

Nordstromrack.com | HauteLook

Drop Ship Supplier Partner Operations Manual

Effective Date: 12/08/2017

Replaces all existing Supplier certification information

This Drop Ship Supplier Partner Operations Manual (“**Manual**”) for Nordstrom, Inc. (“**Nordstrom**”) or one of its affiliates set forth the policies and procedures for vendors operating as a drop ship Supplier (“**Drop Ship Supplier**” or “**Supplier**” or “**Supplier Partner**”) on or in connection with the Company’s e-Commerce sites. This Manual applies to the Company’s operating companies, subsidiaries and divisions located in the United States of America, including without limitation, Nordstromrack.com, HauteLook and Nordstrom, Inc.

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 (Nordstromrack.com | HauteLook Supplier Compliance Manual and the Nordstromrack.com | HauteLook Drop Ship Supplier Partner Operations Manual) found at www.nordstromsupplier.com to make sure you have the most current information available.

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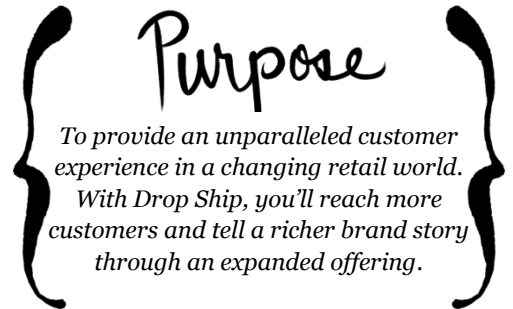
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SECTION 1 Drop Ship Program Overview and General Information

At Nordstromrack.com | HauteLook (NRHL) we've always aspired to do one thing well: serve our customer in an exceptional way. Today, customers seek out service in new ways with speed, convenience, innovation, and personalization becoming cornerstones of the customer experience. Guided by these new needs, Nordstrom, Inc. and its affiliates (collectively, "Nordstrom") have established the "Nordstrom Drop Ship Program" (sometimes referred to as "drop ship") to provide customers with a vast number of products not carried by either our brick-and-mortar stores or online. Items made available include a broader assortment of styles, odd sizes/widths, and unique colors.

Drop shipping is the process of having Supplier Partners fulfill orders from their (Supplier) inventory direct to customers. Both partners benefit through increased sales, improved customer satisfaction, and enhanced efficiency to better serve customers.

Having a collaborative relationship with our Supplier Partners is an integral part of Nordstrom's success and we value our partnerships to the highest degree. The following manual is designed to ensure that all participating Supplier Partners have a clear understanding of the required operational and technical standards of the Nordstrom Drop Ship Program. Please refer to www.nordstromsupplier.com for the most updated version.



Why Drop Ship?

- *Expanded Selection = Increased Sales.* One long-term benefit of partnering with Nordstrom is the ability to test new styles, extended colors and a fuller range of sizes before expanding items into our stores.
- *Drop Ship Sales Are Truly Incremental.* Drop shipping increases brand visibility, awareness, and sales revenue by offering a wider breadth and depth of product.
- *Drop Ship = Better In-Stock = More Sales.* As items become more broken in sizing, we miss sales. Drop ship gives us the inventory coverage to capitalize on missed sales opportunities.
- *Drop shipping is easy!* If you (Supplier) currently sell direct to customers via your own e-commerce site, then you're already half way there. We will work with your IT team to become compliant with our system.
- Provides an avenue to improve turn and drive additional sales in warehouse items.
- Drop ship also provides an additional avenue for clearing end-of-season goods.
- Adding drop ship doesn't mean Nordstrom will cut total receipts. Nordstrom usually buys more over the course of a year from our drop ship suppliers than we would from suppliers not participating in the program.
- Startup investment is minimal relative to the vast amount of sales opportunities.
- Nordstrom pays all shipping fees via UPS, so you (Supplier) only have to pick and pack.

DropShip Commerce (DSCO); what does DSCO do?

DSCO is a software solution from DropShip Commerce that simplifies and standardizes how retailers and suppliers connect and exchange data for drop shipping. Best part, this is a Nordstrom Sponsored service, there are no fees to use DSCO. No per order fees, no portal/monthly fees and no EDI kilocharacter fees. Because of DSCO's flexibility, you can integrate and share data to DSCO the way that is best for you and your IT team.

Data Exchange

Everything related to drop shipping with Nordstrom starts and finishes by sharing data. At DSCO's core is a platform that facilitates Data Exchange for several workflows. The DSCO platform has been seamlessly integrated with Nordstrom's ecommerce and back office systems. So once you've connected, integrated, and tested data with DSCO, you won't need to do anything else specific to Nordstrom related to data or formatting. Connecting to DSCO is flexible and there are several options that should align with your IT resources and other systems. Integration is as simple as understanding the Data Format and matching that with a Connectivity Method.

Connectivity Method	Ease	Technical Ability Required
Dsco Portal	★★★★★ Very Easy	★ Little to None
Dsco Portal Using Dsco Excel File	★★★★ Fairly Easy	★★ Knowledge of Excel Required
Dsco Data Mapper Tool	★★★ Somewhat Easy	★★★ Some Technical Experience Required
Dsco Flat-file Exchange	★★ Somewhat Difficult	★★★★ IT Resources Required
Dsco API	★ Very Difficult	★★★★★ Experienced Programmers Only

Platform: Data Exchange



Contact List

Department	Responsibilities	Contact Information
Drop Ship Operations	<ul style="list-style-type: none"> • Assist with inquiries related to the Drop Ship Program after initial setup, Dsco platform and customer orders • Assist supplier w/ fulfillment and inventory accuracy 	Email: dropship@nordstrom.com Phone: (206) 454-5600 Hours: 8:00AM - 4:00PM PST, Monday – Friday
Drop Ship Onboarding	<ul style="list-style-type: none"> • Assist with the initial supplier setup on the Drop Ship Program, capability and Commerce Platform Dsco 	Email: dsonboarding@nordstrom.com Phone: (206) 454-5600 Hours: 8:00AM - 4:00PM PST, Monday – Friday
Nordstrom Supplier Compliance Website	<ul style="list-style-type: none"> • Nordstrom Compliance Manuals and additional resources for suppliers available on our supplier website 	Website: www.nordstromsupplier.com Phone: (877) 444-1313 Hours: 8:00AM - 4:00PM PST, Monday – Friday
Dsco (Drop Ship Commerce)	<ul style="list-style-type: none"> • Technical Transmission of Data and file mapping • Supplier technical support 	Email: support@dropship.com Dsco: http://support.dsco.io
Nordstromrack.com HauteLook Accounts Payable	<ul style="list-style-type: none"> • Invoice and payment inquiries • Email the corresponding attribute and reference the PO number 	Email: NRHLMerchAP@hautelook.com
Vendor Desk	<ul style="list-style-type: none"> • For inquiries regarding the initial setup of new vendors and any changes to existing vendor information 	Email: vendor.desk@nordstrom.com Phone: (206) 233-6330 Fax: (206) 233-6331 Hours: 8:00AM - 4:00PM PST, Monday – Friday

SECTION 2 Supplier Partner Certification Process Outline

The Nordstrom Supplier ‘**Drop Ship Certification Process**’ is by invitation only and is designed to ensure that all participating Suppliers have a clear understanding of the operational and technical requirements of the Nordstrom Drop Ship Program. Certification is not a requirement for Suppliers who **ONLY** ship product to our Nordstrom Fulfillment Facilities or our store DC’s.

The certification process begins with an initial meeting with all groups involved in the implementation and maintenance of the program to review the business, product, operational and technical requirements. During the initial meeting, next 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, the testing phase of the onboarding process will begin.

Supplier Business Process Standard

Suppliers selected to participate in the drop ship program must have a reliable, efficient business process in place. The following steps in the Supplier Partner drop ship model must be included in the Supplier’s business process:

- 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

SECTION 3 Merchandise Strategy

Product Selection and Item Setup Spreadsheet

Nordstrom is interested in a broad selection of styles representing the best our Supplier Partners have to offer. Your contact from the Nordstrom Merchandise Group will email a merchandise (Microsoft Excel) spreadsheet that must be completed with styles selected (name and style #), details (sizes, colors, description, etc.), and category information (pump, flat, evening, boots, etc). ***Information provided on the merchandise spreadsheet must be accurate, as the information provided is published on the site.***

- All items must have a minimum retail price of \$14.97 to be on drop ship

Expected Fulfillment Rate of 98% (minimum)

All drop ship Supplier Partners must maintain a 98% or higher fulfillment rate while participating in the drop ship program to avoid a decrease in customer satisfaction. If the Supplier is unable to maintain this expected rate, Drop Ship Operations and the Merchandise Office will review the Supplier’s assortment and determine if items should be removed from the site or if the Supplier should be removed from the program altogether.

Opentext | GXS or InterTrade Approval

Suppliers must give Nordstrom access to their UPC catalog information. The information gives accessibility to UPC data, which is used to load the items identified on the Merchandise Spreadsheet onto the site.

Item Availability

All items selected by the Nordstrom Merchandise team to be sold on the Drop Ship program must be available to ship prior to the agreed upon live date. Merchandise teams can provide projections upon request.

SECTION 4 IT System Specifications

We are dedicated to ensuring that our Supplier standards are in conformity with those of the retail industry as a whole. We support industry-wide technologies that utilize Universal Product Code (UPC) and GS1 US standards. IT system requirements for the Nordstrom Drop Ship Program are outlined in the following manual and in the “Nordstromrack.com | HauteLook Supplier Compliance Manual,” as posted at www.nordstromsupplier.com.

The use of these technologies speeds the flow of merchandise through the supply chain, facilitating a rapid transfer of goods from our partners to our customers. This, in turn, allows Nordstrom to continue to build a more successful and mutually profitable partnership with our Supplier Partners.

EXHIBIT A REQUIRED IT SYSTEMS SPECIFICATIONS

Inventory <ul style="list-style-type: none">From Supplier to NordstromSuppliers must submit inventory updates to Dsco immediately after any change occurs to suppliers' stock. Purchase orders should be decremented from suppliers' inventory then an update sent to DscoMust be sent <u>minimum one (1) time per day</u> after inventory has been decremented by received purchase orders (<i>unless preapproved by the Nordstrom Drop Ship Operations at (dropship@nordstrom.com)</i>)Supplier must transmit actual inventory quantity for an in-stock item and a “0” if the item is out of stockSafety Stock: Implementing safety stock is not required, but useful for Suppliers with high volume and/or if we are pulling from general stock. If Supplier is holding inventory aside in bulk, they do not need to have safety stock. We strongly suggest safety stock if the Supplier is pulling from general stock with other retailers or if Supplier DC's require a safety stock level be used. Nordstrom recommends Suppliers pull orders during off-hours (nights and weekends) especially during sales
Order – Purchase Order <ul style="list-style-type: none">From Nordstrom to SupplierNordstrom recommends suppliers create and enable a process to safeguard against duplicate shipments
Shipment – ASN <ul style="list-style-type: none">From Supplier to NordstromAdvance Ship NoticeNotifies customer of shipment and tracking numberMust be received by Nordstrom the <u>same business day that the order ships</u>ASN must be sent to Dsco before Invoice
Order Cancel <ul style="list-style-type: none">From Supplier to NordstromMust be received <u>within 8-hours</u> of Supplier's receipt of POA cancellation is required when an order cannot be fulfilled by the “Not After Date” and/or if the Supplier's stock level is less than the amount needed to fulfill the order. If the latter, an updated inventory file must also be sent with a “0” for UPC in question
Invoice <ul style="list-style-type: none">From Supplier to NordstromMust be received <u>within 24-hours of shipment</u>Order must be in a “Shipped” status with ASN submitted prior to sending invoices to Dsco
UPC Catalog data <ul style="list-style-type: none">Nordstrom must have access to UPC catalog information
Functional Acknowledgement

- All documents are traded at the UPC (or EAN) level; therefore, you must be 100% Supplier UPC marked and provide GXS or InterTrade your UPC catalog before trading.

Industry Standards References

The following organizations serve as valuable resources for companies seeking information about UPC Ticketing and NRF Codes:

UPC Ticket Format and Marking Guidelines	GS1 US www.gs1us.org
NRF Color and Size Codes	National Retail Federation (NRF) Standard Color and Size handbook www.nrf.com

SECTION 5 Packing Slips, Packaging & Labeling Standards

Nordstrom is an environmentally responsible company. We encourage the use of environmentally sensitive packaging materials (recycled and recyclable). Avoid excess packaging by using material that maximizes protection while minimizing an environmental impact. Refer to Section 4: Packing and Labeling Requirements located in the Nordstromrack.com | HauteLook Supplier Compliance Manual (www.nordstromsupplier.com) for additional information on item packaging best practices.

Packing Slip Standards

Packing slips are not required for Nordstrom Rack | HauteLook drop ship orders.

Supplier Packaging Standards

Marketing/Promotional Materials:

- Any inserts, including instructions, shall not contain material that refers or relates to Supplier or any party other than Nordstrom

Weight and Size Restrictions:

- The maximum box weight is **70 lbs.**
- The maximum box size **108"** in combined length + girth
 - 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.

Corrugation:

- Supplier must provide new plain brown corrugation (UPS boxes are NOT permitted). Supplier is responsible for all costs related to packaging
- Supplier 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 attached to the item as well as the outside of each polybag
- 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, not a bag of any sort
- Sample photo of Supplier packaging is required during drop ship set up process

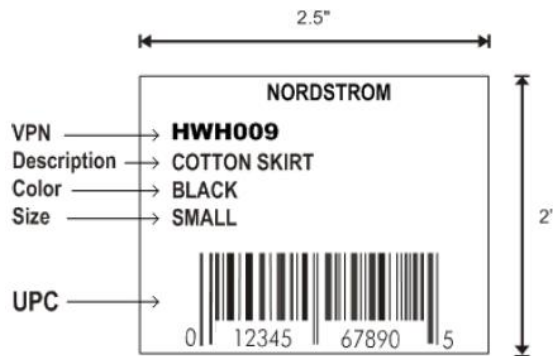
Packaging Material Standards:

- Plain or clear sealing tape (*Provided by Supplier*)

UPC Standards/Product and Packaging Labeling

- UPC barcode on item (hang tag), on retail box, or poly bag
- Legible description on item (*style name or number, color, size*)
- Correct size and style label attached to apparel/accessory item. (*hang tag*)
- No pricing or Supplier suggested retail information
- The use of UPC to identify merchandise is a retail industry standard. This allows us to have one universal identifier for merchandise. GXS and InterTrade are our selected third-party UPC catalog providers. Please reference the Nordstrom Business Basics document on www.nordstromsupplier.com for details on creating a UPC catalog

EXHIBIT C EXAMPLE LABEL



SECTION 6 Order Status, Shipment & Delivery

Drop Ship Supplier Partners shall process and ship orders to customers within the shipment time frame for the shipping method selected by the customer as delineated below in the 'Ground Order Shipment Expectations' timetables. Supplier shall also comply with all applicable Federal Trade Commission (FTC) mail order rules and any other Legal Requirements with regard to the fulfillment of orders. For the avoidance of doubt, the term "shipment time frame," as referenced above, shall mean the total time spent to process an order, including, without limitation, Drop Ship Supplier processing time of the order, packaging of the product, receipt by the UPS carrier, and receipt of the ASN ship notification by Nordstrom.

Carrier Selection

UPS is our carrier of choice for the Drop Ship program. 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 direct-to-customer orders. Nordstrom will not pay shipping expenses for merchandise shipped unless our UPS third party billing account is used.

UPS ASN Standards/Shipment Tracking Capability

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

- Nordstrom requires one ship notification per package for all UPS shipments
- If sending data via EDI, 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

Supplier Out of Warehouse and Time to Customer Requirements

Ground Shipments

All Supplier Partners are required to have all in-stock drop ship orders out of their warehouse within one (1) business day from the time the purchase order is available for pick up. Nordstrom's expectation is that all in-stock merchandise is to be received by the customer within 3-6 business days from the time of the purchase order. **(The posted promise date to the customer is 3-6 business days).**

Ground Order Shipment Expectations: (Timetable is based in Pacific Time)

Standard Ground	Order Date = 11/02/2017	Not After Date = 11/03/2017
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- Shipment timing is met by "Not After Date"
- 3-6 Business days to the customer
- Shipped Ground Residential
- NO signature required unless specifically requested by Nordstrom during item setup process
- Shipment notifications (ASN) transmitted same day as shipment
- Invoices transmitted within 24hrs
- *Orders not shipped on or before the "Not After Date" are subject to cancellation at Nordstrom discretion. Nordstrom will not pay invoices and shipping expenses for merchandise shipped after the order has been cancelled by Nordstrom*

Cancellations

The Supplier is required to notify Nordstrom of all cancellations on a daily basis via Dsco. The cancel order status updates our system and generates an email advising the customer of the action on their order. **A fulfillment rate of 98% or better is required. High cancellations may result in removal from the Nordstrom Drop Ship Program.**

- Orders for any item not available due to a "no inventory position" should 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 UPC in question
- Nordstrom Drop Ship Operations (dropship@nordstrom.com) must be notified when product will not ship within the required one (1) business day, regardless of reason. Notification must be made in writing (via email) within one (1) business day of receiving the purchase order
- If Supplier notices Nordstrom price discrepancy, they must not hold/cancel packages from being shipped to the customer. The Supplier must notify Nordstrom Drop Ship Operations of any issues immediately, but Supplier is not authorized to stop fulfillment/shipment process of any customer order

Additional Shipping Information

- Supplier'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, 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
- Supplier 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 Supplier.
- Shipments that are misrouted due to Supplier error must be resolved at Supplier's expense
- Supplier 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. Supplier 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 discretion. Nordstrom will not pay invoices and shipping expenses for merchandise shipped after the order has been cancelled by Nordstrom

SECTION 7 Returns, Exchanges, Refusals & Undeliverable Shipments

Customer Returns

Nordstromrack.com | HauteLook will restock all customer returns and will not ship returns back to suppliers. In the event this policy changes, written notice will be provided 30 days in advance. If, on the rare occurrence, a customer returns an item to the Drop Ship Supplier directly, Supplier must notify Nordstrom Drop Ship Operations of the return within two (2) days of receiving the item and provide the purchase order number, UPC code and quantity.

Customer Refusals/ Undeliverable Shipments

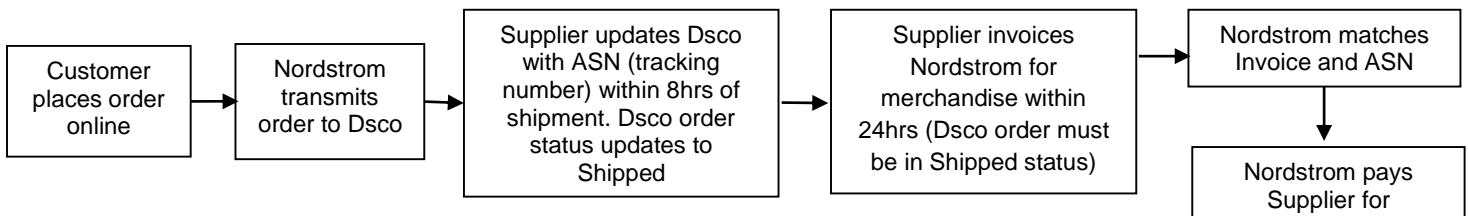
If UPS deems an order undeliverable, the Supplier must contact Nordstrom Drop Ship Operations immediately at (206) 454-5600 or via email to dropship@nordstrom.com for ship-to address verification. Supplier is responsible for providing **Proof of Delivery** to the Drop Ship Operations office at the request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

- *If Proof of Delivery is NOT provided*, the Supplier must replace the merchandise at NO cost to Nordstrom or the customer. If Supplier does not do so, Nordstrom will assess an expense offset to the Supplier. A Supplier 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 supplier 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 Supplier Partners can provide proof of delivery. Suppliers must cooperate with Nordstrom Drop Ship Operations by providing tracking information, assisting in researching and resolving carrier claims and recouping the claim dollars.

SECTION 8 Invoicing Process



Payment

Nordstromrack.com | HauteLook requires one invoice per PO, or one invoice per shipment if multiple shipments per PO. **Invoices will be paid according to terms agreement. Terms are Net 45 days unless otherwise specified.** For additional information on payment terms, please refer to the Nordstromrack.com | HauteLook Terms and Conditions on www.nordstromsupplier.com.

Payment Process

Supplier Partner sends an invoice for each order detailing the cost of merchandise to Dsco within 24 hours of shipment. Dsco will only accept invoices for items in a "Shipped" status. Invoices sent before the ASN will fail to import in Dsco. The Vendor number must correspond with purchase order transactions.

Cancelled Purchase Orders

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

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 Nordstromrack.com | HauteLook AP and Drop Ship Operations for payment of unpaid invoices, Supplier is required to research within their company (i.e. Supplier customer service) for resolution.

SECTION 9 Cost/Price Discrepancy & Price Matching

- If Supplier notices Nordstrom price discrepancy, the supplier must **NOT** cancel/hold orders from being shipped to our customers. The Supplier must notify Nordstrom Drop Ship Operations of the issue immediately, but the Supplier is NOT authorized to stop shipment to the customer
- Nordstrom has the right to lower advertised price of an item at any time to compete with competitors' advertised pricing. Nordstrom will contact Supplier Partner to discuss a strategy for lowering the price in order to remain competitive
- Supplier Partner expressly warrants and indemnifies that prices for the goods sold to Nordstrom hereunder are no less favorable than those currently extended to any other customer for the same or similar goods. In the event that Supplier reduces its price for such goods during the term of this agreement, Supplier agrees to reduce its prices of the goods ordered hereunder correspondingly. Supplier warrants that the price shown 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

SECTION 10 Customer Service

Nordstrom Standard of Excellence

Nordstrom partners with Suppliers who share the same standard of excellence and who strive to help Nordstrom be the premier customer service online retailer. Nordstrom will utilize whatever means necessary to ensure that customer expectations are satisfied with both the quality of the merchandise customers order and the service customers receive.

Drop Ship Operations Inquiry Process

Supplier Partner's 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 Supplier 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 Supplier Customer Service Resource Requirement

The Supplier Partner must provide a primary and secondary dedicated resource 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)
- Access to email (during business hours)
- Access to inventory availability information (during business hours)
- Shipping and tracking number information
- Required to be able to follow up on questions within 24 hours (excluding weekends and holidays)
- General working knowledge of the Supplier direct-to-consumer business process and Nordstrom process
- Out of office procedures - If the primary service rep is out of the office, the secondary service rep must be available

SECTION 11 Change Protocol & Service Delays

Change Process for Supplier Partners

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

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

Change Process for Nordstrom

Nordstrom implements changes in phases allowing our Supplier Partners to plan and evaluate how these changes affect their business process. The Supplier is given a minimum of 30 days' notice for changes in process or requirements. Communication regarding changes will be in partnership with Nordstrom merchants and through Drop Ship Operations in writing. Every attempt will be made to roll out changes to our Supplier Partners in quarterly packages.

Service Delays

Drop ship Supplier Partners must communicate any potential service delays to Nordstrom Drop Ship Operations a **minimum of 30 days prior to any scheduled service delay**. A service delay is any situation or event, which 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 Nordstrom Drop Ship Operations dropship@nordstrom.com.

SECTION 12 Quality Assurance

Nordstrom's Commitment to Quality & Minimum Merchandise Quality Criteria

Nordstrom is committed to ensuring all customers are satisfied with the quality of their merchandise. Nordstrom only selects Suppliers who share the same level of commitment to quality as we do. If any Supplier Partner has questions or concerns in regards to the quality of the merchandise they are drop shipping to customers, please contact Drop Ship Operations dropship@nordstrom.com. Listed below is the criterion drop ship Supplier Partners must adhere to when reviewing the quality of the merchandise they are shipping direct-to-consumers.

- Merchandise packaging in good condition
- Consistent color
- Finish
- Construction
- Odor and stain free
- No scuffs, scratches, etc.
- Labels (Supplier name, country of origin, care content)
- No pricing information

Merchandise that does not adhere to U.S. laws and regulations and/or to any additional Nordstrom safety regulations will fail the Nordstrom quality audit. Information about Nordstrom safety requirements for general wearing apparel may be found at www.nordstromsupplier.com/NPG/productintegrity.html, under the Apparel category, click on "Performance Specifications". (On the "Product Integrity" webpage, click on "Flammability" for general wearing apparel flammability requirements.) Additional information about Nordstrom's Child Safety Program is available at www.nordstromsupplier.com/NPG/productintegrity.html, under the Children's Apparel category, click on "Performance Specifications".

SECTION 13 Supplier Partner Performance & Compliance Auditing

Nordstrom is utilizing two primary methods to evaluate Drop Ship Supplier Partner performance. One, Supplier metric reporting is used to determine the efficiency of the Supplier business process. Nordstrom is also using a blind order program in which orders are placed periodically by auditors throughout the country to ensure all Nordstrom standards are being met.

Supplier Partner Performance

Performance statistics are available on the Dsco Analytics page. Suppliers are able to select a date range and view fulfillment rate and ship on time percentage. Ship on time does account for weekends when suppliers are not expected to provide shipment confirmation (ASN) data.

The Nordstrom Drop Ship Operations team is available to help evaluate operational processes and make recommendations on how to improve fulfillment and ship on time rates.

Components of a Supplier Partner Analytics:

- Total orders received
- Total orders ship confirmed (% of total orders)
- Fulfillment rate (Expected fulfillment is 98%)
- Average time - Out of warehouse (Expected ship on time 97%)

Blind Order Program

Nordstrom uses a Blind Order Program to ensure that the Drop Ship Supplier Partner is meeting all Nordstrom packaging standards. The blind orders are placed intermittently during a given timeframe. The volume of blind orders is proportionate to each Supplier's sales volume and compliance history. Compliance is monitored in the areas of merchandise quality, packaging, presentation, and time-to-customer.

Components of Blind Order Reporting:

- On time delivery
- Correct items shipped
- Quality of the merchandise
- Plain or clear tape
- Plain brown corrugate

Compliance Auditing Feedback

The Supplier receives structured, consistent feedback regarding performance. In addition, where improvements are necessary, progress is measured against previous evaluations. Follow up occurs through conference calls, email correspondence or onsite visits by Drop Ship Operations.

Onsite Audit Process

The purpose for the onsite audit is to form a relationship with the Supplier Partner and to confirm that the Supplier is performing in accordance with all Nordstrom specifications. Nordstrom will notify Supplier of onsite audit in advance.

Onsite audit to include, but not limited to the following:

- Examination of Supplier business process for drop ship orders
- Examination of the inbound, quality assurance, inventory management, and reverse logistics processes
- Certification that the steps outlined in the Supplier business process fulfills all Nordstrom standards

SECTION 14 Communication with Nordstrom Customers

- **Confidentiality:** All Nordstrom customer names, addresses, files and other information are acknowledged to be confidential and the sole property of Nordstrom. Supplier will make every effort to respect and protect this confidentiality. Supplier will not sell, rent or otherwise transfer such information or the right to use such information. Supplier will use the information only for sales approved by Nordstrom. This paragraph is expressly acknowledged to survive the termination of this agreement
- **Supplier will NOT use any customer names or addresses supplied by Nordstrom without Nordstrom's written permission. No form of communication is authorized without Nordstrom's written permission**

SECTION 15 Additional Drop Ship Supplier Partner Standards

- Before a Supplier has the ability to participate in the Nordstrom Drop Ship Program, the Supplier Partner must review the most updated Nordstromrack.com | HauteLook Drop Ship Supplier Partner Operations Manual, Nordstrom Partnership Guidelines, and the Purchase Order Terms and Conditions which can be found at www.nordstromsupplier.com
- No substitutions or alterations shall be made to the merchandise, packaging, labeling, or other materials furnished by the Supplier 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 Suppliers with high volume and/or if we are pulling from general stock. If Supplier is holding inventory aside in bulk, they do not need to have safety stock. We strongly suggest safety stock if the Supplier is pulling from general stock with other retailers or if Supplier DC's require a safety stock level be used. Nordstrom recommends Suppliers pull orders during off-hours (over weekends and especially during sales), decrement inventory, and resend updates when Supplier warehouse is closed

SECTION 16 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 business Suppliers. In communicating these guidelines, we hope to identify potential Suppliers who share our commitment to quality products, quality business principles and quality community relationships.

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

LEGAL REQUIREMENTS

Nordstrom expects all its business suppliers ("suppliers" as used in these Partnership Guidelines must include all agents, vendors, manufacturers, factories and subcontractors) to comply with all applicable laws and regulations of the United States and those of the respective country of manufacture or exportation, including, but not limited to, the Fair Labor Standards Act (Department of Labor Monitoring Guide). All products must be accurately labeled and clearly identified as to their country of origin and content. The language to be used for purposes of notice and interpreting the meaning of these Partnership Guidelines must be English. For more information on these other requirements, please visit www.nordstromsupplier.com and www.dol.gov/whd/flsa/.

CHANGE OF CONTROL

Suppliers must notify Nordstrom in writing if ownership, location, sale or purchase of any factory which houses Nordstrom production changes. All of the above requires the factory to undergo the New Supplier set up process.

SUBCONTRACTING

Suppliers must not subcontract any portion of the manufacturing process prior to production without written approval. As a condition of approval, subcontractors must agree to comply with the Partnership Guidelines.

DOCUMENTATION & INSPECTION

Nordstrom will review and may terminate its relationship with any supplier who is unwilling or unable to comply with the Partnership Guidelines. Nordstrom monitors compliance with our Partnership Guidelines and undertakes onsite inspections of suppliers' factories. Factories must be transparent and maintain all accurate documentation on file.

Factories must authorize Nordstrom representatives and designated third party monitors to engage in announced and unannounced monitoring activities to ensure compliance, including confidential worker interviews.

ANTI-CORRUPTION

Nordstrom expects all of its suppliers to comply with all applicable laws relating to bribery, money laundering and/or corruption, including, but not limited to, the Foreign Corruption Practices Act (FCPA) and the U.K. Bribery Act (Anti-corruption Laws). Suppliers must further have and maintain policies, programs, trainings, and record-keeping practices in place to comply with all applicable Anti-Corruption Laws and prevent unlawful payments made for the purpose of obtaining or retaining business. If requested, suppliers must provide Nordstrom with reasonable assistance to perform any activities required by any government or agency in a relevant jurisdiction for the purpose of anti-corruption compliance.

CUSTOMS COMPLIANCE

Suppliers will comply with U.S. and Canada Customs importing laws and, in particular, will establish programs and maintain documentation to support country of origin production verification and preferential trade claims. Suppliers will comply with international supply chain security requirements and criteria per U.S. Customs-Trade Partnership Against Terrorism (C-TPAT) and Canada Partners in Protection (PIP). Suppliers are subject to audits and corrective action plans as applicable.

CHILD LABOR

Factories will not employ anyone under the age of 15, or established by applicable law in the country of the manufacturer, or completing compulsory education. Factories must not expose anyone under the age of 18 to situations that are hazardous, unsafe or unhealthy, and will provide adequate protection from exposure to such conditions and materials.

FORCED LABOR

Nordstrom will not conduct business with any factory that uses involuntary labor of any kind; including prison labor, indentured labor, bonded labor, or labor obtained through human trafficking or slavery. Workers must not be required to lodge "deposits" or identity papers upon commencing employment with the company.

HARASSMENT & ABUSE

Factories must treat every worker with dignity and respect. Workers must not be subject to physical, sexual, psychological or verbal harassment or abuse. Factories must not use monetary fines as a disciplinary practice. Furthermore, workers must be free to voice concerns to Nordstrom or Nordstrom appointed staff, without fear of retaliation by factory management.

WAGES & BENEFITS

Wages, overtime and legally mandated benefits must be paid regularly, on time, with documentation and accordance to applicable laws. Employers must pay at least the minimum wage, the industry wage or the wage negotiated in a collective agreement, whichever is higher.

HOURS & OVERTIME

Factories must not regularly exceed daily, weekly, or combined total working hour limits established by local law or the Nordstrom Partnership Guidelines, whichever is lower. All overtime work must be voluntary and at a compensated rate per local law. Workers should be allowed one day off in seven.

HEALTH & SAFETY

Factories must provide safe and healthy working conditions. This includes written standards that comply with local laws or Nordstrom Partnership Guidelines, whichever is stricter.

NON-DISCRIMINATION

Factories must not discriminate in employment practices including recruiting, hiring and promoting qualified people of all backgrounds, regardless of sex; race; color; national origin; religion; age; marital status; pregnancy; physical or mental disability; sexual orientation; gender identity or any other basis protected by local law.

FREEDOM OF ASSOCIATION

Factories will respect workers' rights to freedom of association and collective bargaining.

ENVIRONMENT

Factories must comply with all applicable environmental laws and regulations in the country of operation. In addition, factories must have policies and procedures in place to manage and minimize environmental impacts to energy, air, emissions, water and safely store, prevent or mitigate catastrophic releases of chemicals and hazardous materials.

CONFLICT MINERALS & THE KIMBERLEY PROCESS

Suppliers must comply with applicable laws and regulations relating to responsible sourcing, including the sourcing of Conflict Minerals and diamonds. Section 1502 of the Dodd-Frank Act relates to the responsible sourcing of Conflict Minerals, which include: tin, tantalum, tungsten and gold (collectively, “3TG”) mined in conditions of armed conflict and human rights abuses in the Democratic Republic of the Congo (DRC) or its adjoining countries. Under Section 1502, applicable suppliers must confirm the source of 3TG used in their products. The Kimberley Process resolutions relate to the responsible sourcing of diamonds and require that where the seller guarantees that diamonds are conflict-free, this must be based on personal knowledge or a written guarantee provided by the supplier of the diamonds, and stated on all invoices. Nordstrom expects all of its suppliers to share its commitment to responsible sourcing and requires suppliers to adhere to all responsible sourcing regulatory requirements.

ANIMAL WELFARE

Suppliers must adhere to codes of practice that meet or exceed International, National and State Government, and best practice standards for animal welfare.

INTELLECTUAL PROPERTY

Nordstrom respects the Intellectual Property (IP) rights of others and expects the same of its suppliers. Any use of another’s Intellectual Property and the transfer of proprietary information must be handled in a secure manner that protects the IP and proprietary rights of the IP owner, Nordstrom and its suppliers. Suppliers agree they will not use or release Nordstrom trademarks, logos, or other proprietary work of Nordstrom to any other party unless preapproved in writing by Nordstrom and recognizes that the receipt of such information is for the sole purpose of fulfilling its contracted services.

SECTION 17 Notice of Disclaimer

The Nordstrom Business Basics, Hanging Standards, Ticket Standards, Packing Standards, Packaging & Labeling Standards, the Drop Ship Manual, the Routing Guide, the NPG Supplier Procedures Manual, the Nordstrom International Packing and Shipping Guide and the www.nordstromsupplier.com website provide answers to questions commonly asked by Nordstrom vendors/suppliers and serves as a reference to state and federal laws regarding apparel, footwear and accessory products.

The information contained within the manual and the website should not be taken as legal advice or as a legal guide to your situation or to any law, statute, or dealings with public authorities.

Please refer any questions you may have about compliance with and/or violations of laws, citations by public authorities, court appearances, legal responsibilities, criminal or civil defenses, etc., to your attorney.

Nordstrom is not responsible for:

- Your reliance on any information contained in or omitted from this manual;
- Your reliance on the accuracy of such information, including whether or not the information is correct, current or complete, and/or;
- The consequences of any action you or any other person takes or fails to take, whether or not based on information provided by or as a result of the use of this manual