

8- Expense Offsets and Waivers

Overview

This section lists Anna's Linens' offset charges by category for non-compliance issues. All prior waivers are null and void as of April 1, 2010; unless another expiration date has been given on the waiver. After April 1, 2010, vendors must re-submit requests for waivers in writing or via e-mail to the Compliance Department at compliance@annaslinens.com.

Please be aware that receipt of a waiver request does not mean it is approved. Requests will be reviewed and the vendor will be notified of the disposition. Vendors must include a fax number, e-mail, and a contact name on all waiver requests. All waiver responses will be communicated to the vendor in writing by Anna's Linens' Vendor Compliance Department.

Offset Policy

Our expense offsets are intended to recover the costs incurred by Anna's Linens due to vendor non-compliance to the requirements in the Partner Guide. Expense offset charges will be applied only when Anna's Linens can document a non-compliance to the requirement(s) in the Partner Guide in effect at the time of shipment.

If a vendor rebate program is based on purchase volume, the gross purchases will not be reduced, or netted down, by any vendor offset charges.

All inquiries or disputes related to Vendor Compliance Offsets must be submitted in writing (e-mail is acceptable) within 90 days of the notification date of offset charges, or within 90 days of receiving the check from which the offset was deducted. Disputes received after 90 days from the date you are notified will not be reviewed. Anna's Linens requires vendors to demonstrate that an expense offset was taken inappropriately prior to review for repayment. Inquiries or disputes should be sent via e-mail to compliance@annaslinens.com, or to the following address:

Anna's Linens
Attn: Vendor Compliance Department
3550 Hyland Avenue
Costa Mesa, CA 92626

The following should be submitted to allow for appropriate review:

- Letter with explanation of dispute
- Copy of the expense offset document(s)
- Transportation documentation if applicable (i.e. BOL, POD, etc.)
- Other documentation supporting dispute

An acknowledgment of receipt of the dispute will be provided within 3 business days of receipt. A response, or update, or the status of the dispute will be provided within 2 calendar weeks of receipt of a dispute.

All offsets are communicated and visible in EEM once approved. When an offset is approved an email will also be sent to the appropriate contact person at the vendor, provided the vendor has contact information set-up in EEM as required. This will accelerate the time required to correct/address any non-compliant issues and minimize the amount of future offsets.

Note: Anna's Linens will process offsets for additional expenses including transportation expenses, as a result of failure to meet the requirements in this Partner Guide.

Waiver Policy

A vendor requesting a waiver of a specific requirement as defined in this Partner Guide must contact the Anna's Linens Vendor Compliance Department in writing or e-mail in advance. Vendor must indicate in detail the policy to be waived and the reason for requesting the waiver. A time frame for the waiver (i.e. a date when the vendor expects to comply with the requirement(s), must also be provided in the request along with a contact person for correspondence.

The request will be reviewed by the Vendor Compliance department. If the request is approved, the vendor will receive a waiver form. If the request is not approved, the vendor will be contacted to discuss the issue.

An expense offset fee will be assessed for all merchandise not in compliance with Anna's Linens' standards. The purpose of the fee is to recoup excess expenses and to achieve compliance so that Anna's Linens can move merchandise quickly through our mutual supply chain and cost effectively to the selling floor.

All disputes to expense offsets must be made in writing within 90 days of the application of the offset.

If you contact the Anna's Linens Vendor Compliance Department before shipment occurs, Anna's will work with our vendor partners to assist in meeting all requirements.

Expense offsets listed below reflect first violation only, repeat violations may result in increased expense offset amounts.

Note – A \$75 non-refundable administrative fee will be added to each expense offset

Offset Table

Offset Code	Offset Description	Offset Amount	Offset Explanation
Accounts Payable Expense Offsets			
100	Other		
101	Manual Invoice Received	\$25 per invoice, \$500 Maximum per PO Range	Paper invoice received instead of an 810 electronic invoice for each PO.
102	Multiple invoices received per shipment for Consolidated Shipments	\$100 per invoice, \$1,000 Maximum	Received more than one invoice per store and/or shipment.
103	Late Invoice - Consolidated, Bulk, POE & DI POs	\$100 per invoice, No Maximum	Invoice should be dated and transmitted via EDI within 5 days of the shipment.
104	Inaccurate Invoice - DSD, Bulk, POE & DI POs	\$25 per invoice, Bulk, POE, DI POs-\$500 Maximum DSD POs-\$1,000 Maximum,	The invoice must meet the EDI mapping guidelines in order to be utilized.
105	Late Invoice - DSD POs	\$25 per invoice, \$1,000 Maximum	Invoice should be dated and transmitted via EDI within 5 days of the shipment.
106	Inaccurate Invoice - Consolidated POs	\$100 per invoice, \$500 Maximum	The invoice must meet the EDI mapping guidelines in order to be utilized.
107	Invoice Number Used Prior on a Different PO within 24 months	DSD – \$25 per invoice, No Maximum. Consolidated POs- \$100 per invoice, No Maximum	Invoice number not unique. Number used on a prior billing.
EDI Expense Offsets			
ASN Issues			
200	Other		
201	Inaccurate ASN Missing/incorrect data transmitted - DSD POs	\$25 per ASN, Maximum \$1,000	The ASN must meet the EDI mapping guidelines in order to be utilized.

Offset Code	Offset Description	Offset Amount	Offset Explanation
202	No ASN/Late ASN - DSD POs	\$5 per carton, Minimum \$100 Maximum \$1,000 per PO Range	ASN must be provided at the time of shipment.
203	Late ASN - Consolidated POs	Minimum of \$100 per ASN not to be less than 1% of the PO Cost	ASN must be provided at the time of shipment.
204	Multiple ASNs Sent for One PO/Shipment	\$2 per carton, \$1,000 Maximum	One ASN per PO/shipment.
205	Inaccurate ASN - Missing/incorrect data transmitted	\$500 per occurrence	The ASN must meet the EDI mapping guidelines in order to be utilized.
206	ASN Missing Cartons (except for Bulk POs)	\$2 per carton, Minimum \$100 per carton, Maximum \$2,000	In order to use the ASN to receive the corresponding shipment, the item quantities on the ASN must match the item quantities in the physical shipment.
207	Late ASN - POE and DI POs	Minimum of \$500 per ASN not to be less than 1% of the PO Cost	ASN must be present in the Anna's system at time of shipment, otherwise labor planning is impacted and manual receipt of shipment is required.
208	Late ASN - Bulk POs	Minimum of \$500 per ASN not to be less than 1% of the PO Cost	ASN must be present in the Anna's system at time of shipment, otherwise labor planning is impacted and manual receipt of shipment is required.
209	No ASN	\$2 per carton, Minimum \$100 (includes all cartons on a shipment)	An ASN must be sent for every shipment.
Merchandise Expense Offset			
300	Other		
301	Merchandise Not Shipped as Ordered (per PO Worksheet) on Ad Orders	10% of invoice, Maximum \$1,000 per invoice	Merchandise not received as per PO on Ad orders.
302	Merchandise Not Shipped as Ordered (per PO Worksheet) on New Store Orders	10% of invoice, Maximum \$1,000 per invoice	Merchandise not received as per PO on New Store orders.
303	Merchandise Not Shipped as Ordered (per PO Worksheet) for Basic Orders	10% of invoice, Maximum \$1,000 per invoice	Merchandise not received as per PO on Basic Orders.
304	Partial Carton Shipped	\$50 per carton, \$1,000 Maximum	All merchandise not shipped as ordered.
305	SKU Not Shipped on PO	10% of cost for SKUS not shipped	SKU not received as ordered on PO.
306	Unauthorized Early Shipments	1% of invoice per day up to 10% + reserve the right to cancel order	Merchandise that ships or arrives before the "do not ship before" date is considered early.
307	Late Shipment	1% of invoice range per day up to 10% against PO range + reserve the right to cancel order	Shipments against any PO must be ready to ship by the "do not ship after" date, or they are considered late.
308	Unauthorized Short Shipment (less than 90% fill rate per PO)	10% of shortage cost	Shipments against a purchase order must be in compliance with the stated "ready to ship by" date, and all SKUS must be filled at 90% or greater of the ordered quantity.
309	Unauthorized Back Orders	\$100 + 50% of invoice	Anna's Linens does not accept back orders.
310	Unauthorized Shipments	\$100 + 50% of invoice	Merchandise shipped after PO was cancelled.
311	UPC Violations	\$.50/unit	UPC Ticket failed to meet requirement: font style/size, Item Description: font size, 6 digit SKU number: font style/size, Item Description: size and color, font size/size, UPC Barcode: font size, Barcode numeric value: size.
312	Photo/Product Samples Different from Goods Shipped	Varies based on loss of sales	Product received does not match photo product sample.

Offset Code	Offset Description	Offset Amount	Offset Explanation
313	Unordered Merchandise Received/Substitution	100% of the cost of goods plus freight	Merchandise received differs from the merchandise ordered.
Ad/New Store Expense Offset			
314	Other		
315	Incorrect Item (SKU) Information Submitted on New Item Setup Form	\$50.00 per SKU/New Item	Product count, item number, UPC, case pack, dimensions, weight, or other pertinent/required information submitted incorrectly.
316	Missed Ad	Ad costs + 100% of lost margin	Merchandise not received in time for Ad
317	Unauthorized Short Shipment (less than 90% fill rate per PO)	Ad costs + 10% of shortage cost	Shipments against a PO must comply with the stated "ready to ship by" date, and all SKUS must be filled at 90% or greater of the ordered quantity for Ad/New Store.
318	Unauthorized Early Shipments	1% of invoice per day up to 10% + reserve the right to cancel order	Merchandise shipped or arrived before the "do not ship before" date is considered early.
319	Late Shipment or Non Shipment (New Stores)	Ad costs + 50% of invoice or PO cost	Shipments against any PO must be ready to ship by the "do not ship after" date, or they are considered late.
320	No EAS ticket provided	\$.03 per ticket	EAS Tickets not affixed on merchandise as required and specified in the EAS ticket guidelines
Transportation Expense Offset			
400	Other		
401	Late Shipment-freight cost	All excess freight costs	Shipments against any PO must be ready to ship by the "do not ship after" date, or they are considered late, and all excess freight fees will be charged to vendor.
402	Shipment Billed Collect When Specified as Prepaid	Full freight cost	Any vendors with prepaid freight terms that ship collect will have the costs reversed back.
403	Routing Not Requested through Anna's Linens Traffic Department (Collect Vendors)	All excess freight costs	Vendors are required to submit routing requests via "Anna's Linens Ship Express," located on the web at b2b.annaslinens.com.
404	Cancellation/Alteration of Routing Request After Routing Has Been Submitted	\$100 + any/all excess freight/processing costs	Vendors are required to submit routing request via "Anna's Linens Ship Express," located on the web at b2b.annaslinens.com. POs that are routed through the transportation system but are not shipped as routed are subject to expense offsets.
405	No Signed BOL/Manifest for Shipment	\$25 + any/all excess freight/processing costs	No signature on BOL/Manifest.
406	Incomplete/Inaccurate Or Illegible Manifest	\$25 + any/all excess freight/processing costs	Manifest missing the Bill of Lading Number at the top of the document, PO Number, Store Number, Correct Number of Cartons, Correct weight and/or Confirmation Number.
407	Inaccurate BOL	\$25 + any/all excess freight/processing costs	Missing information in requested fields, carrier name, PRO number, list of PO range, confirmation numbers, and a clearly marked master Bill of Lading.
408	Failure to Provide Carrier with a VICS BOL or failure to use carrier's BOL when instructed	\$25 + any/all excess freight/processing costs	Vendor must use a VICS standard BOL as part of the delivery documentation.
410	No Master BOL provided Multiple POs Destined to one Consignee Not Consolidated Onto a Single BOL	All excess freight costs	It is expected that the vendor make every effort to consolidate shipments destined to one consignee without jeopardizing the due dates of the POs. Multiple BOLs not consolidated from the same origin on the same day.

Offset Code	Offset Description	Offset Amount	Offset Explanation
411	Detention in Loading	Current carrier assessorial rate	Vendors are allotted 2 hours of free loading time from the specified appointment time or the time loading begins (if carrier was late for appointment). Any loading time beyond that is subject to vendor detention charges.
412	Driver Assistance (Loading/Sorting/etc.)	Current carrier assessorial rate	Carrier's driver assists with loading or sorting of goods.
413	Equipment Ordered - Not Utilized	Current carrier assessorial rate	Equipment not utilized.
414	Mis-shipped/Mis-loaded Freight	All excess freight/processing costs	Freight charge due to shipment being sent to wrong location.
415	Poor Carton Quality	All excess handling charges/packing materials	Carton was not constructed of corrugated cardboard that was sufficient to hold and protect the contents from damage.
416	Inaccurate Cube/Weight	All Excess Freight costs	Actual cube weight does not match shipping documents.
417	Partial Carton(s) on Shipment	\$5 per carton, for each missing carton, Minimum \$100	Shipping documents must match the number of cartons received.
418	Incomplete/Invalid or Non Scannable UCC-128 Label	\$2 per carton, Minimum \$100	Each carton must have a valid, scannable UCC-128 Label.
419	Failure to Follow Anna's Routing Instructions	All excess freight costs	Failure to route shipment as instructed
Drop Ship			
500	Late Shipment	2% of Invoice	Shipments against any PO must be ready to ship by the "do not ship after" date, or they are considered late, and all excess freight fees will be charged to vendor.
501	Manual Invoice Received	\$25 per Invoice	Paper invoice received instead of an 810 electronic invoice for each PO.
502	Multiple Invoices Received	\$25 per Invoice	Received more than one invoice per store and/or shipment.
503	Late Invoice	\$25 per Invoice	Invoice should be dated and transmitted via EDI within 5 days of the shipment.
504	Inaccurate Invoice	2% of Invoice	The invoice must meet the EDI mapping guidelines in order to be utilized.
505	Unauthorized Back Orders	\$25 per Invoice	Anna's Linens does not accept back orders.
506	Late Routing Request	\$25 per PO	Shipment against a PO must be submitted for routing prior to the "do not ship before" date. If not the routing request is late.
Imports			
1000	Other		
1001	Pack List Not Received Within 72 Hours of Sailing from Port of Origin	\$100 per container + any/all excess handling/storage fees incurred	A detailed pack list must be generated for each shipment and received within 72 hours of sailing from port of origin.
1002	Incomplete/Inaccurate Pack List or Packing Detail Form	\$100 per container + any/all excess handling/storage fees incurred	Pack List must identify goods on shipment.
1003	Delivery Order Not Receive Within 24 Hours of Container Arrival at Port	\$100 per container + any/all excess handling/storage fees incurred	Cost to track down order details that result in delay in processing.
1004	Incomplete/Inaccurate Delivery Order	\$100 per container + any/all excess handling/storage fees incurred	Cost to track down order details that result in delay in processing.
1005	PO Shipped on Multiple Vessels	\$250 per container + any/all excess handling/storage fees incurred	Double handling and storage costs incurred due to non-consolidation of shipment.
1006	Unauthorized Early Shipments	All excess processing/storage costs	Storage and double handling costs are incurred.
1007	No Import Label Applied to Carton	\$2 per carton, minimum \$100	Import label not applied to outside of each carton.
1008	Incomplete/Invalid Import Label	\$2 per carton, minimum \$100	Import label information is missing or invalid.
1009	Poor Carton Quality	\$2 per carton, minimum \$100	Carton was not constructed of corrugated cardboard that was sufficient to hold and protect the contents from damage.
1010	Partial Carton(s) on Shipment	\$2 per carton, minimum \$100	Cartons not matching case packs specified at time of purchase

Offset Code	Offset Description	Offset Amount	Offset Explanation
1011	Incomplete, Inaccurate or Late Commercial Invoice (DI Only)	\$200 per invoice	Commercial Invoice with missing or invalid information or sent anytime after cargo delivered to port of origin
1012	Incorrect Designated Port of Origin (DI Only)	\$500 per shipment and any excess shipping costs	Port of Origin as designated at onset of program not actual port shipment sails from
1013	Late or Incorrect ISF Filing	\$100 per container + any/all fees/penalties incurred	ISF Filing not completed 3 days prior to vessel sailing or with incorrect information
1014	Incorrect HTS Codes	\$100 per SKU + any/all excess duties/fines/penalties or fees	HTS provided at onset of program is incorrect
1015	Late Booking for DI	\$100 per occurrence	DI shipments not booked within 14 days of the Do Not Ship Before Date
1016	Incorrect Bill of Lading	\$100 per container	Bill of Lading information is missing or invalid

Note: In addition to the offset listed above, Anna's Linens will process offsets for additional expenses, including transportation expenses and operational expenses, as a result of failure to meet the requirements in this Partner Guide.