure optimal efficiency and effectiveness in the ongoing payment process and the supplier’s receivable process. If your company is finding itself frequently contacting the Your Other Warehouse to dispute payment issues, please spend time to track trends and identify root causes. The AP department is happy to partner with suppliers to help rectify reoccurring issues.

Review all SBA Change Forms, and other merchandising agreements, for contractual deductions with your Sales Department.

Once the disputed item(s) has been identified and root cause analysis performed, steps towards resolving the issue must be taken. Repayments for issues identified as supplier error will not be addressed until the root cause has been corrected.

8.8.3 Shortage Discrepancies

Shortage chargebacks can be found on the YOW Merchandise Payables Self Service Portal.

Note: If the FOB point is destination, it is the supplier’s responsibility to file the claim with the carrier. The DFC files claims on origin shipments only.
Supplemental documentation supporting pieces tendered such as packing list, bill of lading, pick ticket, etc., showing the carton count and repacks, may be requested. The documents can be attached when the AP team replies back to your initial “Contact Us” inquiry/dispute.

**Note:** Disputed items must not be submitted for shortages considered concealed as defined in 8.6 Receiving/Payment Based on Tender Type.

### 8.8.3.1 Shipping Errors

It is the DFC’s policy to not pay for supplier shipping errors resulting in duplicate shipments, shipments of quantities greater than ordered, and mis-shipments.

### 8.8.4 Purchase Order Accuracy

Purchase orders should be reviewed for accuracy in vendor, cost, freight terms, unit of measure, etc., prior to shipment. If a discrepancy occurs, suppliers must contact 
YOW_Pricing_Team@homedepot.com within ONE (1) business day following date of receipt of the purchase order to obtain a corrected copy prior to shipping or invoicing. Successful fulfillment of a purchase order constitutes acceptance of all terms thereof.

### 8.8.5 Special Order Pricing Discrepancies

To eliminate special order pricing chargebacks, resolve cost discrepancies prior to fulfilling the PO. Request a revised copy of the corrected PO be provided to you. Contact YOW_Pricing_Team@homedepot.com within ONE (1) business day following date of receipt of the purchase order to obtain a corrected copy prior to shipping or invoicing. Lack of verification of cost changes could result in pricing chargebacks.

### 8.8.6 Stock Merchandise Pricing Discrepancies

Once a quarter, or when a cost change has been executed, contact your Merchant or Merchant Assistant to obtain an updated price listing to ensure that the DFC’s cost align with the your cost. This action will synchronize cost, SKU, part number, UPC, and pack size for your company and YOW, thereby eliminating the instance of cost discrepancies, requiring research, and follow-up.
Review the report with your Sales Department to ensure all details, such as pack size and cost, are accurate. Communicate any discrepancies to your Merchant or Merchant Assistant.

Data accuracy is a key component to timely and accurate payments.

Since cost discrepancies usually affect large numbers of invoices, follow the guidelines below:

- Provide ONE example of the issue via an AP-type “Contact Us” inquiry and the AP team will provide the supplier with instructions to handle, on a case-by-case basis.
- A spreadsheet may be requested.
- The Merchant and YOW_Pricing_Team@homedepot.com will be engaged for any corrective action and acknowledgement.

8.8.7 Freight

Freight will be charged back if the terms of the purchase order are prepaid or collect and freight charges are billed on the invoice. Ensure the terms of the purchase order and the SBA are reviewed prior to submitting a dispute via “Contact Us.”

8.9 Audit Policy and Monthly Statements

Audit Policy – The DFC reserves the right to review all payable and receivable transactions for accuracy. The DFC reserves the right to deduct any overpayments or under-deductions from payments to suppliers. While it is the DFC’s intent to complete such reviews in a timely manner, it reserves the right to address historical issues that is deems material.

Monthly Statements – The DFC requires that a monthly statement be sent to include details as follows:

Send to: StatementAcctReviews@HomeDepot.com or,

The Home Depot
ATTN: Statement Audit - B10
2455 Paces Ferry Rd
Atlanta, GA 30339

- Send an electronic or paper report with all open items including: Invoices, Debits, Credits, Over payments, Unapplied Cash, etc.
8.10  Freight Claims

All values should be in U.S. Dollars. Claims for shortage and damage are handled as follows:

Free on Board (FOB) destination claims are filed by the supplier.

Free on Board (FOB) origin claims are filed by the DFC. FOB origin full open invoices and partial shipment chargeback repay requests must be submitted within seven (7) months of shipment to provide the DFCs adequate time to file a carrier claim. Requests not submitted timely will not be addressed.

8.11  Return Best Practices

- Follow signed Return Agreement terms.
- Disclose valid Return Goods Authorization (RGA) sequence identifiers for returns.

8.11.1 No Return Option (Previously “Destroy in Field”)

Suppliers agree they do not want return merchandise returned to their designated return locations, and the DFC will determine how the merchandise is handled. The DFC will choose the method of disposal including selling the merchandise for salvage on the secondary market, recycling the merchandise, or simply disposing of the merchandise. Any costs incurred through the handling or disposing of HAZMAT merchandise will be passed on to the Supplier.

8.11.2 RGAs and Inspections

Defective reason codes are defined within the reason code captured at the DFC. These reason codes defined as defective are as follows: Manufacturer Defect, Missing Parts, and Safety Recall.

The DFC’s satisfaction guarantee is over 90 day timeframe from date of purchase. When a purchase date within 90 days +30 days transport is available full credit will be issued on the product.

If a supplier has been previously approved for an inspect policy, inspections must be completed within five (5) business days from the time of request, otherwise items will be processed for credit and disputes will be denied. As of 5/1/2013 no additional inspect vendor policies will be approved.
RGAs and Inspections will not be allowed on return policies where the designated freight method is Supplier Truck and pickups are made at the warehouse.

8.11.3 Restock Fees

It is the DFC’s policy not to pay restocking charges for customer errors unless negotiated with the Merchant. Restocking fees are never applicable to mis-shipments or defective product. Any applicable restocking charges will be applied in the Account Payables system based on the negotiated agreement. Associates at the warehouse do not have the ability to negotiate or enter restocking charges into system.

By accepting a Purchase Order, supplier acknowledges that some product defects cannot be detected until the product is installed by a customer.

8.11.4 Freight Charges

Supplier is responsible for both the gross cost of merchandise and all freight charges. Please note that Collect, Prepaid & Add, and Supplier Truck are the only return freight options available for shipments from the DFC back to the supplier. If you chose Prepaid & Add, small package shipments will be returned via the DFC’s core carriers chosen by the state-to-state routing guide. Collect freight terms gives you the option to choose your carriers. If you do not specify a carrier, then the system will use the same carrier selection criteria as Prepaid & Add shipments. All return freight terms are Destination.

8.11.5 Acceptance and Agreement

Supplier shall acknowledge the terms of the Return SBA. By submitting this Return Agreement, Supplier acknowledges and agrees that: (a) the terms and conditions of Supplier’s Return Agreement are incorporated herein by reference.

8.12 Return Dispute Process

Return Deductions can be viewed on the YOW Merchandise Payables Supplier Self Service Portal in under Debits/Credits.

Return disputes must be initiated through a Return-type “Contact Us” inquiry through the YOW Merchandise Payables Supplier Self Service Portal.
8.13 Credit Submission

Credits for agreements including, but not limited to, rebates, co-ops, do-dads, volume incentives, MET, and miscellaneous trade should be submitted directly to your Merchant.
9 Import Invoicing Requirement

9.1 Open Account

Open Account Electronic Payment (OA) enables the following supplier benefits:

- A fixed handling charge instead of a number of different charges (e.g., checking fee, reimbursement charges, etc.)
- Allows suppliers to present invoices in any combination
- Funds are available in the supplier's account on the due date
- Open Account is a value for the majority of suppliers and should result in fee and administrative savings
- Open Account is widely used for international financial transactions
- Bank allow for the supplier to send their documents through secure email

9.1.1 Bank Selection

Bank of America is the designated bank partner for Your Other Warehouse. There is no requirement to have bank account setup with BOA.

Contact bank representative below for a welcome package detailing the payment request process. All invoice documents are sent to the bank for processing. Your funds are electronically sent to your bank account specified in your transmittal form based on your payment terms.

Bank Contacts

Bank of America
Xinwei Wang 617-434-0807 xinwei.wang@baml.com
Candace Babiarz 570-330-4878 candace.babiarz@baml.com

9.1.2 Documentation Required for Open Account

Documents required for payment request (for details, please refer to Bank Doc Check Requirement attached):

1. Copy of Open Account Presentation Cover Letter
2. Copy of PO(s) issued by Your Other Warehouse
3. Signed Original Commercial Invoice; One Purchase Order per commercial invoice
4. Packing List (one purchase order per packing list)
5. Original Freight Forwarder’s Cargo Receipt or Air Way Bill or Truck bill of Lading

OA Cover Letter
YOW HD DOCS CHECKING REQUIREMENTS
9.1.3 Payment Term

Payment Term starts from a clean presentation received by bank. For example, if your payment term is 1% 60 days sight. Your term will start counting when bank receives your clean presentation, even though you may have shipped the merchandise 30 days earlier before your presentation. In order for your payment to be paid as soon as possible within your term, we prefer that required documents forwarded for payment request be sent by air courier or method specified by each bank. Regardless of your payment terms, please submit your required documents to the bank for processing as soon as you receive your FCR (Forwarder’s Cargo Receipt).

9.2 Discounts or Deductions

Trade Discount, Defective Allowance and Special Discount
The negotiated discounts are deducted from the total gross merchandise amount and must not be netted in the cost of each item. These must be shown as separate line items.

9.2.1 Cash Discount

Bank of America is the designated bank partner for Your Other Warehouse. There is no requirement to have bank account setup with BOA.

Contact bank representative below for a welcome package detailing the payment request process. All invoice documents are sent to the bank for processing. Your funds are electronically sent to your bank account specified in your transmittal form based on your pay terms.

9.2.2 DISC (Direct Import Supplier Compliance)

DISC deductions will be shown on your FCR and should not be reflected on your invoice. Your payments will be reduced by any amounts listed on the FCR by the bank and payment team. For any other DISC related questions, please refer to the DISC policy under Business Operation tab, Transportation & Logistics\ International Logistics and under the related content section, click on Supplier Reference Guide, pg. 23.
9.2.3 Chargeback

Deductions related to VRs (Vendor Returns), Co-Op and Rebates, Shortages, SER, and etc., will be deducted from your bank payments. The deduction amount will not be in excess of 95% of the total invoice at any given point in time.

Any questions related to the deductions, please contact following responsible party:

- Vendor Returns inquiry, Co-Op and Rebates inquiry contact your Merchant
- Shortages inquiry contact your Procurement Assistant
- Social Environmental Responsibility (SER) deduction – SER.Team@homedepot.com

9.3 Commercial Invoice Specifications

The Commercial Invoice must:

- Be in English (including all attachments)
- Invoice vendor name should be the same name as Purchase Order’s vendor name
- The invoice used for the customs clearance must be a duplicate of the invoice presented for payment.
- One Purchase Order number Per commercial invoice
- Not be a Pro-Forma invoice
- State the Incoterm and payment terms negotiated, which must match those shown on the purchase order
- State all negotiated discounts (e.g., cash, trade, defective allowance or other special discount) by type of discount and percentage. The dollar amount to be deducted must be shown as separated line item deduction
- State the YOW SKU number, corresponding manufacturer model/item number and a complete and accurate description of the goods
- State the currency of settlement and unit of measurement per negotiated unit costs, extended costs, exact quantities shipped as shown on the purchase order, and any assists provided by the DFC at free or reduced cost
- State details of the goods shipped, so that it is clearly stated which SKUs and the quantities shipped in a container and are for which purchase order. The POs should be shown in ascending order, with its associated container number. All SKUs shipped in that container/PO number combination must be shown underneath the container number in ascending order
- State manufacturer’s name, address and phone number. If the supplier is the actual manufacturer, invoice must state, ‘We certify that we are the original manufacturer of these goods.’ If subcontractor is used, state the name of the subcontractor
- State a breakdown by weight, value, or other necessary measurement of each component material per item (amount and percentage)
- State the country(s) of origin per U.S. Customs Regulations (per each item if various countries of origin apply)
- Confirm by including the statement, “Any solid wood packing materials are totally free of bark, and apparently free from live pests. Any solid wood packing material, if used with USDA regulated product, meets the importation requirements of the regulated article.” U.S. Customs may have other specific requirements for certain articles shipped to the United States.

9.3.1 Commercial Invoice Example
9.4 Vendor Address Change Request

To make changes to your remittance address or Accounts Receivable information, please follow the instructions at http://www.formrouter.net/finance%40THD/yow/

9.5 Payment Inquiry and dispute Resolution

All vendors are paid according to their non-discrepant invoices that they present via the bank. If there are no deductions taken, the vendor is paid in full according to their negotiated pay terms. The vendor can obtain information on their invoice number and due date of any particular invoice through their banking partner. For invoice and check process status, Email to YOW_ImportInquiry@homedepot.com

International Payables handles all payable functions for Import merchandise and third party service payments. Possible reasons for deductions are discrepancies between invoiced amount and The YOW price, terms, or conditions agreed upon in the Supplier Buying Agreement, or discrepancies between invoiced quantities and the DFC received quantities. Also, other miscellaneous deductions for additional costs the DFC incurs due to Supplier errors, delay in production, or delay of agreed upon shipment dates.

- Suppliers should submit the dispute within 180 days from shipment, invoice or deduction date, whichever is later. Disputes submitted after 180 days will not be addressed. Please email all import payment questions to: YOW_ImportInquiry@homedepot.com
- Timely identification of reconciling items are required and strictly enforced to ensure optimal efficiency and effectiveness in the account reconciliation process for the DFC

9.6 Shipment Discrepancies

Shipment discrepancies are discovered at the time of merchandise receipt. The vendor generally gets paid on the merchandise receipt. If the shortage or damage is discovered in the shipment, the payment will be adjusted against responsible party involved in the shipment of the merchandise from the Vendor’s facility to a Distribution facility. If the payments were paid before merchandise receipt, a chargeback will be processed; the decision is dependent on the type of shipment and the information gathered from all the parties involved.
9.7 Import Service Providers Payment Process

International Payables handles all payable functions for Import-related third party service payments. All of the payments are processed from files approved by International Logistic team or assigned agent.

Invoice files received in certain formats and paid out based on payment terms. Either a paper check or direct deposit is available as the payment method. All service providers should send aging statement monthly to YOW_ImportInquiry@homedepot.com
## APPENDIX A – UCC128 Label Format and Guidelines

<table>
<thead>
<tr>
<th>Zone A</th>
<th>Zone B</th>
<th>Zone C</th>
<th>Zone D</th>
<th>Zone E</th>
<th>Zone F</th>
<th>Zone G</th>
<th>Zone H</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>From:</strong></td>
<td><strong>To:</strong></td>
<td><strong>Carrier:</strong></td>
<td><strong>Store #:</strong></td>
<td><strong>PO:</strong></td>
<td><strong>Pallet No.:</strong></td>
<td><strong>No. of Cartons:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Title:</strong> Ship From</td>
<td><strong>Title:</strong> Ship To</td>
<td><strong>Title:</strong> Carrier</td>
<td><strong>Title:</strong> Store #</td>
<td><strong>Title:</strong> PO</td>
<td><strong>Title:</strong> Pallet No.</td>
<td><strong>Title:</strong> Number of Cartons</td>
<td></td>
</tr>
<tr>
<td><strong>Block Height:</strong> 1&quot;</td>
<td><strong>Block Height:</strong> 2.5&quot;</td>
<td><strong>Block Height:</strong> 1&quot;</td>
<td><strong>Block Height:</strong> 1.5&quot;</td>
<td><strong>Block Height:</strong> 4&quot;</td>
<td><strong>Block Height:</strong> 1&quot;</td>
<td><strong>Block Height:</strong> 4&quot;</td>
<td></td>
</tr>
<tr>
<td><strong>Block Width:</strong> 1.5&quot;</td>
<td><strong>Block Width:</strong> 2.5&quot;</td>
<td><strong>Block Width:</strong> 2.5&quot;</td>
<td><strong>Block Width:</strong> 2.5&quot;</td>
<td><strong>Block Width:</strong> 1.5&quot;</td>
<td><strong>Block Width:</strong> 4&quot;</td>
<td><strong>Block Width:</strong> 4&quot;</td>
<td></td>
</tr>
<tr>
<td><strong>Date Content:</strong> Ship To name and address</td>
<td><strong>Date Content:</strong> Ship To name and address</td>
<td><strong>Date Content:</strong> Carrier</td>
<td><strong>Date Content:</strong> Store #</td>
<td><strong>Date Content:</strong> PO number</td>
<td><strong>Date Content:</strong> Pallet Number</td>
<td><strong>Date Content:</strong> Number of Cartons</td>
<td></td>
</tr>
<tr>
<td>Size: 4” x 6” Pressure sensitive, white label, black ink</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Zone A – Ship From
- **Title:** From
- **Block Height:** 1"
- **Block Width:** 1.5"
- **Date Content:** Ship To name and address

### Zone B – Ship To
- **Title:** To
- **Block Height:** 1"
- **Block Width:** 2.5"
- **Date Content:** Ship To name and address

### Zone C – Carrier
- **Title:** Carrier
- **Block Height:** 1"
- **Block Width:** 2.5"
- **PRO Number** (PRO#: x x x x x x x x x x)
- **SCAC BOL Number** (BOL#: x x x x x x x x x x)

### Zone D – Store Number
- **Title:** Store #
- **Block Height:** 1"
- **Block Width:** 1.5"
- This zone is not used for DFC shipments.

### Zone E – PO Number
- **Title:** PO
- **Block Height:** 1"
- **Block Width:** 4"
- **Date Content:** PO number

### Zone F – Pallet Number
- **Title:** Pallet No.
- **Block Height:** 1"
- **Block Width:** 2"
- **Date Content:** current pallet of total pallet

### Zone F – Number of Cartons
- **Title:** Number of Cartons
- **Block Height:** 1"
- **Block Width:** 2"
- **Date Content:** number of cartons on current pallet

### Zone H – Barcode ID, UCC-128
- **Title:** (None)
- **Block Height:** 2"
- **Block Width:** 4"
- **Date Content:** Serial Shipping Container Code Bar Code
- **Height:** min. 1.25” x Dim: min .02”-.025”
- **SSCC-18 Bar Code Structure (20 digits)**
  - Application Identifier = (00)
  - Positions of SSCC-18 bar code:
    - 1 = Extension Digit (0-9) Vendor Assign
    - 2 = 0
    - 3 thru 8 = 6-digit Mfg ID #
    - 9 thru 17 = 9 digit serial # - unique for 1 year
    - 18 = Check Digit
- **Quiet Zones = Minimum 10 times X Dimensions or 0.25”**
## APPENDIX B – UCC128 Format and Guidelines

### UCC128 Zone Guidelines

<table>
<thead>
<tr>
<th>Zone</th>
<th>Zone Description</th>
<th>DFC Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone A</td>
<td>Ship From Information</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Ship From Name</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Ship From Address</td>
<td>Required</td>
</tr>
<tr>
<td>Zone B</td>
<td>Ship To Information</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Ship to DFC #</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Ship To Address</td>
<td>Required</td>
</tr>
<tr>
<td>Zone C</td>
<td>Carrier / Load Information</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Carrier Name:</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>PRO #:</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>BOL #:</td>
<td>Required</td>
</tr>
<tr>
<td>Zone D</td>
<td>Store #</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Store #</td>
<td>N/A</td>
</tr>
<tr>
<td>Zone E</td>
<td>Purchase Order Information</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>PO #</td>
<td>Required</td>
</tr>
<tr>
<td>Zone F</td>
<td>Pallet Number</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>Pallet No:</td>
<td>Required</td>
</tr>
<tr>
<td>Zone G</td>
<td>Number of Cartons</td>
<td>Required</td>
</tr>
<tr>
<td>Zone H</td>
<td>Number of Cartons</td>
<td>Required</td>
</tr>
<tr>
<td></td>
<td>UCC128 / SSCC-18</td>
<td>Required</td>
</tr>
</tbody>
</table>

For more information on UCC/EAN-128 Labels and SSCC-18 barcodes visit [http://www.gs1us.org/](http://www.gs1us.org/).