

10.0 Electronic Data Interchange (EDI) Requirements

- 10.1 Overview -

The Company **requires** all vendors to exchange business documents via EDI. Exchanging documents electronically allows for efficient collaboration and introduces cost savings by eliminating manual intervention. The vendor can contact the Company in order to establish an EDI system for business-to-business communications. In some instances, specific vendors and/or merchandise types may be exempted from this requirement by the Company.

- 10.1.1 Setting Up EDI -

Vendors are asked to review the New Supplier Manual which details the EDI process and then contact Spice Technology Group (see Section 12) within 10 days of initial merchandise transaction by representatives of the Company and vendor personnel. This will ensure the EDI process begins without delay.

The Company will assist vendors in the development, testing, and transmission of EDI messages to and from the vendor and Company. Vendors in an EDI test status will process and ship Company merchandise using the hard copy PDF Purchase Order. After successful EDI certification, vendors will process and/or ship Company merchandise using EDI generated documents only (i.e. 850, 856, 860, etc.). The vendor is not to use faxed copies of the Company's PO for processing, routing, and shipping, merchandise. Vendors who do not use EDI documents once enabled will be subject to a per document chargeback for non-compliance.

- 10.1.2 EDI Transaction Sets -

The Company utilizes electronic data interchange ("EDI"), VICS X12 Format standard for the transmission and receipt of data using the following messages:

- 832 (Price/Sales Catalog) *
- 850 (Purchase Order)
- 856 (Shipment Notice/Manifest)
- 860 (Purchase Order Change Request – Buyer Initiated)
- 997 (Functional Acknowledgement)

* An alternative Price/Sales Catalog option is available for vendors who may not have an 832 catalog; refer to the New Supplier Manual for details.

The Company processes vendor transmissions once an hour, 24 hrs./day, 7 days/week. Vendor files are posted to the Company's merchandise system upon successful receipt and processing.

- 10.1.2 EDI Transaction Sets Continued -

Vendors receiving a failed transaction notification pertaining to an inbound message (i.e. 850, 860) will need to submit a request, via e-mail, to SPICE Technologies for re-transmission of the failed file within 24 business hours of the notification. If the failure concerns an outbound message (i.e. 856, 997) to the Company, please resend all new transmissions using a new Interchange Control Header ("ISA") number for the failed file. Message receipt failure notifications are transmitted via the 997 messages with rejected "R" status.

Going forward, additional EDI transaction messages will be included for exchange of information between the Company and its vendors. The following EDI transaction sets (not inclusive) are scheduled for development in the future: 810 (Invoice).

- 10.2 Electronic UPC Catalog (832) -

The Company will establish a UPC data trading relationship with all UPC enabled vendors. Once this relationship is established, all orders sourced by the Company's buyers are to be labeled with the vendor's UPC (e.g., UCC 12, EAN, or other approved format). Shipments delivered missing the vendor's UPC will be subject to chargebacks specified in Section 2 of this guide.

The Company DOES NOT use any UPC catalog service provider (i.e., GXS or QRS) to retrieve UPC codes for the entry, receipt, and processing of vendor merchandise.

All UPC data accessed by the Company must match item style descriptions contained on corresponding POs (hard copy PDF or electronic).

UPC enabled vendors are required to update their online UPC catalogs with all UPC codes related to PO items within 20 business days from receipt of the Company's Buy Template/Line Sheet (xls format). This information is used for entry of the vendor's item into the merchandise system and the completion of an approved PO. Items missing UPC codes and/or style, color, pack code information will delay the entry and transmission of a PO (EDI PO or hard copy) and will be subject to chargebacks specified in Section 2. Vendors requesting exemption from this requirement will need to contact the Company's Merchandise Operations Vendor Relations department (see Section 12).

Incorrect or missing UPC codes at time of delivery of merchandise to the Company's DC (NLS) are subject to chargebacks (per Section 2).

The Company follows the VICS industry standard requiring a 30-month waiting period for fashion merchandise before reuse of existing UPC product codes. Any questions or concerns regarding this requirement should be directed to the Company's Merchandise Operations Vendor Relations department (see Section 12).

- 10.3 Electronic PO (850) -

The Company uses an 850-transaction set for the processing, routing, and shipping of merchandise.

This message will not be generated until after receipt of the vendor's UPC (832) codes for corresponding PO items and entry into the Company's merchandise system. Missing or invalid UPC codes will delay the transmission of 850 messages.

Vendors are required to acknowledge the receipt of all 850 transmissions, within 72 business hours, through the use of the electronic Functional Acknowledgement message ("997"). Any 850 transmissions not acknowledged by the vendor within the time frame may be subject to chargebacks specified in Section 2.

The exact vendor style/color number and description contained in the 850 item data must be used when sending a corresponding 856 message to the Company.

UPC data contained in the 850/860 item data must be used when sending a corresponding 856 message to the Company. Any missing/incorrect data or style/color substitutions may be subject to chargeback per Section 2 of this Guide.

Once a vendor has been placed in a "production" status for the 850, processing, routing, and shipping of Company merchandise needs to be initiated using the 850. Vendors in a production status for the 850 messages are not to use copies of orders submitted via e-mail or fax unless approved by the Company. Any orders approved and submitted using one of the previously mentioned methods will need to be validated upon receipt of corresponding 850 messages.

- 10.4 Electronic Shipment Notice/Manifest – ASN (856) -

The Company uses an 856 transaction set for the receipt and processing of vendor merchandise.

Vendor item style/color number and description contained in corresponding 850 or 860 transmissions must be used on the 856 messages.

Any 856-message transmitted to the Company which fails to validate when compared to corresponding 850/860 message may be subject to chargeback as specified in Section 2.

856 messages can be transmitted to the Company at any time during order fulfillment. The Company's requires all ASN transmissions to be sent a minimum of 72 hrs. (3 business days) prior to delivery of merchandise to the Company's facilities or named shipping point.

- 10.4 Electronic Shipment Notice/Manifest – ASN (856) Continued -

ASN – 856 messages should be transmitted at the time merchandise is released to transportation provider in order to facilitate greater efficiencies.

Any 856 message not yet received at the time of request for appointment will be forbidden to deliver until the 856 is transmitted.

Any ASN – 856 messages received after delivery of merchandise to the Company's facilities will be subject to the chargebacks specified in Section 2.

The Company requires a single ASN – 856 per shipment and location. Any vendor shipping from multiple locations will need to create a corresponding ASN reflective of the shipment from a specific location.

The Company does not allow a single ASN – 856 per carton within the shipment. One ASN – 856 per PO/Shipment/Location is required. ASN's – 856's not meeting this requirement will be subject to chargebacks as outlined in Section 2.

Upon successful translation of an 856 transmission, the vendor will receive the Company's Functional Acknowledgement message ("997"). Vendors failing to receive a 997 message from the Company will need to notify SPICE Technologies (see Section 12 for contact information).

- 10.5 Electronic PO Change Request – Buyer Initiated (860) -

The Company uses an 860 transaction set for the transmission of changes made to a previously transmitted 850 message. This message is generated upon modification and approval of the order in the Company's merchandise system. Vendors in a production EDI status for 860 transaction sets are not to accept any order changes submitted via e-mail, fax, or telephone unless authorized by the Company. Any changes approved and submitted using one of the previously mentioned methods will need to be validated upon receipt of corresponding 860 messages.

Vendors are required to acknowledge the receipt of all 860 transmissions, within 72 business hours (3 business days), through the use of the electronic functional acknowledgement message (997). Vendors receiving a failure notice on any part of an 860 transmission need to contact Spice Technology Group immediately (see Section 12).

An 860 message is the only approved method to change a valid production 850 message. Manual change request messages or emails are not to be used by an EDI-enabled vendor unless approved by the Company and may be subject to chargebacks (see Section 2).

- 10.6 Functional Acknowledgement Message (997) -

The Company uses a 997 transaction set for the acknowledgement of vendor and Company EDI transmissions.

Vendors will need to generate a 997 message for each Company inbound file received within 72 business hours (3 business days).

The Company will generate a detailed 997 message for each vendor inbound file. All Company generated 997 messages need to be reconciled or researched (for rejection notices) within 24 business hours.

Vendors using a third-party EDI service must ensure their selected provider is reviewing all 997 messages transmitted by SPICE Technologies.

Missing vendor inbound 997 messages may be subject to chargeback as specified in Section 2.

Vendors failing to receive a Company 997 message must contact the Company's EDI Provider, SPICE Technologies immediately for resolution and must contact the Company's Merchandise Operations Vendor Relations department to advise of issues (see Section 12).

- 10.7 EDI Message Formats -

Vendors can obtain copies of the Company's EDI mapping specifications by contacting Company's Merchandise Operations Vendor Relations department or SPICE Technology Group (see Section 12).

Vendors may also obtain copies of these documents via the Company's vendor website within the EDI Section.