

The **BEST** Plan

*BELK EXPEDITED STOCK TURN*



Fine Jewelry  
**DOMESTIC VENDOR**

Departments 540, **543**, 544, 545, 546, 549, 550, 552, 551

TRADING PARTNERSHIP  
GUIDELINES

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# INTRODUCTION

## *How To Use This Manual*

This manual is provided as an overview of the basic requirements related to merchandise technology, distribution, transportation, accounts payable, and to address specific information and reference material. Each section will explain the Belk organization's basic requirements accordingly. The sections also address the various business functions, elements, and components for the Belk Floor Ready Merchandise and our Vendor Compliance programs.

The following pages identify the expectations and requirements Belk, Inc. has for our Trading Partners and Suppliers, as well as the cycle time definitions and improvement objectives.

**We encourage you to make several copies of this document and distribute them to the appropriate individuals within your organization. Please visit our Web site [WWW.BELK.COM](http://WWW.BELK.COM) for updates to this manual.** Updates will be listed at the bottom of the Table of Contents page and highlighted in red and shaded in the body of the manual.

If you have specific questions on any section, please contact the individual or specific area of responsibility listed within that section.

## *Special Notes*

**International vendors should continue to work with the Belk buyer to understand requirements regarding the shipment of international goods.**

# THE BELK VISION

## *The Belk Mission Statement*

**To be the customer-focused department store that delivers superior quality, fashion, value, and service.**

## *Our Commitment*

Technology and the use of information are the enablers of the future. The Belk organization, through this BEST Plan, is committed to the use of information, technology, responsiveness, and superior merchandising to continue Belk's tradition of superior customer service.

Changes in technology have supported and enabled new processes and ways of doing business with our Trading Partners and Suppliers. We are in a more favorable position today than several years ago with regards to total cycle time. Floor-Ready Merchandise (FRM) and Vendor Compliance initiatives have accounted for the reduction in "days of inventory" in our pipeline. Reducing the overall cycle time (from vendor door to selling floor) has dramatically improved service levels (in stock positions) in our stores. Having the right merchandise in the right place at the right time is a fundamental key to our vision of the future.

We believe and recognize that there is power and value in partnerships. With partnerships come commitment, unity, and action. This manual is designed to provide specific guidelines, direction, and support of our vision for our partners. Our continued partnership with your company is vital to the success of these initiatives.

## *Your Role*

In this manual, you will find the details and requirements for vendor technology standards. We expect our vendor partners to:

- ◆ Provide an accurate electronic UPC catalog via Inovis (formerly QRS), our preferred third party catalog provider.
- ◆ Mark 100% of your merchandise with Universal Product Codes (UPC) tickets or European Article Number (EAN).
- ◆ Provide an accurate and complete Advance Shipment Notification (ASN) at the detail level to coincide with the shipment of the merchandise.
- ◆ Use UCC-128 shipping container labels.
- ◆ Follow and adhere to the assigned Transportation Routing instructions for shipping merchandise.

- ◆ Do not ship/invoice without a valid purchase order (PO), either via EDI or a computer printed purchase order form. (Phone orders, worksheets, verbal commitments, etc., are not valid.) For a copy of the Belk EDI mapping guideline, call our Belk Stores Services EDI Specialist at (704) 426-6916 or (704) 426-6559.

### ***Acceptable Business Practices at Belk***

Belk values our relationship with our vendors and business partners, and we would like to be clear on practices that could violate our code of ethics and seriously damage that business relationship.

#### ***Belk Gift Policy***

Belk associates may not accept anything of value, directly or indirectly, from anyone currently doing business with or seeking to do business with Belk, other than non-cash gifts of nominal value generally used for promotional purposes. For purposes of this gifts policy "nominal value" means not more than \$50 in value at cost. Gifts received of greater than nominal value will be returned immediately to the donor or donated to a charity.

Belk associates may not accept gifts of cash or cash equivalent such as gift cards for any reason.

Belk associates may not order merchandise directly from a vendor.

#### ***Loans***

Belk associates may not accept loans from any persons or entities having or seeking business with Belk except from recognized financial institutions at their normal prevailing interest rates for individual borrowers at the time of borrowing.

#### ***Bribes and Kickbacks***

Any offers or exchange of; direct or indirect payments, or kickbacks in exchange for Belk business is a violation of our policy and prohibited. The violation of this policy may also be a criminal act and result in criminal prosecution.

#### ***Fair Competition***

Belk bases its business success on excellent customer service, value for the customer, quality, good faith and fair dealing. It is never Belk's intent to receive an advantage over our competitors in any unethical manner or in ways that would violate international, federal, state or local laws.

#### ***Reporting Fraud or Unethical Business Practices***

Please report any suspected fraud or unethical business practices, including questionable accounting or improper use of confidential information or property to the Belk Excel Line (1-800-622-3986). The Excel line is monitored by an independent third party service operating 24 hour, 7 days a week. These concerns may be reported anonymously, will be treated confidentially and will be reviewed by Belk Management.

These policies help ensure relationships of integrity, honesty and fairness with all of our vendors and business partners.

## **Code of Conduct Vision**

We will build Human Rights values and Sustainability into everything we do, so that as we grow so will the values that we operate under. By signing the Belk Code of Conduct companies are, within their scope of influence, committed to acknowledge the social and environmental standards expressed within this Code and to undertake measures for their implementation and compliance.

## **Human Rights**

**Legal Compliance:** The Belk factory, vendor or supplier must always comply with the highest standards whether they are the applicable local laws and regulations or industry standards or Belk Code of Conduct specific requirements.

**Freedom of Association and Collective Bargaining:** Belk suppliers must respect the workers' right to join organizations of their own choice

**Prohibition of Discrimination:** The Belk supplier shall not discriminate against workers on the basis of race, religion, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, sexual orientation or other basis not directly impacting on a workers individual skills and ability to perform the job.

**Compensation:** Wages paid for regular working hours and overtime hours shall meet or exceed legal minimums and/or industry standards; illegal, unauthorized deductions from wages shall not be made.

**Working Hours, Wages & Benefits:** Belk suppliers shall conform with applicable national laws and industry standards for working hours, compensation, benefits and overtime compensation. Workers shall not be required to work more than sixty (60) hours per week on a regular basis, including overtime. Overtime hours shall be on a voluntary basis.

**Workplace and Worker Health and Safety:** The Belk supplier shall ensure compliance with applicable laws and regulations relating to health and safety issues including classification, work place risk analysis, reporting and inspections by authorities. The required corrective actions from such inspections shall be documented and completed within the set timeframe.

**Prohibition of Child Labor:** Belk does not accept child labor. Our suppliers shall not make use of child labor and shall abide by the United Nations Convention of the the Rights of the Child (1989) and comply with all relevant national and international laws, regulations and provisions applicable in the country of production or operation.

**Prohibition of Forced and Compulsory Labor:** The Belk supplier shall not make use of any of the forms of forced, prison, bonded or any involuntary labor. Our suppliers shall abide by the California SB 657 Transparency in Supply Chains Act of 2010 and comply with all relevant national and international laws, regulations and provisions applicable in the country of production or operation.

**Management Systems:** Belk suppliers shall define and implement a policy for social and human rights accountability and the appropriate management systems shall be in place to ensure that the Belk Code of Conduct can be followed and is being followed. All supplier employees shall have access to this Code of Conduct.

## Sustainability

**Project Management:** The Belk supplier shall have an environmental policy and monitoring plan with the support of an Environmental Project Management committee working to improve the supplier's environmental performance.

**Resource and Energy Management:** The Belk supplier shall have as part of the oversight of their Environmental Project Management committee a policy of measuring and recording energy and resource consumption for all buildings and processes.

**Environment – Air, Noise, Water and Ground:** The Belk supplier must meet or exceed minimum compliance with applicable laws and regulations relating to environmental protection including environmental classification, reporting and inspections by authorities

**Chemicals:** The Belk supplier shall ensure compliance with applicable laws and classification regulations relating to purchasing, storing, handling, use and transportation of chemicals. The supplier shall have valid permits for all chemicals that are legally restricted or controlled and shall demonstrate compliance with these permits.

**Hazardous and Non-Hazardous Waste:** The Belk supplier shall ensure compliance with applicable laws and regulations relating to the handling, storage, transportation, recycling and disposing of hazardous and non-hazardous waste and if required obtain the necessary permits and demonstrate compliance with those permits.

**Fire Prevention:** The Belk supplier shall insure compliance with applicable laws and regulations relating to fire protection including fire classification, reporting and inspections by the fire authorities. Corrective actions from such inspections shall be documented and completed within set timeframes

# Terms of Implementation

All Business Partners must post the Belk Code of Conduct in places in their factories readily accessible to workers, translated into the language of the workers and supervisors and communicate these provisions to all workers. Business Partners shall take appropriate steps to ensure the provisions of this Code of Conduct are communicated to all workers. Upon employment, as part of worker orientation, the Belk Code of Conduct shall be presented to workers and explained to them. From time to time Business Partners shall periodically review the Belk Code of Conduct with workers.

## Belk Private Brands Code of Conduct

It is important that Belk Private Brands place business on behalf of its consumers and stockholders with vendors and supply chain partners whose practices are compatible with Belk's brand values. Therefore, in accordance with these values the Belk Private Brands Code of Conduct aims to achieve compliance with certain social, legal, human rights and environmental standards. By signing the Belk Private Brands Code of Conduct companies are, within their scope of influence, committed to acknowledge the social, legal, human rights and environmental standards laid down in this Code and take appropriate measures within their company policy for their implementation and compliance. Supplier companies, in addition, must ensure that the Code of Conduct is also observed within their own supply chains involved in production processes carried out on behalf of Belk.

This Code of Conduct outlines the basic requirements that all Belk Private Brand Supply Chain partners must meet in order to do business or continue to do business with Belk Private Brands.

### Human Rights

#### 1. Legal Compliance

Compliance with all applicable local laws and regulations, industry highest standards, Belk Code of Conduct specific requirements and any other relevant statutory requirements whichever requirements are more stringent. This not only includes compliance with the Code of Conduct but also compliance with the terms and conditions of purchase orders issued by or on behalf of Belk Private Brands which apply to the importation into the United States of products sourced by or for Belk Private Brands. Special attention shall be paid to those regulations governing country of origin, quota, tariff classification, marking and special trade programs allowing duty-free or reduced duty treatment for good (e.g.: Generalized System of Preferences, NAFTA, etc.)

#### 2. Freedom of Association and Collective Bargaining

Suppliers must respect the rights of employees to lawfully and peacefully join organizations and associations or not to associate with groups of their choosing and bargain collectively as long as such groups and activities are legal in the country where merchandise is manufactured. Workers shall not be subject to intimidation or harassment in the peaceful exercise of their legal right to join or refrain from joining an organization.

#### 3. Prohibition of Discrimination

Belk suppliers shall not discriminate against workers on the basis of race, religion, beliefs, gender, marital or maternal status, age, political affiliation or opinions, national origin, disability, sexual orientation or other basis not directly impacting on a workers individual skills and ability to perform the job. No discrimination shall be tolerated in hiring, remuneration, access to training, promotion, termination or retirement.

#### 4. Compensation

Belk suppliers shall pay wages for regular working hours and overtime hours shall meet or exceed legal minimums and/or industry standards. In situations in which the legal minimum wage and/or industry standards do not cover living expenses and provide some additional disposable income, supplier companies are further encouraged to provide their employees with adequate compensation to meet these needs. Deductions from wages as a disciplinary measure are illegal, unless this is permitted by national law and a freely negotiated collective bargaining agreement is in force. Supplier companies shall ensure

that wage and benefits composition are detailed clearly and regularly for workers; the supplier company shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that remuneration is rendered in a manner convenient to workers. All overtime shall be reimbursed at a premium rate as defined by national law. In countries where a premium rate for overtime is not regulated by law or a collective bargaining agreement, personnel shall be compensated for overtime at a premium rate or equal to prevailing industry standards.

#### **5. Working Hours, Wages & Benefits**

Belk suppliers shall conform with applicable national laws and industry standards for working hours, compensation, benefits and overtime compensation. Workers shall not on a regular basis be required to exceed the maximum allowable 60 hours per week, including overtime. Studies of business practices link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law or be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week. Overtime hours shall be worked solely on a voluntary basis. In cases where overtime work is needed in order to meet short-term business demand and the company is party to a collective bargaining agreement the company may freely negotiate with worker organizations representing a significant portion of its workforce, the company may require such overtime work in accordance with such agreements.

#### **6. Workplace and Worker Health and Safety**

Belk suppliers shall ensure compliance with applicable laws and regulations relating to health and safety issues including classification, work place risk analysis, reporting and inspections by authorities. The company shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential accidents and injury to workers' health arising out of, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the workplace environment, and bearing in mind the prevailing knowledge of the industry and of any specific hazards. The required corrective actions from such inspections shall be documented and completed within the set timeframe.

A clear set of regulations and procedures must be established and followed regarding occupational health and safety, especially the provision and use of personal protective equipment, access to clean toilet facilities, access to potable water and if appropriate, sanitary facilities for food storage shall be provided. The company shall ensure that any dormitory facilities provided for personnel are clean, safe, and meet the basic needs of the personnel. All personnel shall have the right to remove themselves for imminent serious dangers without seeking permission from the company.

#### **7. Prohibition of Child Labor**

Belk does not accept child labor. Our suppliers must abide by the United Nations Convention of the the Rights of the Child (1989) and comply with all relevant national and international laws, regulations and provisions applicable in the country of production or operation. Workers can be no less than 15 years and not younger than the compulsory age to be in school. We will not utilize partners who use child labor in any of their facilities. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is supported. Workers under the age of 18 shall not perform work that is likely to jeopardize the health or safety of young workers. In the event that children are found to be working in situations which fit the definition of child labor above, policies and written procedures for remediation of the children found to be working shall be established, documented and executed within 45 days by the supplier company.

#### **8. Prohibition of Forced and Compulsory Labor**

The Belk supplier shall not make use of any of the forms of forced, prison, bonded or any involuntary labor. Neither the company nor any entity supplying labor to the company shall withhold any part of any personnel's salary, benefits, property, or documents in orders to force such personnel to continue working for the company.

Personnel shall have the right to leave the workplace premised after completing the standard workday, and be free to terminate their employment provided that they give reasonable notice to their employer.

Neither the company nor any entity supplying labor to the company shall engage in or support trafficking in human beings. Our suppliers shall abide by the California SB 657 Transparency in Supply Chains Act of 2010 and comply with all relevant national and international laws, regulations and provisions applicable in the country of production or operation. The company shall treat all personnel with dignity and respect. The company shall not engage in or tolerate the use of corporal punishment, mental or physical coercion.

9. **Management Systems:** Belk suppliers shall define and implement a policy for social and human rights accountability and the appropriate management systems shall be in place to ensure that the Belk Code of Conduct can be followed and is being followed. All supplier employees shall have access to this Code of Conduct. Management is responsible for the correct implementation and continuous improvement by taking corrective measure and periodical review of the code of conduct to all employees. It shall also address employees' concerns of non compliance with this Code of Conduct.

## **Sustainability**

### **1. Environmental Project Management**

The Belk supplier shall have an environmental policy and monitoring plan with the support of an environmental management committee working to improve the suppliers environmental performance. Supplier must comply with all applicable local, U.S. and international laws, rules, regulations and standards including U.S. regulations prohibiting the use of ozone depleting chemicals (hydrochlorofluorocarbons) and the International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act of 1973; as well as any modifications or amendments to these laws, rule regulations and standards. While Belk may employ L&F and third party auditors to insure compliance with this Code of Conduct, the preliminary terms of implementation shall accept self-declaration to comply with these requirements.

### **2. Resource and Energy Management**

The Belk supplier shall have as part of the oversight of their Environmental Project Management committee a policy of measuring and recording energy and resource consumption for all buildings and processes. Suppliers must comply with all applicable local, U.S. and international laws, rules, regulations and standards related to resource and energy consumption. Each supplier after one year of measuring and monitoring energy and resource consumption shall set targets for reductions annually.

### **3. Environment**

**Air, Noise, Water and Ground** - The Belk supplier must meet or exceed minimum compliance with applicable laws and regulations relating to environmental protection including environmental classification, reporting and inspections by authorities.

**Outdoor Air & Noise pollution** - The Belk supplier shall meet compliance with applicable laws and regulations relating to emissions to the air and noise pollution and, if required, obtain the necessary permits and test reports.

**Ground & Water** - The Belk supplier shall ensure compliance with applicable laws and regulations relating to discharges to ground and water and, if required, obtain the the necessary permits and test reports.

**Ground Contamination** - The Belk supplier must ensure compliance with applicable laws and regulations regarding ground contamination. The Belk supplier shall investigate and assess the possible risks of ground contamination, due to previous or ongoing activities on the site.

The Belk Supplier shall have practical plans in place to reduce the environmental impact from production and operations.

### **4. Chemicals**

The Belk supplier shall ensure compliance with applicable laws and classification regulations relating to purchasing, storing, handling, use and transportation of chemicals. The requirements are applicable for all chemicals used in production, operations and maintenance. The Belk supplier shall have documented procedures for the purchasing, storage, handling and use of chemicals. The supplier shall have valid permits for all chemicals that are legally restricted or controlled and shall demonstrate compliance with these permits. The Belk supplier shall establish and maintain an updated list of all chemicals, including the name of the chemical product, the purpose/area of use and a reference to an MSDS (Material Safety Data Sheets) used in production, operations and maintenance.

The workers that purchase, store or handle and use chemicals must have the right competence and adequate training before start work. Records of the training shall be kept by the Belk supplier including the names of participants, date of the training and an overview of the training content.

Chemicals shall be stored, handled and transported in a way that prevents emissions to air, ground and water, prevent risks of ignition/explosion and ensure workers health and safety. Applicable information regarding the risks and safe handling of chemical compounds and substances shall be displayed at storage areas and in operations areas where the chemical is used. All containers of chemicals, including temporary containers, shall be properly labeled with appropriate danger symbols and chemical names to ensure that the contents are known and the potential risk minimized.

## **5. Hazardous and Non-Hazardous Waste**

The Belk supplier shall ensure compliance with applicable laws and regulations relating to the handling, storage, transportation, recycling and disposing of hazardous and non-hazardous waste and if required obtain the necessary permits and demonstrate compliance with those permits. The Belk supplier shall establish and maintain a list of hazardous waste and non-hazardous waste in order to monitor the type and quantity that is generated. The list shall clearly show which type of waste is hazardous and which is not, and be continuously updated.

A procedure shall be established for handling, storing, transporting and disposal of hazardous waste that prevents harmful emissions to air, ground and water, prevent risks of ignition/explosion and ensure workers health and safety. The Belk supplier shall ensure that workers handling hazardous waste have the right competence and are adequately trained. Records of training shall be kept by supplier.

The Belk supplier shall store, handle and transport waste in a way that prevents contamination to air, ground and water, ensure workers health and safety and facilities recycling when possible. Contractors for transport, storage and final disposal of hazardous waste must be licensed according to applicable legislation. Hazardous waste shall not be land-filled or incinerated on-site. If non-hazardous waste is land filled or incinerated on-site all relevant legal requirements shall be fulfilled.

## **6. Fire Prevention**

The Belk supplier shall ensure compliance with applicable laws and regulations relating to fire protection including fire classification, reporting, and inspections by the fire authorities. Corrective actions from such inspections shall be documented and completed within set timeframes. Supplier must document any fires and serious incidents that can cause a fire, including corrective and preventive actions. If required by law, a report shall be sent to the authorities.

An adequate number of workers must be trained to use the fire fighting equipment in each work area, covering all shifts. Records of the training shall be kept by the Belk supplier including names of participants, dates of the training and an overview of the training content. All workers shall be made aware of basic safety issues before starting work through introductory training. The supplier shall have the appropriate fire fighting equipment. Placement and maximum distance between fire extinguishers shall comply with applicable laws and regulations and/or specific approvals from the fire authorities. The fire fighting equipment shall be easily accessible and identifiable, also from a distance. It shall be maintained, kept unlocked and inspected at least every 12 months.

Emergency exits and routes shall ensure a fast and safe evacuation of all workers. The Belk supplier shall, as a minimum, have two independent emergency exits per working area and ensure all emergency exits and access routes are free from obstruction. All emergency exits and routes shall be marked with luminescent or illuminated signs and shall be visible from the main aisles.

There must be an independent and functioning evacuation alarm with continuous sound to notify all workers about an emergency situation and to ensure a fast and safe evacuation of the facility(s). The alarm shall be able to be manually

activated and shall after activation evoke a continuous signal by itself. The alarm button shall be clearly marked and function also during power-outages. The Belk supplier shall perform evacuation drills at least once in every 12 months. These drills shall involve all shifts and departments and as many workers as possible. In case of an activation, the Belk supplier shall ensure that designated persons are responsible for performing a head count to ensure all workers have evacuated the building. Records of evacuation drills shall be maintained.

### **Terms of implementation**

All Business Partners must post the Belk Code of Conduct in places in their factories readily accessible to workers, translated into the language of the workers and supervisors and communicate these provisions to all workers. Business Partners shall take appropriate steps to ensure the provisions of this Code of Conduct are communicated to all workers. Upon employment, as part of worker orientation, the Terms of Engagement shall be presented to workers and explained to them. From time to time Business Partners shall periodically review these Terms of Engagement with workers.

### **All suppliers are obliged to take the measures necessary to implement the BELK Code of Conduct:**

#### **Management Responsibilities:**

- By informing management and suppliers about the content of the Belk Code of Conduct.
- By establishing where responsibility lies within the company's organization regarding Belk Code of Conduct issues.
- By appointing one or more management employees to be responsible for implementation of the Belk Code of Conduct.
- By monitoring company compliance with the Belk Code of Conduct and implementing necessary changes at its facilities.

#### **Legal Requirements:**

- By complying with all legal requirements applicable to the conduct of their respective businesses. This not only includes compliance with this Code of Conduct but also compliance with the terms and conditions of purchase orders issued on behalf of Belk.
- By compliance with all laws and regulations of the United States Customs and Border Patrol, FDA (Food and Drug Administration) and all other governmental regulatory agency policies. Products that are manufactured for Belk must also be compliant to the CPSIA (Consumer Product Safety Improvement Act).
- By adherence to all requirements under Belk International's C-TPAT and ISA (Importer Self-Assessment) Program certifications.

#### **Employee Awareness:**

- By giving a statement of their support for the principles of the Belk Code of Conduct to their employees and by informing and instructing their employees and those of their subcontractors regarding the contents of the Belk Code of Conduct. The company must have the Belk Code of Conduct translated in its entirety into the appropriate local language(s) and have it displayed in a prominent position at its facility and other premises. Employees must also receive verbal orientation and information regarding Code of Conduct in a language they understand
- By regularly training employees in workplace safety and on the impact of their activity on society and the environment.

#### **Record-keeping:**

- By keeping records of names, ages, working hours and the wages paid to all employees and making those documents available to auditors on request.
- By documenting the location of dangerous materials and other potential hazards.

- By monitoring and maintaining safety equipment and materials.
- By keeping up to date documentation regarding relevant statutory requirements and regulations.

#### **Complaints and Corrective Action:**

- By appointing an employee responsible for handling complaints related to Belk issues.
- By documenting and investigating complaints from the employees or third parties related to Belk issues, and reporting on their substance and any necessary corrective measures arising from them.
- By making the resources available to implement necessary corrective measures.
- By refraining from dismissals or other disciplinary measures against employees who pass on information regarding compliance with the Belk Code of Conduct.

#### **Suppliers and Sub-Contractors:**

- By making the introduction of social standards and compliance with the Belk Code of Conduct a condition of all contracts into which it enters with suppliers.
- By asking suppliers to report regularly about their progress in implementing the Belk Code of Conduct.

#### **Monitoring:**

- By providing Belk representatives with relevant information about their activities and all production sites.
- By allowing audits of their business premises and activities and those of their subcontractors to be carried out at any time with or without prior notice by organizations acting on behalf of Belk.

#### **Consequences of Non-Compliance**

Suppliers must apply these principles at all times and must be able to demonstrate that they are doing so. However, if a supplier fails to meet the requirements of the Belk Code of Conduct Belk and/or our representatives will work with the supplier to establish the necessary improvements. We will also take action which may involve cancelling contracts and ceasing trade, if suppliers are not prepared to make appropriate changes. If no solutions can be agreed upon and implemented within a reasonable amount of time, Belk and/or our representatives may choose to halt current production, cancel corresponding contracts, suspend future contracts and/or terminate the business relationship with the noncompliant supplier. If an audit reveals less than full compliance with the Belk Code of Conduct, the supplier must take the prescribed corrective actions without delay. The period of time the supplier has to implement corrective measures will be agreed upon with Belk and/or our representatives and will correspond to the severity of the violation, but may not exceed twelve months. If a supplier excluded in the past on grounds of noncompliance can later show full compliance with the Belk Code of Conduct, there is, in principle no reason why a business relationship cannot be resumed.

### **Declaration**

#### **Declaration of Liability Regarding Compliance with the Belk Code of Conduct**

We, the undersigned hereby confirm:

- That we have received and understand the Belk Code of Conduct.
- That we are aware of all relevant laws and regulations of the country or counties in which our company operates.
- That we will inform Belk or LiFung on behalf of Belk in case of conflict between provisions of the Belk Code of Conduct and any applicable laws or regulations in our countries of operation.
- That we will observe and conform to the Belk Code of Conduct in its entirety based on a development oriented approach and without amendment or abrogation.

- That we will inform all of our subcontractors of the contents and requirements of the Belk Code Of Conduct, and that we will require that they also comply with the provisions incorporated therein.
- That LiFung and any organization acting on Belk's behalf may carry out audits with or without notice at business premises of our contractors and subcontractors at any time.

**Furthermore:**

- We shall notify Belk or LiFung on behalf of Belk of the location of all business premises used for the production of goods and/or delivery of services for Belk or LiFung on behalf of Belk. We guarantee that the production of goods and/or delivery of services for Belk or LiFung on behalf of Belk is carried out exclusively at the locations we have indicated. We understand that failure to inform Belk or LiFung on behalf of Belk of the location where work for its products and/or services are carried out is adequate justification for the immediate and unconditional termination of all business and contractual relationships.

We will use the Belk Private Brands Code of Conduct for purposes relating to business and monitoring activities on behalf of Belk.

## **CONDITIONS OF BELK PURCHASE ORDER**

1. Vendor agrees that it will not ship merchandise under this Purchase Order earlier than the "Ship" date nor later than the "Cancel" date hereof. Purchaser reserves the right to refuse (including at the carriers' facilities) or return any merchandise that is shipped prior to the "Ship" date or after the "Cancel" date or that is substituted, overshipped, or not ordered hereby. Purchaser assumes no risk or expense on any merchandise refused or returned for nonconformance with the terms and conditions of this Purchase Order. All refusals or merchandise returns for nonconformance will be subject to a deduction on remittances of all applicable freight charges plus an expense offset charge of \$25 + 10 % of the merchandise cost per store per violation. If Purchaser elects to keep shipments shipped prior to the "Ship" date, terms will be computed from the "Ship" date shown hereon. If Purchaser elects to keep shipments shipped after the "Cancel" date, terms will be computed from the actual date of the shipment, Purchase Order "Ship" date or date of invoice, whichever is later; and the foregoing expense offset charge of \$25 + 10% of the merchandise cost per store per violation may be imposed.
2. Purchaser must be notified in writing within 5 days of Purchase Order issuance if this Purchase Order is not accepted, including all terms and conditions as stated therein.
3. Purchaser reserves the right to countermand and cancel this Purchase Order without penalty in case of fire, flood, earthquake or any other casualty affecting the premises of Purchaser.
4. It is understood that Purchaser shall have a reasonable time and opportunity to examine the merchandise included in this Purchase Order when received in its store, whether or not its agents have previously examined said merchandise, and, if it shall then be ascertained that said merchandise or any part thereof is not in conformity with this Purchase Order or is not as represented or warranted by Vendor, is inferior in workmanship or quality, or is delivered in a damaged condition (other than damaged in transit), Purchaser shall have the right to rescind this contract and return all or any part of the merchandise to Vendor at Vendor's expense, plus an expense offset charge of \$25 + 10% of the merchandise cost per store per violation, if said conditions are determined during the receiving process. If said conditions are discovered at any time after the receiving process has been completed, the merchandise may be returned at Vendor's expense. The right to rescind given hereunder shall not be construed as a limitation on the right to rescind or other rights given by common law or statute. As used herein, the term "Vendor's expense" shall mean inbound and outbound freight costs plus the cost of any transit insurance associated therewith.
5. By acceptance of this Purchase Order, Vendor agrees to:
  - A. Deliver all merchandise in accordance with this Purchase Order at the prices stated herein or at such lower prices and at any better terms and discounts as may be prevailing at the time of shipment.
  - B. Guarantee that all merchandise ordered hereunder has been or will be advertised, priced, stamped, labeled, tagged, marked, invoiced, and delivered in full compliance with all applicable federal, state, and local government laws, rules, and regulations.

- C. Guarantee that all merchandise ordered hereunder has been or will be manufactured, compounded, or produced in full compliance with all applicable federal, state, and local government labor laws, rules, and regulations, specifically including, without limitation, all applicable minimum wage, overtime, and child labor laws, rules, and regulations.
- D. Warrant to Purchaser and its customers that such merchandise is free from defects of workmanship and material and is fit for normal use by the consumer.
- E. Defend, indemnify and hold Purchaser harmless from and against all claims, damages, and expense (including reasonable attorneys' s) on account of :
  - (1) Any actual or alleged defect in the merchandise ordered hereunder;
  - (2) Any actual or alleged patent, copyright, trade secret, or trademark or other intellectual property infringement arising from Purchaser's use, sale, or offering for sale of any merchandise ordered hereunder; and
  - (3) Purchaser's and Purchaser's customers' reliance upon the warranties set out in B, C, and D above.
6. Purchaser reserves the right to take immediate credit for all goods that are to be returned to Vendor because they do not meet the requirements of this Purchase Order.
7. Purchaser reserves the right to dispose of Vendor's goods at Purchaser's option, in such manner as Purchaser deems appropriate, if any return authorization is not received by Purchaser from Vendor within 30 days of original request.
8. No assignment or other transfer of this Purchase Order, by Vendor, to any third party, will operate to create any liability by Purchaser hereunder to any such third party without the prior written consent of Purchaser to such assignment or transfer; provided, however, that nothing hereinabove contained shall be deemed to prohibit the Vendor's subcontracting, to one or more third parties, the production of part or all of the merchandise ordered hereunder.
9. If any provision of this Purchase Order, specifically including any provision contained in the following Billing and Shipping Instructions, shall be construed or held to be invalid or unenforceable by any court of governmental body or agency having jurisdiction thereof, then this Purchase Order will be interpreted as though such provision had been omitted, and the validity and enforceability of the remaining provisions hereof will be valid, enforceable, and unaffected thereby.
10. This agreement shall be controlled, construed, and enforced in accordance with the laws of the State of North Carolina. Purchaser and Vendor hereby consent to the jurisdiction of the federal and state courts in Mecklenburg County, North Carolina, in connection with any dispute between the parties hereto and each waives any objection based on improper or inconvenient venue.

## MERCHANDISE TECHNOLOGY

### *Our Commitment*

We have made a commitment to the industry-wide technologies that utilize Universal Product Code (UPC) and Electronic Data Interchange (EDI). The *BEST Plan* capitalizes on the use of merchandise information. We believe that through the use of technology, we can both realize significant sales and stock turn increases, cost reductions, and mutual profitability.

### *Universal Product Codes (UPC)*

Vendor UPC marking forms the foundation of our technology program. By utilizing vendor UPC's and associated data for internal and external communication "we can speak the same language". All Belk UPC requests are within the accepted industry guidelines. Please be sure to:

- ◆ Assign UPC numbers at the stock keeping unit (SKU) level using National Retail Federation (NRF) **standard color and size codes**.
- ◆ **Mark 100%** of your merchandise with vendor UPC. (Belk systems are equipped to utilize the International/European Article Numbers (EAN) as well as UPC. Do not ticket with both UPC and EAN).
- ◆ Affix your UPC tickets so as to ensure that the merchandise will not be damaged.
- ◆ **Subscribe** to and **provide** your UPC catalog electronically via Inovis (formerly QRS) in advance of offering the product to us.
- ◆ **Never re-use UPC's** or Product ID's (PID's) until after 48 months from date of last shipment.
- ◆ Size ranges **can not** be changed once your UPC's have been communicated to us. For example, "size 5" **can not** be changed to "small".
- ◆ UPC codes must be assigned for and tickets applied to all GWP's (gift with purchase) and PWP's (purchase with purchase). These codes must be included in your UPC catalog and on all EDI documents.
- ◆ You should maintain a quality control program to ensure that your UPC tickets are scannable.

UPC catalog data must be provided through Inovis (formerly QRS) (877-4-INOVIS), our preferred third party catalog provider. **Your catalog must include UPC, PID and PID description, NRF color and color description, NRF size and size description, manufacturer's suggested retail price, and discontinue dates.**

For information on Inovis (formerly QRS) UPC Catalog or the NRF color and size standards, please contact:

**Inovis, Inc.**  
1400 Marina Way South  
Richmond, CA 94804  
(877) 4-INOVIS

**National Retail Federation**  
701 Pennsylvania Ave. N.W. Ste 710  
Washington, DC. 20004  
(202) 783-7971

### ***Electronic Data Interchange (EDI)***

If Belk has not received accurate ASN's prior to the time that the respective shipment is physically received at our Ridgeland Processing Center, an expense-offset charge of \$10 per carton will be assessed to the vendor.

EDI is our standard method for communicating many of our business documents. By trading EDI documents with our vendors, we both have an opportunity to significantly eliminate redundant data entry. All Belk EDI requests are within the accepted VICS guidelines.

***ALL EDI DOCUMENTS (EXCEPT INVOICES) ARE REQUIRED AT THE UPC LEVEL. THEREFORE, YOU MUST BE 100% UPC MARKED AND PROVIDE US YOUR UPC CATALOG ELECTRONICALLY VIA INOVIS (FORMERLY QRS) BEFORE WE CAN TRADE WITH YOU.***

- |                                                                                                                                  |           |
|----------------------------------------------------------------------------------------------------------------------------------|-----------|
| ◆ Belk can receive the following EDI documents:                                                                                  | Version:  |
| ▪ 212 Motor Carrier Delivery Trailer Manifest                                                                                    | 4030 VICS |
| ▪ 214 Carrier Shipment Status Document                                                                                           | 4030 VICS |
| ▪ 810 Invoice                                                                                                                    | 4030 VICS |
| ▪ 832 UPC Catalog from INOVIS                                                                                                    | 4030 VICS |
| ▪ 855 Reverse Purchase Order                                                                                                     | 4030 VICS |
| ▪ 856 Advance Shipment Notification/Manifest                                                                                     | 4030 VICS |
| ▪ 997 Functional Acknowledgment                                                                                                  | 4030 VICS |
| ◆ Belk can send the following EDI documents:                                                                                     |           |
| ▪ 850 Outbound Purchase Order                                                                                                    | 4030 VICS |
| ▪ 852 Sales/Inventory Data                                                                                                       | 4030 VICS |
| ◆ These EDI Transaction sets are slated for implementation in the future.                                                        |           |
| ▪ 110 Air Freight Invoice                                                                                                        |           |
| ▪ 180 Request for Return Authorization                                                                                           |           |
| ▪ 210 Freight Invoice                                                                                                            |           |
| ▪ 816 Organizational Relationships                                                                                               |           |
| ▪ 853 Routing and Carrier Instructions                                                                                           |           |
| ▪ 860 Purchase Order Change                                                                                                      |           |
| ▪ 870 PO Acknowledgment                                                                                                          |           |
| ▪ Belk requires that a vendor send the 204/211 Motor Carrier Shipment Information to all freight carriers via version 4030 VICS. |           |

### **Electronic Commerce Terms and Conditions:**

The following are the terms and conditions which have been established for merchandise suppliers ("Vendor") who trade with Belk Merchandising, LLC ("BMLLC"), as agent for Belk, Inc. By entering into a transaction with Belk Stores Services, Inc ("BSS") effectuated through Electronic Data Interchange ("EDI"), Vendor agrees to the following terms and conditions:

1. BMLLC and Vendor agree to conduct merchandise transactions using the Voluntary Interindustry Commerce Standards EDI protocol.
2. Each party agrees that it will be responsible for its own costs associated with any EDI transmission and for any storage fees charged by a third party service provider which are caused by such party; provided, however, that Vendor will be responsible for all extra costs associated with interconnecting EDI transmissions to and from the IBM Global Services network.
3. Each party will be responsible for its own costs in developing its EDI software and for testing the efficiency thereof.
4. If BMLLC provides sales and/or inventory data to Vendor, BMLLC will use due diligence to ensure the accuracy thereof; however, BMLLC makes no warranty as to such data being free of errors or omissions.

5. BMLLC may assign its rights or obligations under this Contract to any affiliated entity.
6. Belk, Inc and Belk Stores Services, Inc (“BSS”) and its various affiliated entities have developed certain confidential and proprietary information ("Belk Confidential Information"), including but not limited to, trademarks, patentable inventions, financial statements, financing documents, business plans, trade secrets, new products, copyrights, and computer software, documentation and specifications. Vendor agrees not to disseminate Belk Confidential Information to anyone except those of its employees and consultants who are directly involved in this EDI relationship. Vendor agrees to cause any employee or consultant to whom Belk Confidential Information is transmitted to be bound to the same obligations of secrecy and confidentiality that Vendor is bound.
7. If any EDI transactions deal with merchandise which bears or utilizes BSS' private labels, trademarks, service marks, trade names, distinctive words, slogans, copyrighted or copyrightable materials, logos, pictures, or designs ("Private Label Merchandise") the following provisions of this paragraph will be applicable thereto:  
  
Disposition of Belk Private Label Merchandise is prohibited without the prior written approval of the Belk EVP/Private Brands. Failure to comply herewith can subject Vendor to liability for trademark infringement and for all losses and damages suffered by BSS and its affiliated entities as a result of such prohibited disposition.
8. Attached hereto and incorporated by this reference herein for all purchase orders are the Belk Billing and Shipping Instructions and Purchase Order Conditions. Vendor's shipment of merchandise to Belk will constitute Vendor's acceptance of, and agreement to be bound by, such Instructions and Conditions.

**Note: Industry Standards**

Your EDI documents must be created following the appropriate VICS EDI guidelines and the Belk mapping guide. If you do not have EDI capabilities, please contact the Uniform Code Council at (800) 543-8137 for information on how to get started. For a copy of the Belk EDI mapping guideline, please contact one of our EDI Specialists at (704) 426-6916 If (704) 426-6559.

**EDI Contacts**

| <i>Contacts</i>        | <i>Phone Number: (704) 426-</i> |
|------------------------|---------------------------------|
| QR Specialist - UPC    | 6559                            |
| QR Administrator - UPC | 6573                            |
| QR Specialist - EDI    | 6569 or 6559                    |

## TRANSPORTATION

All freight on a Belk Purchase Order must be shipped in accordance with the Purchase Order instructions, the assigned Belk Routing, and Store Receiving Locations documents. If you have questions or comments, please contact the Belk Transportation Office at (704) 426-1888 .

**Our Commitment**

We believe that working with our vendors to meet our transportation requirements will be beneficial for your company as well as ours. Our goal is to move your merchandise to our stores in the most timely, efficient, and cost effective manner.

**Your Role**

For your convenience, we have included on our website Transportation routing instructions.

You can visit our web site at [www.belk.com](http://www.belk.com) and click the “About Us” link at the bottom of the page, then click the “Vendor Info” link on the left side to see our latest revised:

- ◆ Belk Fine Jewelry BEST Plan (always use latest edition...)

*NOTES: Any shipments shipped prior to the purchase order(s) start ship date or after the purchase order(s) cancellation date will subject the vendor/shipper to chargebacks and/or merchandise returns. Regardless of the reason (inclement weather, human error, Act of God, etc.), **you may not ship past the cancel date.** You must contact the Belk buyer in*

order to have the cancellation date changed. Approval of the change must be provided back to you in writing as confirmation of the change(s).

**IMPORTATION NOTICE:** Any action by vendor/shipper that results in shipment of any Belk Fine Jewelry Orders to the wrong location at Belk will continue to hold the vendor to full responsibility for loss, damage, pilferage, delay and reshipping expenses of any kind – until the shipment arrives in good condition at the proper Fine Jewelry Receiving Location (RPC #745)

The Belk Routing and the following Transportation instructions in this document are solely for merchandise vendors with whom Belk has placed a valid purchase order for goods to be sold at one or more of our stores. If you are shipping any other freight to Belk (not limited to, but including display items, advertising material, leased department goods, and equipment and supplies) you must make shipping arrangements with the individual placing the order.

In addition to following our Routing instructions, please also adhere to the following general guidelines:

- ◆ Vendors must utilize the on-line Belk POV and Web-Tendering application. See details below under “Routing Instructions.” Please make a pickup appointment with the proper freight carrier at least 2 business days in advance of the date you wish to ship. If you have any questions, please call (704) 426-1888 during normal business hours.
- ◆ If you have problems arranging a carrier pickup, call the Belk Transportation Department (803) 754-6338 for assistance.
- ◆ If any portion of the freight charges are to be paid by Belk, the shipment must be sent freight collect via carriers designated by Belk. Do not prepay freight and add charges to the merchandise invoice (or freight will be charged back with expense offset)
- ◆ Any freight invoice which has not received prior approval will be subject to an expense offset.
- ◆ Do not ship merchandise worth more than \$50,000 at cost to Belk in any single package. Do not ship merchandise to Belk exceeding \$100,000 at cost in a given day.
- ◆ For each package shipped to Belk, declare value to the carrier of actual invoiced cost up to \$5,000.00 (any packages containing merchandise exceeding \$5,000.00 at cost to Belk should be declared only for the \$5,000.00 level)
- ◆ If any single package would ever exceed \$50,000 of merchandise (at cost to Belk), or if the daily maximum value of \$100,000 at cost is ever exceeded, the vendor must maintain full and total insurance responsibility until accepted by Belk – unless reported no less than 2 business days in advance of shipment to and until routed specifically by the Routing Supervisor or higher management at Belk Transportation (704) 426-1888 .
- ◆ If a memo vendor has signed contract between the vendor and Belk stating details other than those listed in the Fine Jewelry Best Plan, the details of the contract between Belk and the vendor supersedes information listed in the Belk Fine Jewelry Best Plan.

### ***Transportation Contacts***

| <b><i>For information concerning</i></b> | <b><i>Contacts</i></b>       | <b><i>Phone Number:</i></b> |
|------------------------------------------|------------------------------|-----------------------------|
| Routing Requests                         | - Transportation Coordinator | (704) 426-1888              |
| Special Routing Requests                 | - Routing Supervisor         | (704) 426-1888              |
| Loss and Damage Claims                   | - Routing Supervisor         | (704) 426-1888              |

### ***Routing Instructions***

Belk is pleased to announce the introduction of Purchase Order Validation (POV) and Web-Tendering (On-Line Transportation Routing) for vendor merchandise shipments to Belk distribution facilities. By providing this web-based solution, Belk hopes to streamline the routing process for its vendors by reducing paperwork, eliminating faxes, and improving response time. Vendors may also see a reduction in offset charges because POV will warn vendors that a shipment request falls outside of the PO’s shipping window.

To get started, send an email to Belk's Transportation Dept, [transportation\\_services@belk.com](mailto:transportation_services@belk.com), and ask for the "Start Up" package for Fine Jewelry. This package will contain the URL address where you need to create your profile, validate purchase orders, receive routing instructions and manage your shipments. Once this is completed, you will receive a separate email (within 1 business day) letting you know your account has been approved and you can start the POV process.

When web-tendering, the 'Expected Ship Date' entered must be at least 2 business days in the future from the current date to allow for routing. All requests submitted after 11:59 p.m. Eastern Time will be considered received the next business day.

*Note: Belk is not asking our vendors to "hold" the shipment for 2 business days prior to actual shipping – rather, Belk is requesting our vendors to anticipate the date shipment will be ready and record the anticipated shipment 2 business days in advance into our POV-Web Routing System.*

- For example:
  - If your shipment has an expected ship date of Monday, your POV entry must be submitted no later than 11:59pm on the Wednesday beforehand.
  - If your shipment has an expected ship date of Thursday, your POV entry must be submitted no later than 11:59pm on the Monday beforehand.

**Prepaid Shipments:** Prepaid shipments can also be entered into the Belk POV-Web Routing System for Purchase Order Validation, (only)

**Shipment Changes:** Under no circumstances can a vendor change or cancel a shipment on their own. An e-mail needs to be sent to: [transportation\\_services@belk.com](mailto:transportation_services@belk.com). Please do not submit a new routing request to make changes to an existing shipment. This creates multiple shipments and will result in vendor charges.

**Adding Purchase Orders To Existing Shipment(s):** Send an e-mail to [transportation\\_services@belk.com](mailto:transportation_services@belk.com) and list the purchase orders that need to be added to this shipment. Please include the total number of cartons and weight that will need to be added. Please note that the maximum number of purchase orders that Transportation will add is three (3). If this amount is exceeded, then you will have to validate and enter through the web-tendering system.

**E-mail Correspondence:** All e-mail correspondence concerning the routing of your shipments to Belk should be sent to Transportation's e-mail address: [transportation\\_services@belk.com](mailto:transportation_services@belk.com). Please do not send e-mails to the individual members of the department.

From this point forward, you should discard all prior copies of Belk Routing Guides and only use the on-line POV/Web-Tendering application.

*NOTE: If you are shipping advertising materials, signage, or any non-merchandise order, follow the instructions on the Purchase Order and contact the Belk buyer who placed the order if you have questions or require clarification.*

- ◆ Routing instructions provided by Belk Transportation supersede any default settings found in our Purchase Order. Any routing instructions, including verbal, obtained from the buyer (with prior approval from the Transportation Department) which are contrary to those contained in the Belk Routing must be reflected on all bills of lading, packing lists, invoices, and the purchase order. Any special routing instructions issued by the buyer should be followed, with the understanding that the buyer can protect the vendor from chargebacks for deviating from the assigned Routing.
- ◆ All shipments which are shipped against a Purchase Order with the FOB terms of "Shipper" (Origin) must be shipped freight collect. All shipments which are shipped against a Purchase Order with the FOB terms of "Destination" must be shipped freight prepaid. For any shipment shipped by a vendor prepaid, except if designated to do so in the assigned Routing, the FOB terms will be considered "Destination" regardless of the FOB terms in the applicable Belk Purchase Order. FOB Destination terms will require the vendor to be responsible for all in transit losses and damages.
- ◆ If Belk is to pay any portion of the freight charges, you must ship collect by the carrier provided in the Belk Routing. Any approved prepaid shipments must have the total cartons, weight, and carrier on a separate invoice for freight alone in order to substantiate the invoiced freight charges. Any invoice for freight charges should be addressed to the buyer.
- ◆ **Fine Jewelry merchandise must be shipped to Ridgeland Processing Center (RPC).** If you have questions about shipping locations or shipping practices, please contact the Belk Transportation Department at (704) 426-1888. Shipments sent directly to a Belk store are not permitted unless otherwise specified by Transportation and the Belk buyer on the Belk Purchase Order. Shipments to the wrong Distribution Center will be subject to a \$250 per occurrence plus \$5 per carton expense offset.

**#745 Ridgeland Processing Center**  
**405 Towne Center Blvd**  
**Ridgeland, MS 39157**

- ◆ Irrespective of the FOB and freight payment terms specified in the Belk Purchase Order, Belk will not be responsible for merchandise lost in transit if the instructions contained in the Belk Routing are not followed .
- ◆ Any and all accessorial fees related (but not limited) to excessive loading time, driver detention, missed or delayed appointments, driver loading and/or counting, etc. invoiced to Belk will be considered the Vendor's responsibility and will be charged back to the vendor with a minimum handling of \$50.00 per shipment.
- ◆ To allow for timely routing, all routing requests **must be submitted no less than two business days prior to the shipment available date**. All requests submitted after 2:00 p.m. Eastern Time will be considered received the next business day.
- ◆ Belk Transportation needs more than a one-day window to coordinate vendor freight pickup. Vendors who do not make the freight available for pickup prior to the earliest PO cancel date will be subject to an expense offset chargeback per DC.
- ◆ Once a shipment has been authorized, any changes made to the shipment prior to its pickup must be pre-approved by Belk Transportation. Vendors who make unauthorized shipment changes will be subject to an expense offset.

### ***Purchase Order Verification and Refusal***

- ◆ Belk reserves the right, at no risk or expense to Belk, to refuse or return any shipment or to have any designated carrier refuse or return a shipment that is not valid or authorized and/or does not conform to the "Ship" date or "Cancel" date contained in the Purchase Order to which the shipment relates. Any shipment relating to a Purchase Order that has been canceled or not approved will also be subject to refusal.
- ◆ Although the Belk POV system provides purchase order verification, it is the sole responsibility of the vendor/shipper to correctly submit the "DATE SHIPMENT WILL BE AVAILABLE" and accurate PO numbers in the POV system.
- ◆ Title to merchandise will not pass to Belk until merchandise has been inspected and accepted as being in conformance with the terms of the Purchase Order. Belk reserves the right, at no risk or cost to Belk, to refuse or return without prior authorization all non-conforming merchandise (e.g., style substitutions, over shipments, etc.).
- ◆ Carrier notification of pick up must be made a minimum of two business days prior to the date you wish to ship. You must give carriers adequate notice to schedule the pickup of your goods. Failure to provide two business days' notice may result in an expense offset.
- ◆ If a carrier selected by the vendor is used to deliver a shipment from the vendor's shipping location to the carrier specified in the Belk Routing, the date of delivery to the Belk specified carrier will be used to determine the date of conformance to the "Ship" and "Cancel" dates of the Purchase Order.

### ***Transportation Compliance***

- ◆ Freight charges placed on a merchandise invoice will be charged back in total, along with expense offsets.
- ◆ Freight charges on back orders not specifically approved in the Belk Purchase Order will be charged back plus an expense offset of \$75 per store/po receipt.
- ◆ All transportation charges resulting from split shipments and all transportation charges incurred after the initial shipment on back orders may be charged to the vendor, unless otherwise agreed to by the Purchaser (with subsequent authorization from the Transportation Department).
- ◆ In order to maintain competitive freight costs, Belk requires all vendors to originate shipments to Belk from their distribution point nearest to the Belk Distribution Center to which they are shipping. Belk reserves the right to charge 50% of the inbound freight charges to vendors shipping to the Belk DC from points west of the Mississippi River or outside of the 48 contiguous states. If you ship Belk freight from west of the Mississippi River or outside of the 48 contiguous states and you have any questions about how this policy may affect you, please call our Transportation Department (704) 426-1888 , M-F, 8am to 5pm EST.
- ◆ Vendors who do not make the freight available for pickup (based upon the POV data submitted by the vendor) prior to the earliest PO cancel date will be subject to an expense offset per occurrence per DC.
- ◆ Data integrity is considered crucial to Belk's operations and reporting. Belk requires the 'Date Shipped' in the DTM(02) segment to be the actual carrier pickup date, and to be within the individual purchase order's ship date/cancel date window. An incorrect ship date on a vendor ASN (EDI-856) is an error which will be subject to an expense offset of \$10 per carton.

## ***Vendor Correspondence***

All Transportation Chargeback inquiries should be made in writing, either by mail, fax or e-mail, and include the following information:

1. Debit Memo number assigned to the chargeback. (Transportation Debit Memo numbers begin with a 1 or 2.)
2. Detailed explanation of your issue.
3. Point of contact to include: name, fax number, e-mail address, phone number, and address.

Vendor disputes must be made within ninety (90) days of claim notification due to the limitation of retention of some carrier's information. State your dispute explanation and forward to:

Belk Distribution Center  
Attn: Vendor Freight Offset  
120 Belk Court  
Blythewood, SC 29016  
Fax: 803-714-6170  
E-mail: [vendorfreightoffset@belk.com](mailto:vendorfreightoffset@belk.com)

Inquiries older than six (6) months may incur an expense offset of \$30 per aged item/claim. A letter will be sent informing you of that policy and asking if you still want the claim(s) researched.

# **DISTRIBUTION**

## ***Our Commitment***

It is our intention to take full advantage of all available technologies and processing efficiencies in an effort to improve the distribution process. We believe that the ultimate way to satisfy our customer is by the immediate movement of merchandise through the receiving location to the selling floor.

## ***Your Role***

The complete "cross docking" of your merchandise requires that we receive *floor ready* merchandise, including UPC ticketing with correct retail. In addition, we must receive an EDI shipment notification in advance of the actual receipt, including the UCC-128 Shipping Container data.

## ***UCC/EAN - 128 Serial Shipping Container Label***

- ◆ Each purchase order shipped to Belk must be packaged separately – you cannot ship multiple purchase orders in the same carton..
- ◆ Within the master carton for a specific purchase order, merchandise for each store from the Belk purchase order must be packaged separately. These purchase order/store shipments may be placed in poly bags. Each carton or bag containing merchandise for the same purchase order and store must be shipped with a unique UCC-128 Shipping Container label.
- ◆ Please ship multiple store bags for one purchase order in one master-pack carton. Each inner package must include a UCC-128 shipping label. Do NOT affix a UCC-128 label outside of the master-pack carton. Create a carton label with the required information (ship to, ship from) exclude the UCC-128 barcode and place on the outside of the master-pack.
- ◆ All cartons shipped to #745 Processing Center with multiple store bags packed within should be clearly notated "Master Carton" on the outside next to the PO number.
- ◆ You should maintain a quality control program to ensure that your UCC-128 tickets are scan able.
- ◆ Your UCC-128 data should be included in your shipment notification transmission. For more information on Belk UCC-128 requirements email [Vendor\\_Compliance@Belk.com](mailto:Vendor_Compliance@Belk.com).
- ◆ Prior to your ability to provide standard UCC-128 shipping container labels, you must provide the following information on all cartons:
  - Purchase Order Number
  - Department Number

- Store Number

### ***Carton Labeling***

- ◆ Labels must be a minimum of six (6) inches high and four (4) inches wide.
- ◆ Department number and purchase order numbers must be in bold print and be a minimum of 20 point font.
- ◆ Store number must be in bold print and be a minimum of 30 point font.
- ◆ The company name and address from which the merchandise is being shipped should be on the carton label. Please take care to abbreviate the name of your company so to not identify the contents of the package.
- ◆ Cartons and visible shipping labels must be generic in type – without reference to jewelry (fine or otherwise) watches or other high-value contents.
- ◆ Only store numbers should appear in the “MARK FOR” section of the carton label. Do not place the Distribution Center number or Consolidation Point numbers in this field.
- ◆ The standard VICS carton marking format is required.
- ◆ All cartons/bags must contain the UCC-128 Shipping Container Label. The UCC-128 should be included in your ASN transmission and should contain a human readable 20 digit code. (Refer to the Shipping Label file on our Web site.)
- ◆ SEALING of all cartons shipped to Belk must be “tamper-evident” (if Belk cannot tell at a glance whether or not a carton has been opened in-transit – all missing merchandise will be charged back to vendor...)
- ◆ No value should be declared on the surface of any carton (see discussion on page 9 for instructions on declaration of value to carrier)

### ***Note: Industry Standards***

The Uniform Code Council has approved a standardized format for the UCC-128 Shipping Container Label. For more information call the Uniform Code Council at (800) 543-8137.

|                                                                                                                             |                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| FROM<br>D.D.<br>1155 Battery St.<br>San Francisco, CA 94111                                                                 | TO<br>PROCESSING CENTER<br>405 TOWNE CENTER BLVD<br>RIDGELAND, MS 39157 |
| SHIP TO POST<br>(420) 39157<br>            | CARRIER<br>FEDEX                                                        |
| PO: 123456789<br>DEPT: 543                                                                                                  |                                                                         |
| FOR<br>(91) 0452<br>                       | MARK FOR:<br><b>0452</b>                                                |
| SSCC-18<br>(00) 0 0052177 513895717 2<br> |                                                                         |

**THIS LABEL IS PROVIDED FOR  
INFORMATION PURPOSES ONLY**

**NOTE:** The information in the "CARRIER" field is not required.  
However, if you are able to, please provide this information.

### ***Packing Instructions***

#### ***Packing Slips/Advance Shipment Notification (ASN)***

Effective immediately, we are pleased to announce that Belk will no longer require or utilize packing slips as part of our receiving process for those vendors who utilize Advanced Shipment Notices (ASN's). If Belk has not received accurate ASN's prior to the time that the respective shipment is physically received at our Distribution Center, an expense-offset charge of \$10 per carton will be assessed to the vendor.

If you do not transmit an ASN, you must follow these instructions relating to packing slips:

- ◆ Include the following information on each packing slip:
  - The Belk Purchase Order Number
  - The Belk Department Number
  - Belk Store Number and Store Name
  - Vendor Ship Date
  - Number of Cartons per Purchase Order per Store
  - Merchandise must be listed on the packing slip in the same sequence and to the same SKU level (e.g., style, size, color, and quantity) by store as the purchase order.

- Total Units by Store (unit of measure equals a selling unit)
- ◆ Insert packing slips into carton for each store for each purchase order.

### ***Pre vs. Post-Distribution/Bulk Order Shipments***

All merchandise shipped to a Belk receiving location must be distributed and packed by store location (pre-distributed) per the purchase order (EDI or paper) unless so specified and authorized. Under no circumstances should a vendor ship a "bulk" order to Belk. All shipments must arrive pre-distributed and marked by store, unless approved in writing in advance by Belk merchandising.

- ◆ If merchandise is shipped in bulk and requires post-distribution, an expense offset may be assessed.

### ***Ticketing***

All merchandise shipped to a Belk store **MUST INCLUDE A UPC TICKET**. The UPC code must be visible and easily accessible for scanning. Do not place UPCs inside packaging. An expense offset will be assessed for any merchandise received which does not have a UPC ticket attached.

**The vendor should use Data 2 or the assigned Belk ticket supplier to provide Belk approved fine jewelry merchandise pricing tickets. Vendors are expected to attach the UPC ticket to the appropriate style.**

- ◆ The vendor will request pricing tickets from Data 2 or the assigned ticket supplier provided by Belk.
- ◆ Vendor is expected to attach the UPC ticket to the appropriate style.
- ◆ **Belk will not accept any vendor charges for the expense or application of tickets**
- ◆ For more information on Belk ticketing issues and practices, contact the Belk ticketing office at (601) 605-3277 x80607.

### ***Return to Vendor***

#### ***Quality Check***

Belk will perform a quality check of the received merchandise against a vendor-provided control piece. Should the merchandise fail to meet the standards of the control piece, Belk reserves the right to return the merchandise and charge an expense offset in accordance with our Vendor Compliance program.

#### ***Unordered Merchandise***

Unauthorized substitutions (including style, size, and/or color), invalid orders, canceled orders, early shipments, past cancellation date shipments (to be validated against the ASN ship date transmitted by the vendor), over-shipments, and duplicate shipments may be shipped back to the vendor. **Should the decision be made to keep merchandise for any of the situations listed above, an expense offset of \$20 per carton will be assessed.**

Belk may refuse or instruct one of our carriers to refuse to accept these types of shipments at no risk or expense to Belk. An expense offset in accordance with our Vendor Compliance program along with inbound and outbound transportation expenses will be charged.

#### ***Defective/Damaged/Unsaleable Returns***

Merchandise that is deemed to be sub-standard by our customers or our merchants will be returned to the vendor and inbound and outbound freight charges along with an expense offset will be assessed in accordance with our Vendor Compliance program.

#### ***Stock Return***

Seasonal and stock adjustment returns will be determined by the Belk merchants and the vendor on an as needed basis.

# ACCOUNTS PAYABLE

## *Our Commitment*

The Accounts Payable Center (A/P) is dedicated to accurately paying all merchandise invoices within the established payment terms, as well as providing our Trading Partners and Suppliers superior customer service. Wherever possible, state of the art technology and systems (Voice Response Systems, Electronic Data Interchange (EDI), etc.) have been implemented to ensure the Belk organization remains a leader in the accounts payable field.

## *Your Role*

Listed below are the procedures that must be followed to make sure your invoices are paid accurately and on a timely basis. These procedures apply to paper invoices as well as invoices transmitted via EDI.

- ◆ Do not ship/invoice without a valid purchase order (PO), either via EDI or a computer printed purchase order form (phone orders, worksheets, verbal commitments, etc., are not valid).
- ◆ Verify the accuracy of all purchase order details including cost price and payment terms. Do not ship merchandise until all discrepancies on the PO have been corrected and proof of correction is provided to you by the buyer in the form of a new PO or a print of the style correction (cost and payment term differences are not reimbursable).
- ◆ Our printed purchase order will show two addresses:
  - "Ship To Purchaser At" address is where the merchandise should be shipped and indicates the actual purchaser of the goods.
  - "Invoice Purchaser At" address will show the store location and number on the first line but the Accounts Payable Center Post Office Box as the address.
- ◆ Invoices should be submitted via the EDI 810 document. If your company is not already certified for EDI invoicing, do not begin transmitting 810's until the testing process is complete. For more information call the EDI contact listed on page 8.
- ◆ Our EDI purchase orders indicate the "ultimate store destination" of the merchandise. This store number must appear on your EDI 810 Document.
- ◆ On your invoice, the "Ship To" address must show the store number and address of the purchasing store. The "Bill To" or "Sold To" address should include the store location name and store number on the first line and the Accounts Payable Center Post Office Box as the address. If you are shipping to a service center, the ultimate store destination should be shown in the "Bill To" or "Sold To" address of the invoice.

Example:

Bill To: *state the purchasing store's name and store number here*  
P.O. Box 190238  
Charlotte, NC 28219-4405

- If your invoicing system cannot handle this requirement, the "Ship To" and "Bill To" address should both continue to be the purchasing store's number and address.
- ◆ All paper invoices must be mailed in one envelope (as opposed to one invoice per envelope). Do not staple invoices together or staple invoices to envelopes. If mailing, a master envelope must be used to send the invoices to:

Belk A/P Center  
P.O. Box 190238  
Charlotte, NC 28219-4405

- ◆ The following information must be included on each invoice. Invoices not meeting these requirements will be returned for correction and an expense offset may be assessed.
  - The name of the Belk store to which the merchandise was sold.
  - The Belk purchase order number. Only one PO# per invoice.
  - Vendor name and "remit to" address.
  - One unique (up to 12 digits) numeric invoice number for each invoice. (Note: The invoice number MUST appear on each page of a multiple page invoice and the invoice number MUST NOT recycle within a minimum of 18 months.)
  - Your invoice date. (NOTE: This date must be the same date as your date of shipment.) The A/P Center will not accept any post-dated invoices or invoices prior to shipment.
  - The "ship to address" including the three digit store number for which the goods are destined (mark for location).

- The payment terms.
  - The number of cartons shipped for that particular invoice.
  - Invoice must contain unit cost as well as total cost by PID (vendor style). (DO NOT SEND RETAIL ONLY INVOICES OR 2<sup>nd</sup> COST INVOICES).
  - Total merchandise cost in U.S. dollars. For multiple page invoices, indicate total merchandise cost on last page only.
  - Total units, quantities, and styles MUST match those shipped as indicated on the EDI 856 (Shipment Notification) or paper packing slip.
  - Page number for each page of a multiple page invoice.
  - Bill Of Lading number and carton counts by purchase order for each shipment.
  - All shipments must be invoiced separately by the purchaser's store number and purchase order number. If there are several store numbers listed on a purchase order, each store must be invoiced separately.
- ◆ Original invoices should be mailed or transmitted to the A/P Center. Do not send copies, screen prints or duplicate invoices unless requested. Do not send order confirmations, packing slips or Bills Of Lading to the A/P Center. Do not mail paper copies of invoices if transmitting invoices via EDI as an expense offset charge may result.
  - ◆ Do not include an invoice or a duplicate or carbon copy of the invoice with the shipment to the store. Instead, include packing lists, carton labels, etc., as outlined on the Belk Purchase Order and in this document with all shipments.
  - ◆ For payment terms of End Of Month (EOM), goods shipped or invoiced on or after the 25th of the month are not considered due until the 10th of the following month (e.g., an invoice with terms of 8/10 EOM for goods which were invoiced/received on March 25, 2009 would have a payment due date of May 10, 2009). In addition, we select the most beneficial payment terms based on the terms contained on our master file, on the purchase order or on your invoice.
  - ◆ The Belk A/P Center does not pay freight charges listed on merchandise invoices. All merchandise is required to be shipped in accordance with our transportation guidelines. Carrier freight invoices should be sent to:

Belk Transportation  
2801 W. Tyvola Rd.  
Charlotte, NC 28217  
Attn: Freight Payment

- ◆ When corresponding with the Belk Accounts Payable Department, we would like email to become our primary communication as it provides documentation for all inquiries and enables us to monitor all communication with the Accounts Payable staff to ensure requests are addressed accurately.
- ◆ By using the respective email addresses below, your inquiry will reach the appropriate Accounts Payable team. Depending on the complexity of the issue and the supporting documentation attached to the email, we may log the correspondence and track it to completion using a first in, first out methodology.

| Issue                                                                                                 | Send Email to:                    |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>Any questions concerning the transmission of ASNs</b>                                              | <b>ASN@Belk.com</b>               |
| <b>Any vendor compliance issues (compliance/rubber dock chargebacks)</b>                              | <b>Vendor_Compliance@Belk.com</b> |
| <b>Any merchandise payable issues (invoice payment, chargebacks for non-vendor compliance issues)</b> | <b>AP_Correspondence@Belk.com</b> |
| <b>Any vendor address/information maintenance or to get IVR access</b>                                | <b>VCG@Belk.com</b>               |
| <b>Any debit balance inquiry</b>                                                                      | <b>Debit_Balance@Belk.com</b>     |

- ◆ If you still need to send paper correspondence to the Belk Accounts Payable team, it can be mailed to:

Belk A/P Center  
P.O. Box 190238  
Charlotte, NC 28219-4405

- ◆ Unless otherwise approved by the Belk A/P Center, all invoices must be received for processing no later than six months from the date merchandise relating to the invoice(s) was shipped. Irrespective of the FOB terms in our Purchase Order, failure to submit invoices for payment within six months of the date of shipment will result in all shortages occurring from the transportation movement of the goods to be automatically deducted from remittances.
  - ◆ An expense offset will be assessed for research on any items older than 12 months.
- Failure to comply with these procedures will cause additional processing which may cause late payments.

### ***Vendor Services***

Listed below are the procedures that must be followed to make sure any inquiries and/or correspondence are resolved accurately and on a timely basis.

#### ***Interactive Voice Response System***

It is our expectation that the Interactive Voice Response (IVR) system will be used as the primary source to answer inquiries. The IVR system allows you to obtain on-line information in connection with your account via any touch tone phone. This system provides you with check information, details of your current trial balance, the status of an invoice, and has the ability to fax you copies of vendor adjustments and return packing slips. If you do not have a 12 digit account number to access the IVR system, please contact us at [VCG@Belk.com](mailto:VCG@Belk.com) and we will assist you in getting enrolled for IVR access.

Any request for information outside of our Interactive Voice Response (IVR) system that is available on IVR will incur an expense offset of \$25/item (per claim number) to be fulfilled. A letter will be sent informing you of that policy and asking if you still would like that information provided outside of an IVR request.

### ***Vendor Information***

In order to keep our files up to-date, the Belk A/P Center will update its files for address changes from current invoice copies or from written notification of address changes. Additionally, any changes due to your company merging, being sold, being acquired, going into Chapter 11, or going out of business must be communicated to us in writing on company letterhead and signed by a senior officer of your company. The following information must be included in your correspondence.

- ◆ Old parent company name and new parent company name.
- ◆ Old company address and New company address
- ◆ Description (e.g., merger, etc.) and effective date of change.

NOTE: Payments will be remitted to the address listed on your invoice. Therefore, please ensure that any invoices sent to us after the effective date of any changes contain the new information.

## **EXPENSE OFFSET**

The expense-offset chargebacks listed herein are intended to cover the administrative, as well as elemental and functional, processing costs that Belk, Inc. will incur due to noncompliance to our standards and requirements.

Failure to adhere to the guidelines, requirements, and standards contained in our BEST Plan will result, at a minimum, in the charges listed below. These charges are subject to change and will be updated periodically. Updates will be highlighted in red and shaded. Please visit our Web site at [WWW.BELK.COM](http://WWW.BELK.COM) for future updates.

## EDI ADMINISTRATION

| NON-COMPLIANCE                                                           | EXPENSE OFFSET                                 |
|--------------------------------------------------------------------------|------------------------------------------------|
| UPC not in catalog at time of order entry/receipt                        | \$75 per incident plus \$5 per UPC key entered |
| No EDI ASN 856 transaction set                                           | \$10 per carton                                |
| Inaccurate SKU on ASN                                                    | \$5 per receipt                                |
| Inaccurate quantity on ASN                                               | \$15 per receipt                               |
| Unusable ASN                                                             | \$10 per carton                                |
| ASN transmitted after receipt                                            | \$10 per carton                                |
| No UCC-128 bar-code on the carton                                        | \$7.50 per carton                              |
| UCC-128 label does not meet labeling standards (pg. 13) or is unreadable | \$7.50 per carton                              |
| UPC catalog requires corrections                                         | \$250 per incident plus \$5 per UPC correction |
| UPC catalog changes after order entry                                    | \$250 per incident plus \$5 per UPC changed    |
| Does not receive Electronic PO 850                                       | \$50 per purchase order                        |
| Failed to transmit electronic invoice via 810                            | \$5 per invoice                                |

## TRANSPORTATION

| NON-COMPLIANCE                                                                                                                             | EXPENSE OFFSET                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Unauthorized Air Shipment                                                                                                                  | Full invoice amount + \$50 handling              |
| Authorized Air Shipment                                                                                                                    | As pre-approved by Transportation                |
| No Manifest, failed to provide EDI 204/211 document to the carrier                                                                         | \$50 per occurrence                              |
| Missing or incomplete EDI 214 Carrier Shipment status                                                                                      | \$50 per occurrence                              |
| Shipped to wrong Distribution Center                                                                                                       | \$250 per occurrence + \$5 per carton            |
| Failure to consolidate shipments on the same day                                                                                           | Full invoice amount + \$50 handling              |
| Failure to obtain valid Belk Routing authorization (Routing for both DCs is considered two requests)                                       | Full invoice amount + \$50 handling              |
| Used unauthorized carrier (Routing not authorized by Belk)                                                                                 | Full invoice amount + \$50 handling              |
| Significant changes made to weight, cartons, cube, P.O. cancel, etc. without contacting Belk Transportation to revise Routing              | Full invoice amount + \$50 handling              |
| Freight available date is same as earliest PO cancel date (Routing for both DCs is considered two requests)                                | \$300 per Routing Request per DC + \$50 handling |
| Chargeback inquiries older than six (6) months                                                                                             | \$30 per aged item/claim                         |
| Vendor request to authorize changes in freight billing                                                                                     | Total freight cost + minimum \$50 handling       |
| Vendor mismatch of Bill of Lading numbers on ASN (856), Invoice (EDI or Printed) and/or physical Bill of Lading issued to freight carrier  | \$300 per PO/shipment (for each DC)              |
| Freight collect should be prepaid                                                                                                          | Full invoice amount + \$50 handling              |
| Missing and/or erroneous POs on BOL                                                                                                        | \$50 per PO per BOL +\$50 handling               |
| Unauthorized Direct to Store shipment                                                                                                      | Full invoice amount + \$50 handling              |
| Vendor pays half freight for non-consolidated shipments originating West of the Mississippi River or outside the contiguous 48 U.S. States | 50% of invoice amount                            |
| Failure to provide two business days notice (to either POV web-routing or carrier) prior to shipment available date                        | \$200 per shipment per DC + \$50 handling        |

|                                          |                                              |
|------------------------------------------|----------------------------------------------|
| Other Transportation or Routing problems | Charges assessed by incident + \$50 handling |
|------------------------------------------|----------------------------------------------|

## DISTRIBUTION

| NON-COMPLIANCE                                                                  | EXPENSE OFFSET                                 |
|---------------------------------------------------------------------------------|------------------------------------------------|
| Incorrect or missing Purchase Order # on carton                                 | \$5 per carton                                 |
| Incorrect or missing Store # on carton                                          | \$5 per carton                                 |
| Incorrect or missing department # on carton                                     | \$5 per store/PO receipt                       |
| Incorrect/missing packing slip or packing slip not at the SKU level             | \$75 per store/PO receipt                      |
| Shipment not packed separately by Store/PO                                      | \$75 per store/PO receipt                      |
| Incorrect Packing Slip: quantities, style, color, size not accurate to contents | \$75 per store/PO receipt                      |
| Illegible or Unusable Packing Slip                                              | \$75 per store/PO receipt                      |
| No Bill of Lading or inaccurate/insufficient detail on the Bill of Lading       | \$150 per store/po receipt                     |
| Unauthorized bulk shipment                                                      | \$25 per store/po receipt + 30 cents per piece |
| Cartons sealed with bands, straps, string, or not correctly sealed              | \$25 per store/po receipt                      |
| Unauthorized container used                                                     | \$150 per store/po receipt                     |
| Carton strength not sufficient                                                  | \$150 per store/po receipt                     |
| Removed from "crossdock" and moved to manual processing                         | \$10 per carton                                |
| Removed from "cross dock" and moved to audit                                    | \$25 per store/po receipt + 15 cents per unit  |

## UPC TICKETING & FLOOR READY

| NON-COMPLIANCE                                        | EXPENSE OFFSET                                 |
|-------------------------------------------------------|------------------------------------------------|
| Merchandise not UPC marked/missing ticket             | \$25 per store/PO receipt                      |
| Missing/wrong retail on UPC ticket/supplemental label | \$25 per store/PO receipt                      |
| Incorrect Ticket Location                             | \$25 per store/PO receipt + 20 cents per unit  |
| UPC/EAN bar-code poor quality/not scannable           | \$25 per store/PO receipt                      |
| UPC missing human readable data                       | \$25 per store/PO receipt + 50 cents per unit  |
| Ticket format not correct                             | \$25 per store/PO receipt + 50 cents per unit  |
| Full detail in-house tickets supplied/not UPC loaded  | \$25 per store/PO receipt+ 20 cents per ticket |
| Other UPC related problems                            | Charges assessed by incident                   |

## RETURN TO VENDOR

| NON-COMPLIANCE                                   | EXPENSE OFFSET                                                                         |
|--------------------------------------------------|----------------------------------------------------------------------------------------|
| Shipped without a valid PO/store not on PO       | \$25 per store/PO receipt + inbound & outbound freight                                 |
| Shipped Prior to PO Start Ship Date              | \$25 per store/PO receipt + inbound and outbound freight                               |
| Shipped After PO Cancel Date                     | \$25 per store/PO receipt + inbound and outbound freight                               |
| Damaged/defective/unsaleable merchandise         | \$25 per store/PO receipt + inbound and outbound freight                               |
| Stock/customer defective returns from salesfloor | 10% of merchandise cost + inbound and outbound freight                                 |
| Not Ordered Merchandise                          | \$25 per store/PO receipt + 10% of the merchandise cost + inbound and outbound freight |
| Merchandise fails quality check                  | \$25 per store/PO receipt + inbound and outbound freight                               |

|                                                |                                                                                        |
|------------------------------------------------|----------------------------------------------------------------------------------------|
| Merchandise shipped with substitutions to P.O. | \$25 per store/PO receipt + 10% of the merchandise cost + inbound and outbound freight |
| Merchandise double shipped                     | \$25 per store/PO receipt + inbound and outbound freight                               |
| Merchandise shipped with overages to PO        | \$25 per occurrence + 10% of the merchandise cost + inbound and outbound freight       |
| No back order allowed                          | \$25 per store/PO receipt + inbound and outbound freight                               |
| Vendor's fault marking room RTV                | \$25 per store/PO receipt + inbound and outbound freight                               |
| Vendor's fault salesfloor RTV                  | 10% of merchandise cost + inbound and outbound freight                                 |

## ACCOUNTS PAYABLE

| NON-COMPLIANCE                                                                  | EXPENSE OFFSET   |
|---------------------------------------------------------------------------------|------------------|
| Incorrect Store Number on Invoice                                               | \$5 per invoice  |
| Continues mailing or sending paper invoices when providing electronic invoices. | \$5 per invoice  |
| Incorrect Purchase Order Number on Invoice                                      | \$5 per invoice  |
| Does not provide Invoice Electronically (EDI 810)                               | \$10 per invoice |
| Format for printed invoices not followed                                        | \$5 per invoice  |
| Unauthorized direct to store shipment                                           | \$50 + freight   |

### *Expense Offset Inquiries*

- ◆ All correspondence must be directed to the Belk Accounts Payable Center (emailed to Vendor\_Compliance@Belk.com) and should contain the name of the store to which the inquiry applies and a detailed description of the inquiry (including but not limited to: copy of the check remittance and debit memo). In addition, inquiries must include the vendor's address to which a reply may be sent.
- ◆ Disputes for deductions taken from merchandise invoices will only be addressed if the dispute is presented within 12 months of the deduction date (except Proof of Delivery on RTV's, which must be disputed within 7 months due to carrier limitations). If you have a dispute concerning a deduction, you must put the reason for your dispute in writing, attach a copy of the check remittance and debit memo, and send it to the appropriate address noted previously.
- ◆ Any inquiry for items older than 12 months from the deduction date will incur an expense offset of \$25/item (per claim number) to do any research. A letter will be sent informing you of that policy and asking if you still want the item(s) researched.
- ◆ Any request for information outside of our Interactive Voice Response (IVR) system that is available on IVR will incur an expense offset of \$25/item (per claim number) to be fulfilled. A letter will be sent informing you of that policy and asking if you still would like that information provided outside of an IVR request.
- ◆ Requests for repayment of unearned discount will be denied if it is determined that the delay was vendor caused (e.g., invoices sent to the wrong PO Box, merchandise sent did not agree with the purchase order, account in debit balance, etc.). In addition, trade discounts will not be refunded regardless of when the invoice is paid.
- ◆ Deductions for cost differences which occur when the price on the invoice is greater than the price on the purchase order are not reimbursable. Belk policy is to pay for merchandise at the lower of the price indicated on the purchase order or invoice. Vendor should receive from the buyer a system generated hard copy or EDI purchase order stating the price we expect to pay for your merchandise. You must verify the accuracy of our PO information and not ship merchandise until all discrepancies on the PO have been resolved.

## MISCELLANEOUS

### *Belk Executive Contacts*

Listed below you will find the Belk organization's main executive contacts for our Floor Ready initiatives, merchandise technology, merchandising divisions, merchandise information systems, distribution, transportation, accounts payable, and EDI/UPC administration.

| <i>For Information concerning:</i>              | <i>Contact:</i>                                                                          | <i>Phone Number:</i>                               |
|-------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------|
| Floor Ready Merchandise                         | - Logistics Information Systems<br>Manager                                               | (803) 754-6004<br>ext. 80812                       |
| Supply Chain [Transportation &<br>Distribution] | - VP of Supply Chain<br>- Director of Transportation                                     | (704) 426-6999<br>(704) 426-6540                   |
| Accounts Payable                                | - Director Accounts Payable<br>- Manager Accounts Payable<br>- Manager Vendor Compliance | (704) 426-8533<br>(704) 426-8152<br>(704) 426-8159 |
| Electronic Data Interchange (EDI)               | - EDI Specialists                                                                        | (704) 426-6569<br>(704) 426-6559                   |
| Universal Product Code (UPC)                    | - UPC Specialist                                                                         | (704) 426-6559                                     |

***Store Address Listing (Refer to the Store Receiving Locations files on our web page at [www.belk.com](http://www.belk.com) and click the “About Us” link at the bottom of the page, then click the “Vendor Info” link on the left side.***