

NORDSTROM & **d**sco

DROP SHIP OPERATIONS MANUAL



DROP SHIP & NORDSTROM CUSTOMER BENEFITS

How we work with our vendors to seamlessly send items ordered on our website or in our stores directly to our customers is very important.

- Expanded assortment of products
- Options that are not offered in stores
- Earlier access to new styles and trends

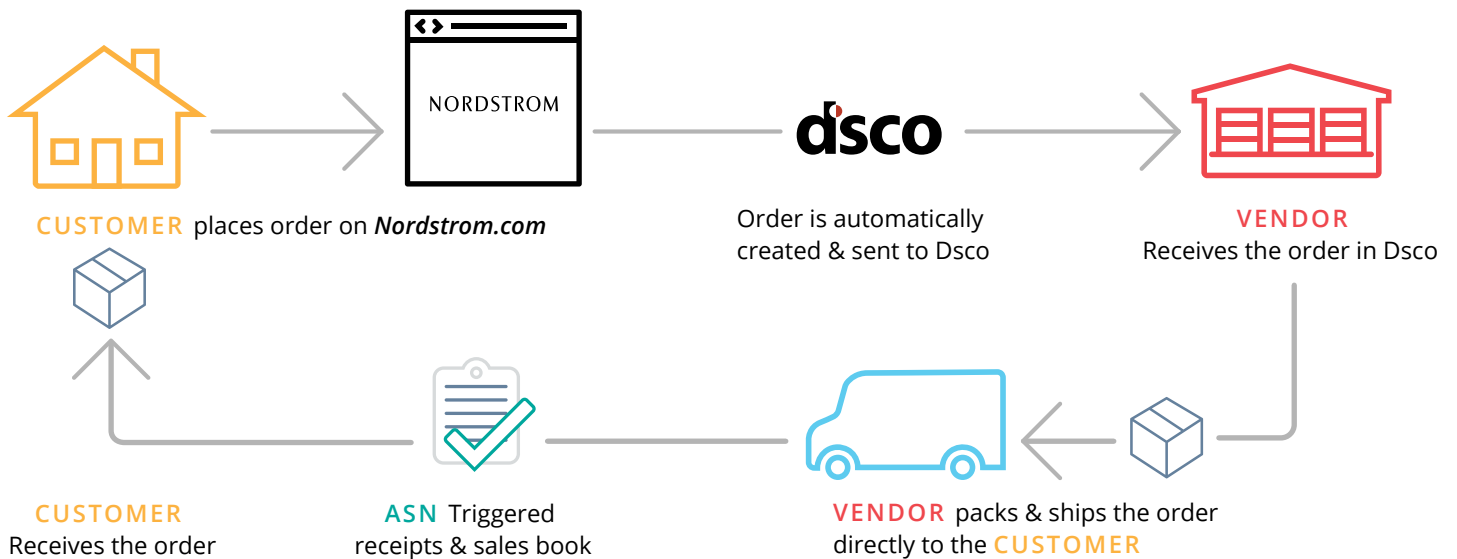


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PROGRAM REQUIREMENTS

PROGRAM REQUIREMENT	VENDOR CAPABILITIES
Order/Inventory Management	<ul style="list-style-type: none"> • 1x per day (or more) with actual quantities for in-stock items and a "0" for out of stock. • All orders must ship 1 business day following PO 'DSCO create date'; Pacific Standard Time. • ASN must be sent same day order ships • Cancel needs to be sent same day, sooner than later • Invoice must be received within 24 hours of shipment • Partner with Buying Office on inventory availability
Open RA #	<ul style="list-style-type: none"> • 1 non-expiring open RA # required per supplier • Restocking fee can be requested by supplier (\$2.50 per item)
UPS Account	<ul style="list-style-type: none"> • Must have UPS account • Nordstrom will issue each Supplier a UPS third party billing account number to be used in conjunction with Supplier's UPS shipping account. This billing account is to be used exclusively for customer drop ship orders <p>❗ Nordstrom will not pay shipping expenses for merchandise shipped unless our UPS third party billing account is used</p>
Packaging	<ul style="list-style-type: none"> • Return Label and Packing Slip required in the box; Nordstrom provides Return Labels • Must ship in plain brown box with no visible branding • Maximum weight 70lbs, maximum size 130" (Length + (2 x Height) + (2 x Width))
US Warehouse	<ul style="list-style-type: none"> • Required to ship from a domestic warehouse • Drop Ship purchase orders cannot be fulfilled from warehouses located in Alaska, HI, or US Territories • If a purchase order is received with an international APO, FPO PO BOX or US Territory address, the PO needs to be canceled • All warehouse changes and closures lasting longer than 1 business day must be communicated to dropship@nordstrom.com ASAP
DSCO Platform	<ul style="list-style-type: none"> • Nordstrom uses DSCO, a third party platform which allows vendors to connect and exchange data. Vendors are required to have a DSCO account • EDI is not required, but supported by the platform
PO Terms & Conditions	<ul style="list-style-type: none"> • All drop ship orders from Nordstrom to Vendor are governed by the Purchase Order Terms & Conditions available on NordstromSupplier.com at the time the order is placed. In the event of a conflict between the Purchase Order Terms & Conditions and this Manual; this Manual overrides any conflicting terms relating to the unique matters to the drop ship program.

PERFORMANCE EXPECTATIONS

PERFORMANCE EXPECTATION	VENDOR CAPABILITIES
Fulfillment Rate	<ul style="list-style-type: none"> • Maintain 98% or higher fulfillment rate while participating in the drop ship program
Ship on Time	<ul style="list-style-type: none"> • Must ship on time at least 97% of the time • ‘Standard Ground Shipping’ orders must ship within 1 business day
Retail Price per Unit	<ul style="list-style-type: none"> • \$40.00 USD minimum retail

DATA REQUIREMENTS & SPECIFICATIONS

DATA REQUIREMENT	DATA SPECIFICATIONS
Inventory	<ul style="list-style-type: none"> • Must ship on time at least 97% of the time • Item availability, from vendor > Dsco > Nordstrom • Availability of an item to drop ship is controlled by the vendor; quantities must be reflected accurately in Dsco <ul style="list-style-type: none"> • <i>Actual inventory quantities must be displayed in Dsco for in-stock items, a ‘0’ must be displayed for out-of-stock items</i>
Purchase Order (PO)	<ul style="list-style-type: none"> • PO must be shipped or canceled within within 1 business day from ‘Dsco Create Date’ • Customer Order, Nordstrom > Dsco > vendor • New orders generate automatically and are transmitted to Dsco every 5 minutes (7 days a week), vendor action required Monday-Friday • Orders may be eligible for cancellation at Nordstrom’s discretion if not shipped on time
Shipment	<ul style="list-style-type: none"> • Required within 1 business day from ‘Dsco Create Date’ • Confirmation of Shipment, from vendor > Dsco > Nordstrom • Successfully processed shipments in Dsco will charge the requesting customer for their purchase, order becomes eligible for payment • UPS tracking number linked to the order shipment will be sent to the customer to confirm shipment • Drop Ship orders are not eligible for payment until the customer is charged
Cancellation	<ul style="list-style-type: none"> • Required same day as ‘Dsco Create Date’ • Cancel Notice, from vendor > Dsco > Nordstrom • Line item cancellations required if one or more items not available for immediate shipment within 1 business day from ‘Dsco Create Date’ • Order cancellations required if requested items are not available for immediate shipment within 1 business day from ‘Dsco Create Date’
Invoice	<ul style="list-style-type: none"> • Required within 1 business days from ‘Dsco Create Date’ • Request for payment, from vendor > Dsco > Nordstrom • Invoice and Shipment are matched before each invoice is released for payment • Shipment required in Dsco prior to submitting invoice

DSCO INTEGRATION OPTIONS

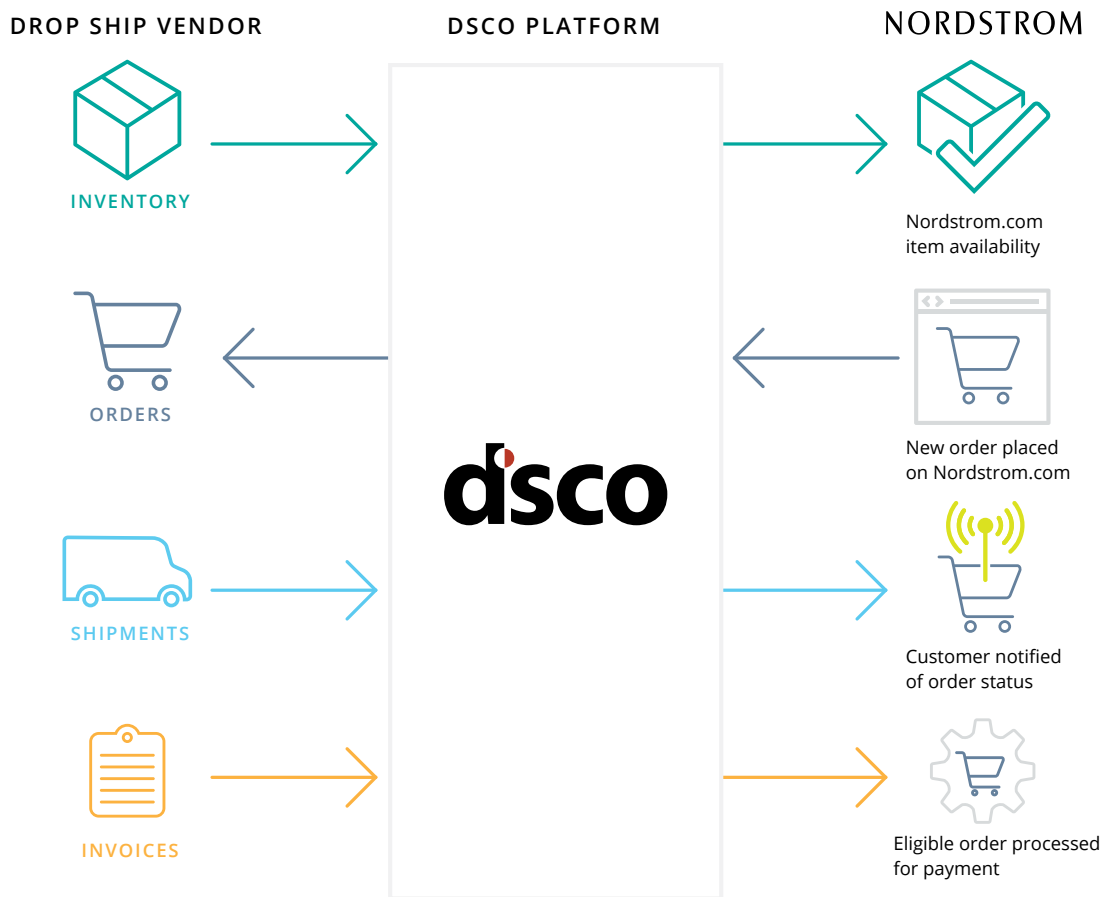
DSCO INTEGRATION OPTIONS	DSCO CAPABILITIES
DSCO Portal	<ul style="list-style-type: none"> • Drop Ship order management via DSCO website (without EDI) • Manual, one-by-one, order updates supported • Batch file/ template upload supported • CSV/ flat files supported; custom data mapping optional
Internal SFTP	<ul style="list-style-type: none"> • EDI supported • CSV/ flat files supported
Internal AS2	<ul style="list-style-type: none"> • EDI supported • CSV/ flat files supported
API	<ul style="list-style-type: none"> • Custom programming required
Third Party EDI	<ul style="list-style-type: none"> • DSCO has capability to integrate with a third party EDI provider, using one of the available integration options (SFTP, AS2 or API)

DATA EXCHANGE

Dsco is an integration platform that simplifies and standardizes the way vendors connect and exchange drop ship data. Here are some of the benefits you will see from using Dsco:

- No setup, data or transaction fees
- Connect the way that works best for you
- Reduction of oversell with automated inventory decrementing
- Transparency into performance, inventory and orders

USING DSCO TO EXCHANGE DROPSHIP DATA



DROP SHIP ENROLLMENT PROCESS

Participation in the Drop Ship program is by invitation only and is designed to ensure that all participating Vendors have a clear understanding of the operational and technical requirements of the Nordstrom Drop Ship Program.

How to get invited: This process begins with an initial meeting of all groups involved (Nordstrom Buying Team and Vendor) in the implementation and maintenance of the program to review the business, product, operational and technical requirements. During the initial meeting, future steps will be discussed and follow up sessions may be held to resolve any outstanding issues. Once all business, merchandise, operational and technical issues are resolved, Nordstrom Onboarding will assist with the connection to the Dsco platform.

VENDOR BUSINESS PROCESS STANDARD

The following steps in the Vendor Drop Ship model must be included in the Vendor's business process:

- Able to comply with all requirements of the program
- Able to maintain accurate inventory reporting to avoid cancellations and adverse customer experiences
- Process to complete order picks ensuring selection of the correct items
- Process to pack order ensuring all Nordstrom standards are met
- Must be able to meet the required shipping timeframes outlined below in Section 6
- Process to ship order ensuring the correct order is shipped to the correct location

MERCHANDISE STRATEGY

PRODUCT SELECTION & ITEM SETUP SPREADSHEET

Nordstrom's Asset Specialists will email a Product Attribute (PA) form that must be completed with product specifications, including styles selected (name and style #), details (size, colors, description, etc.), category information (pump, flat, evening boot, etc.), and price information (including wholesale price and MSRP).

- ❗ Information provided on the Product Attribute form must be accurate, as the information provided is published on the site.

COST/PRICE DISCREPANCY

If Vendor notices discrepancy between Nordstrom's purchase order and the Vendor's anticipated wholesale price, the Vendor must NOT cancel/hold orders from being shipped to our customers. The Vendor must notify Nordstrom Drop Ship Operations of the issue immediately, but the Vendor is NOT authorized to stop shipment to the customer

Vendor warrants that the wholesale price provided to Nordstrom is complete and no additional charges of any type shall be added without Nordstrom's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, custom duties, taxes, storage, insurance, boxing, crating, and any additional handling fees. Vendor will provide advance notice to Nordstrom of any tax changes to its wholesale price.

INSERTS, PACKAGING & LABELING STANDARDS

Nordstrom strives to be an environmentally responsible company. We encourage the use of environmentally sensitive packaging materials (recycled and recyclable). Avoid excess packaging by using materials that maximize protection while minimizing its environmental impact. Refer to Section 5: Packaging and Labeling Requirements located in the Nordstrom.com Vendor Compliance Manual

(www.nordstromsupplier.com) for additional information on best item packaging practices.

PACKING SLIP REQUIREMENTS

Preapproved packing slips are available for download on the Dsco platform. Vendor packing slip design must be approved by Drop Ship Operations (dropship@nordstrom.com). Vendor shall be responsible for its own costs related to packing slip design. Packing slip and return labels must be included within each shipment.

Required information includes:

- Nordstrom name (May be included in the bill to information)
- Nordstrom.com phone number and email – 888.282.6060, orders@nordstrom.com
- Customer name and address
- Nordstrom Customer Order Number (Clearly demarcated as 'Nordstrom Customer Order Number')
- PO Number
- UPC information
- Item Description
- **NO** product pricing on pack slip
- **NO** address other than the customer's address on the packing slip

❗ Pack slip must be included on the inside of the shipping carton.

EXAMPLE PACKING SLIP

NORDSTROM NORDSTROM.COM		PACKING SLIP 06 JUN 2018
CUSTOMER ORDER NUMBER: 3333333399999 PO NUMBER: 33333333		
SOLD TO:	SHIP TO:	
BETTY ANDERSON 555 MAIN ST DES MOINES, IA 50368	BETTY ANDERSON 555 MAIN ST DES MOINES, IA 50368	
<small>Item prices and full order details are available online at Nordstrom.com/myorder, by calling toll-free 1.888.282.6060, or by emailing us at orders@nordstrom.com. Have your order number ready</small>		
UPC	DESCRIPTION	QTY
815271010000	NURSERY ORGANIZER	1
<small>Return or exchange items at your local Nordstrom store or via the mail (please use return card). For prompt refund, enclose this form with your return.</small>		
		TOTAL QUANTITY IN PACKAGE 1

NORDSTROM RETURN LABEL

FROM: _____ _____ _____	ORDER # _____	NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES
POSTAGE DUE COMPUTED BY DELIVERY UNIT	PRIORITY MAIL	
MERCHANDISE RETURN LABEL PERMIT NO. 1108 CEDAR RAPIDS IA 52404 NORDSTROM 7700 18TH ST SW		[Barcode]
POSTAGE DUE UNIT US POSTAL SERVICE 1165 SECOND AVE. DES MOINES, IOWA 50318-9702		

Return Label Replenishment:

To replenish any of the Nordstrom promotional or packaging materials please email:

dropship@nordstrom.com

Information to include for an email request for additional return label inserts: quantity needed (3,000 inserts per case), the address to ship them, and the point of contact for shipment.

VENDOR PACKAGING STANDARDS

Corrugation:

- Vendor must provide new plain brown corrugation (UPS boxes are NOT permitted). Vendor is responsible for all costs related to packaging (with exception of Nordstrom promotional materials and Nordstrom merchandise return label)
- Vendor must provide new clear polybag for all merchandise. All items must be individually polybagged/ sealed and have a UPC barcode label or hangtag with no retail tag attached to the item nor the outside of each polybag (for further information, please review Nordstrom.com Vendor Compliance Manual)
- Please use appropriate size corrugate for product. Packing material should be placed around the inside of the shipping carton if there is a chance that products will shift significantly during transit
- Item must be shipped in a box
- All Drop Ship items must be ticketed with a scannable UPC barcode. Please see section 3 of our 'Ticketing Standards' for details: www.nordstromsupplier.com
- Sample photo of Vendor packaging is required during Drop Ship onboarding process

Weight and Size Restrictions:

- Maximum box weight is **70 lbs.**
- Maximum box size **130" in combined length + girth**

Packaging Material Standards:

Length + (2 x Width + 2 x Height)

Determining Length: Measure longest side of the package, rounding to the nearest inch

Determining Girth: (2 x Width + 2 x Height) Measure the width of the package, rounding to the nearest inch. Multiply this number by 2. Measure the height of the package, rounding to the nearest inch. Multiply this number by 2. Add these two numbers together. This is your girth

- Plain or clear sealing tape (Provided by Vendor)
- Nordstrom Merchandise Return Label (Provided by Nordstrom)

ORDER STATUS, SHIPMENT & DELIVERY

Cancellations

Vendors are required to cancel any order that cannot be shipped and the cancellation must occur within Dsco.

A cancellation is required if you are unable to ship **before** the "*dsco_ship_late_date*".

! A fulfillment rate of 98% or better is required. High cancellations may result in removal from the Nordstrom Drop Ship Program.

- The cancel order status feed updates our system and generates an email advising the customer of the action on their order
- Orders for any item not available due to a "no inventory position" **must be cancelled if the order cannot be filled within 8-hours** from the purchase order date. An updated inventory file must also be sent with a "0" for the UPC in question
- If Vendor notices a Nordstrom price discrepancy, they must **not** hold/cancel packages from being shipped to the customer. The Vendor must notify Nordstrom Drop Ship Operations of any issues immediately, but Vendor is **not** authorized to stop fulfillment/shipment process of any customer order

UPS ASN STANDARDS/SHIPMENT TRACKING CAPABILITY

All Vendors participating in the drop ship program must have the capability to track shipments. It is a requirement that all our Vendors transmit a tracking number within the ASN.

- Nordstrom requires one ship notification per package for all UPS shipments
- The tracking number provided by UPS must populate the sub-bill of lading field (REF*BM segment) and the PRO number field (REF*CN segment)
- The ASN must be transmitted and received by Nordstrom the same business day that the order is shipped
- **Must contain correct/valid carrier tracking information** transmitted in the document's BOL field, must contain PO #, customer #, and the carrier's 4-character SCAC code
- Please reference the data mapper on the Dsco platform for additional mapping details

VENDOR OUT OF WAREHOUSE & TIME TO CUSTOMER REQUIREMENTS

Ground Shipments

Vendors are required to ship customer orders within **1 business day** from the time the purchase order is placed.

- **The posted promise date online to the customer is 3-6 business days.**
- Program expectation: all in-stock merchandise is to be received by the customer within 3-6 business days from the time of the purchase order
- Shipments are sent on time
- Shipped Ground Residential
- NO signature required unless specifically requested by Nordstrom during item setup process
- **Orders not shipped on or before the "DSCO_Ship_Late_Date" are subject to cancellation at Nordstrom's discretion**
- Nordstrom will not pay invoices and shipping expenses for merchandise shipped **after** the order has been cancelled by Nordstrom

Expedite Shipments

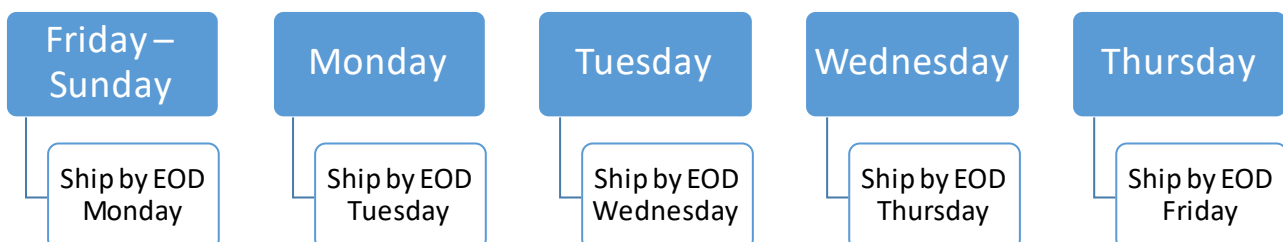
In-stock Drop Ship orders must be out of the warehouse **on the same day** the purchase order is available for pick up prior to 12:00pm PT. Next Day Air Saver and Second Day Air ship methods must be prioritized and shipped ahead of ground orders on the same day if the order is sent by 12:00pm PT.

- If unable to ship Next Day Air Saver and Second Day Air shipments, communication must be sent to dsonboarding@nordstrom.com
- Shipment timing is met when order is placed **BEFORE 12:00 PT** and shipped **same day**
- Next Day Saver or Second Day Air to the customer.

Next Day Ship - select ship "SAVER" or "PM" delivery, not AM delivery

- **NO** signature required unless specifically requested by Nordstrom during item setup process
- Orders not shipped on or before the **"DSCO_Ship_Late_Date"** are subject to cancellation at Nordstrom's discretion.
- Nordstrom will not pay invoices and shipping expenses for merchandise shipped **after** the order has been cancelled by Nordstrom

ADDITIONAL SHIPPING INFORMATION



Level of Service	PO Create Date / Time	Ship By Expectation	SLA	SCAC Code	Ship Code
Standard Ground	Order Date = 6/20/2018	Must Ship by = 6/21/2018	1 business day	UPSN	SI
3 day select	Order Date = 6/20/2018	Must Ship by = 6/21/2018	1 business day	UPSN	D3
2nd Day Air	Order Time: before 12:00 Noon PT 6/20/2018	Must ship by = 6/20/2018	Same Day	UPSN	SC
2nd Day Air	Order Time: after 12:00 Noon PT 6/20/2018	Must Ship by = 6/21/2018	1 business day	UPSN	SC
Next Day Air Saver	Order Time: before 12:00 Noon PT 6/20/2018	Must ship by = 6/20/2018	Same Day	UPSN	ND
Next Day Air Saver	Order Time: after 12:00 Noon PT 6/20/2018	Must Ship by = 6/21/2018	1 business day	UPSN	ND

- Vendor's (ship from) warehouse must be located within the contiguous United States - Drop ship purchase orders cannot be fulfilled from warehouses located in Alaska, HI, or US Territories
- If a purchase order is received with an international, APO, FPO, PO Box or US Territory address, Vendor must cancel the PO
- Nordstrom will not pay shipping expenses for merchandise shipped unless our UPS third party billing account is used
- Include PO number on first reference line on UPS label and do not enter a Declared Value
- Vendor will be the shipper of record whether using the Nordstrom UPS shipping account or its own shipping account
- All problems and/or issues regarding shipping/delivery must be resolved by the Vendor.
- Shipments that are misrouted due to Vendor error must be resolved at Vendor's expense
- Vendor will be reimbursed for any additional shipping fees incurred due to a special request from Nordstrom
- Nordstrom does NOT pay handling fees/drop ship fees/pick-pack fees. Vendor will be responsible for any expenses incurred during the fulfillment stage
- Multi-piece Orders and Split Shipments: PO's with multiple items should be combined in one shipment to the customer when possible. Nordstrom notifies customers that their packages may arrive separately in case they are not able to be combined
- Orders not shipped on or before the "Not After Date" are subject to cancellation at Nordstrom's discretion. Nordstrom will not pay invoices and shipping expenses for merchandise shipped *after* the order has been cancelled by Nordstrom

RETURNS, EXCHANGES, REFUSALS & UNDELIVERABLE SHIPMENTS

CUSTOMER RETURNS

All customer returns are directed to the Nordstrom Fulfillment Center in Cedar Rapids, Iowa (Address: 7700 18th Street S.W., Cedar Rapids, Iowa 52404).

- Clear instructions are provided to each customer on the Nordstrom returns label. Customers can also return merchandise to our Full-Line Stores. Nordstrom requires its Drop Ship Vendor Partners to accept customer returns for all unwanted merchandise in re-sellable condition as well as merchandise containing manufacturing defects
- If, on the rare occurrence, a customer returns an item to the Drop Ship Vendor directly, Vendor must notify Nordstrom Drop Ship Operations of the return **within two (2) days** of receiving the item

OPEN RETURN AUTHORIZATION (RA) PROCESS

An Open Return Authorization process must be in place for all direct-to-consumer Vendors prior to going live; accounts will not be activated until this information is provided

Nordstrom only returns re-sellable products using this open RA number. As a guideline, once a shipping carton is full, or once a month, the re-sellable items will be shipped back to the Vendor. Vendor **will not** be notified in advance of returns being sent back to Vendor's warehouse. Packing slip in returns carton will include style numbers, quantities, cost, and retail cost information for returned merchandise. Defective returns will be handled in the same fashion as our current Nordstrom agreements allow, or on a case-by-case basis if no agreements exist.

RA numbers must be limited to 12 characters or less with only letters and/or numbers.

❗ Nordstrom is only able to use ONE Return Authorization (RA) number for all drop ship returns, which can be renewed on a yearly basis, if requested by the Vendor. We cannot accept RA's by request, on a monthly basis, nor by Nordstrom selling department/division.

CUSTOMER REFUSALS/ UNDELIVERABLE SHIPMENTS

If UPS deems an order undeliverable, the Vendor must contact Nordstrom Drop Ship Operations immediately at **(206) 454-5600** or via email to dropship@nordstrom.com for ship-to address verification. Vendor is responsible for providing **Proof of Delivery** to the Drop Ship Operations office at the request of Nordstrom within 24-hours of the request. Nordstrom Drop Ship Operations will contact the customer and direct the Vendor Partner to return the merchandise back to their inventory and issue a credit invoice to Nordstrom.

- If **Proof of Delivery** is **NOT** provided; the Vendor must replace the merchandise at NO cost to Nordstrom or the customer. If Vendor does not do so, Nordstrom will assess an expense offset to the Vendor. A Vendor may not use Nordstrom's UPS shipper number to ship replacement merchandise
- **Customer Refusal/Undeliverable Shipment, Finances:** Any shipping charges incurred on return shipments, refused or undeliverable (only if Vendor provides proof of delivery) should be charged to the Nordstrom UPS third-party account number

REPLACEMENT OF LOST ITEMS

Nordstrom incurs the costs involved for the replacement of lost items when Vendor Partners can provide proof of delivery. Vendors must cooperate with Nordstrom Drop Ship Operations by providing tracking information, assisting in researching and resolving carrier claims, and recouping the claim dollars.

INVOICING PROCESS

PAYMENT

Invoices will be paid according to the applicable commercial terms minus cost of any merchandise returned to Vendor (*plus restocking fee of \$2.50 flat rate). Terms are Net 45 days unless otherwise specified. Accounts payable questions regarding invoice status, check information, and claim copies should be directed to our AP website at <http://portal.nordstrom.com>. Access to the AP website can be obtained by contacting the Web Admin at web.admin@nordstrom.com. Please remember there is a 12-month time limit on all inquiries. For additional information on payment terms, please refer to Nordstrom Purchase Order Terms and Conditions on www.nordstromsupplier.com.

RETURNED MERCHANDISE

Reductions will be taken on the invoice for returns. POD requests may be submitted in writing to the Claims Department at our Cedar Rapids Fulfillment Center, 7700 18th Street S.W., Cedar Rapids, Iowa 52404, fax (319) 846-4095.

RESTOCKING FEE

Restocking fee payments can be requested by the Vendor Partner for each re-sellable returned item. This fee is not to exceed \$2.50 per item US. Please email your Vendor Relations Representative in Nordstrom Accounts Payable via the AP Inquiry website <http://portal.nordstrom.com> to request further information.



NORDSTROM LATE ORDER CANCELLATION

Orders not shipped within 1 business day from '*Dsco Create Date*' are subject to cancellation at Nordstrom's discretion. As a courtesy, Vendors will be notified of orders at risk of cancellation. Each late order notice contains pertinent information related to at risk POs and requires immediate Vendor action in Dsco to resolve.

- Nordstrom cancelled units are NOT eligible for payment
- Invoices for merchandise shipped after the order has been cancelled will NOT be paid
- Proof of delivery will NOT be used to confirm shipment or approve invoice payment

CANCELLED ORDERS

Invoices for merchandise shipped *after* the order has been cancelled will NOT be paid.

VENDOR PO CANCELLATION

Items that are unavailable for immediate shipment within 1 business day from '*Dsco Create Date*' must be cancelled in Dsco. Notice of cancellation is required **same day** as '*Dsco Create Date*'.

- Status of cancelled orders or line items cannot be changed once updated in Dsco
- Cancel Notice, from **vendor > Dsco > Nordstrom**
- Cancelled PO(s) or PO line items are not eligible for invoicing and payment
- Invoices for merchandise shipped *after* the order has been cancelled will NOT be paid
- Proof of delivery will NOT be used to confirm shipment or approve invoice payment

INCORRECT OR UNPAID PURCHASE ORDERS (PO'S)

PO's reflecting incorrect cost need to be communicated to Drop Ship Operations and the Buying Team for quick resolution. Prior to contacting Nordstrom AP and Drop Ship Operations for payment of unpaid invoices, Vendor is required to research within their company (i.e. Vendor customer service) for resolution.

SHIPPING COSTS

- **NO REMIMBURSEMENT FOR FAILURE TO USE NORDSTROM'S UPS ACCOUNT. THIS IS A VENDOR RESPONSIBILITY**
- Vendors are responsible for audits and the use of appropriate account

- The UPS third-party billing account number is to be used for direct-to-customer orders only
- Nordstrom pays all shipping costs through the UPS third-party billing account number

CUSTOMER SERVICE

DROP SHIP OPERATIONS INQUIRY PROCESS

Vendor customer service agents work directly with the Nordstrom Drop Ship Operations team. Any Nordstrom customer inquiries should be forwarded to the contact listed below. The Vendor should not contact a customer directly unless expressly asked by a member of the Nordstrom Drop Ship Operations team. Drop Ship Operations: dropship@nordstrom.com

DEDICATED VENDOR CUSTOMER SERVICE REQUIREMENT

The Vendor must provide primary and secondary dedicated customer service resources to assist the Nordstrom Drop Ship Operations team with customer service related issues. Customer service resources must meet the criteria listed below:

- Regularly scheduled hours (minimum of 9:00AM – 5:00PM, Monday – Friday) within your Pacific Standard Time Zone
- Access to email (during business hours)
- Access to inventory availability information (during business hours)
- Shipping and tracking number information
- Must be able to **follow up on questions within 24 hours** (excluding weekends and holidays)
- General working knowledge of the Vendor direct-to-consumer business process
- General working knowledge of the Nordstrom process
- Out of office procedures - If the primary service rep is out of the office, the secondary service rep must be available

VENDOR INTERNAL UPDATES/CHANGES PROTOCOL & SERVICE DELAYS

CHANGE PROCESS FOR VENDORS

Suppliers must provide a **minimum of 30 days** written (email) notification for significant operational or technical changes that may affect the direct-to-consumer process. Changes must be communicated in writing to the Drop Ship Operations team (dropship@nordstrom.com).

i.e. warehouse changes/moves, closures, technological changes, etc.

CHANGE PROCESS FOR NORDSTROM

Nordstrom implements changes to the Drop Ship program in phases, allowing our Vendors to plan and evaluate how these changes affect their business processes. Nordstrom will use best efforts to provide the Vendor a minimum of 30 days' notice for changes in processes or requirements. Communication regarding changes will be in partnership with Nordstrom merchants and through Drop Ship Operations in writing.

SERVICE DELAYS

Communication of any potential service delays must be provided to Nordstrom.com Drop Ship Operations a **minimum of 30 days prior to any scheduled service delay**. A service delay is any situation or event, that impacts the ability to ship to customers within the expected timeframe. Service delays caused by inclement weather, employment disputes, or any other special occurrences must be communicated immediately to Drop Ship

Operations (dropship@nordstrom.com).

VENDOR PERFORMANCE SCORECARDS

Scorecards focus on the below key performance areas. Vendors are shown the ideal performance range, where they fall within the range, and any operational issues that could have been avoided to lead to better performance in the future.

COMPONENTS OF A VENDOR REVIEWAL:

- Total orders received
- Total confirmed shipped orders (% of total orders)
- Fulfillment Rate (Expected Fulfillment is 98%)
- Average time - Out of warehouse

CONFIDENTIAL INFORMATION; NORDSTROM CUSTOMER INFORMATION

- All Nordstrom customer information provided to Vendor is Nordstrom Confidential Information governed by the confidentiality terms in the PO Terms & Conditions. Vendor will use this information only to fulfill orders approved by Nordstrom and not for any other purposes. For the avoidance of doubt, Vendor will not market to or communicate with Nordstrom customers without Nordstrom's prior written consent. If Vendor stores Nordstrom customer information on its own systems, Vendor will ensure such information is encrypted in transmission and at rest
- Vendor will NOT use any customer names or addresses supplied by Nordstrom for any purpose other than fulfilling a Nordstrom order without Nordstrom's written permission. No form of communication is authorized without Nordstrom's written permission

ADDITIONAL DROP SHIP VENDOR STANDARDS

- Before a Vendor can participate in the Nordstrom Drop Ship Program, the Vendor Partner must review the most updated Drop Ship Operations Manual, Nordstrom Partnership Guidelines, and the Purchase Order Terms and Conditions, all of which can be found at www.nordstromsupplier.com
- All Vendor items must have a retail price above **\$40.00 per item** to be in the Drop Ship program
- No substitutions or alterations shall be made to the merchandise, packaging, labeling, or other materials furnished by the Vendor without written approval from Nordstrom. Such material shall not bear any logo or identification not previously specified
- **Safety Stock:** Implementing safety stock is not required, but useful for Vendors with high volume and/or if we are pulling from general stock. If Vendor is holding inventory aside in bulk, they do not need to have safety stock. We strongly suggest safety stock if the Vendor is pulling from general stock with other retailers or if Vendor DC's require a safety stock level to be used. Nordstrom recommends Vendors pull orders during off-hours (over weekends and especially during sales), decrement inventory, and resend updates when Vendor warehouse is closed

NORDSTROM PARTNERSHIP GUIDELINES

At Nordstrom, we recognize that our success is based on the quality of our relationships with customers, employees, agents, suppliers, and communities. To maintain the high caliber of these relationships and to achieve our goal of always providing the best value product in the most equitable manner, we have established standards for our Vendors. In communicating these guidelines, we hope to identify potential Vendors who share our commitment to quality products, quality business principles, and quality community relationships.

We will only engage business Vendors who demonstrate a commitment to contribute to the improvement of working conditions and strive to meet our requirements stated in the Nordstrom Partnership Guidelines.

Note: Information within this manual pertains ONLY to Nordstrom.com Drop Ship program participats. The NordstromRack.com (NRHL) Drop Ship Manual has it's own spheric program requirements that are not acknowledged within this document. The NRHL Drop Ship Manual is located within the following website: www.nordstromsupplier.com.

Effective Date: 11/12/2018

Replaces all existing Vendor certification information

This Drop Ship Operations Manual ("Manual") for Nordstrom, Inc. or one of its affiliates sets forth the policies and procedures for suppliers operating as a drop ship Vendor on or in connection with Nordstrom and Nordstrom.com. If you are a Vendor providing drop ship operations for NordstromRack.com or HauteLook.com you will need to review and follow a separate NRHL Drop Ship Operations Manual.

Please note that the information in this manual is updated periodically and can change without notice. We do not recommend that you print any section of this manual. Please refer to the online version of the manual (Nordstrom.com Vendor Compliance Manual and the Nordstrom.com Drop Ship Operations Manual) found at www.nordstromsupplier.com to make sure you have the most current information available.

IMPORTANT NOTE: THIS DOCUMENT CONTAINS DATA CLASSIFIED AS CONFIDENTIAL TO NORDSTROM. ITS CONTENTS MAY NOT BE DISCLOSED TO ANY THIRD PARTY, IN WHOLE OR IN PART, FOR ANY PURPOSE WITHOUT THE EXPRESS WRITTEN PERMISSION OF NORDSTROM

NORDSTROM CONTACT LIST

DEPARTMENT	RESPONSIBILITIES	CONTACT INFORMATION
Drop Ship Onboarding	Review & facilitate vendor setup in the Drop Ship Program after Buying Team submits a request (Review requirements, help suppliers create Dsco account, test and manage inventory).	Email: dsonboarding@nordstrom.com Hotline: (206) 454-5600 Hours: 7:00AM - 3:00PM PST, Monday – Friday
Drop Ship Operations	Assist Suppliers with inquiries related to the Drop Ship Program once a vendor is setup through onboarding (includes Dsco platform) Assist Suppliers w/fulfillment, inventory accuracy and customer order inquiries Monitor and manage low inventory feeds	Email: dropship@nordstrom.com Hotline: (206) 454-5600 Hours: 8:00AM - 4:00PM PST, Monday – Friday
Dsco Support	Technical support and transmission errors	Website: http://app.dsco.io Support Page: https://support.dsco.io/hc/en-us Email: support@dsco.io
Buying Team	Owns assortment, item setup, sales and forecasting	Website: http://portal.nordstrom.com Email: Suppliers should have contact info
Nordstrom Accounts Payable	Assist with inquiries regarding invoicing issues, charges, and re-stock fees For a listing of the Accounts Payable Vendor Reps, please see the 'Contact Us & Resources' section of the website	Website: http://portal.nordstrom.com Email: merchap@nordstrom.com Phone: (877) 444-1313, option 5 Hours: 8:00AM - 4:00PM PST, Monday – Friday
Nordstrom Supplier Website & Hotline	Nordstrom Supplier Standards can be viewed on our Supplier website	Website: www.nordstromsupplier.com Drop Ship Manual: Click link above & select 'Drop Ship Manual' on left navigation Phone: (877) 444-1313 Hours: 8:00AM - 4:00PM PST, Monday – Friday