



TRADING PARTNER PERFORMANCE MANUAL

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Change History

Version	Updated By	Date Updated	Brief Summary of Change
Original	Scott Gibson	5/18/2009	Original version
Trading Partner Compliance Update	Scott Gibson	5/27/2009	Changed verbiage for shelf label expiry compliance
Sep 09 Revision	Scott Gibson	9/1/2009	Added social compliance, DUNS information, and merchandising overview
Oct 09 Revision	Scott Gibson	10/1/2009	Revised UCC-128 requirements, Shipping Instructions, Carton and Packing Requirements and Transportation Section
February-13	Scott Gibson	2/2/2010	Requirement of Promo code on UCC-128 label, Inclusion of Trading Partner Planogram access information
May-13	Scott Gibson	4/26/2010	Updated link to EDI documents and updated departments requiring price tickets
December-12	Scott Gibson		
April-13	Kellie Carter	4/26/2013	Updated Traffic, Replenishment, EDI, Links. Added Duty Free
August 2013	Kellie Carter	8/23/2013	Updated Social Compliance, links, formatting
December 2014	Kass Darrow, Sharon Standish	12/12/2014	Updated links, formatting, general updates
March 2015	Kellie Carter	3/25/2015	Updated Vendor Compliance Rules, Added Domestic Preference Clause and Contract Surveillance.
Nov 2017	Edgar Samaniego	11/16/17	Updated Vendor Compliance Rules EDI-03 & EDI 04.
May 2018	Edgar Samaniego	05/01/18	Updated EDI Compliance Rule Names and Violation Descriptions.
Nov 2018	Edgar Samaniego	11/30/18	Updated Manual Infractions numbering convention. Attached updated CMMO Social Responsibility letter.
Jan 2023	Kimberly Dresen, Edgar Samaniego, Frances Taylor	1/30/23	Section 889, SAM, UEI, CAGE, Active Community vendor profile, EDI SPS registration, EDI Documents, SPS Analytics, Active Intelligence Infraction Charges, Return Policy, Scan Based Trading, Inquiries, Social Compliance
May 2023	Kimberly Dresen	5/20/23	Removed Electronic Article Surveillance (EAS) requirements, Required Documentation for Dangerous Goods
Jan 2024	Kimberly Dresen	1/15/24	Updated Retail Price ticketing (clothing)

INTRODUCTION

Scope

Welcome to the Navy Exchange Service Command (NEXCOM) 2014 Trading Partner Performance Manual. This manual provides information on how to do business with NEXCOM. It also provides information necessary to streamline the processes to bring merchandise to Navy Exchange (NEX) customers, the most deserving customers in the world.

To achieve that goal, trading partners must support NEXCOM's goal of maximizing supply chain efficiency by embracing industry-wide technologies including Universal Product Code (UPC) and Electronic Data Interchange (EDI). Due to the importance of the compliance issues documented within this manual, NEXCOM reserves the right to assess charges for noncompliance to trading partners that do not follow the provisions of this manual.

Trading partners are encouraged to review the entire Trading Partner Performance Manual and to direct any questions regarding the content of this manual to the appropriate NEXCOM buyer.

Social Responsibility

The military Exchange Services have a rich, proud heritage of serving the men and women of the uniformed services and their families. This global mission makes the Exchange Services citizens of worldwide communities and is rooted in the tenets of integrity, accountability and compassion, which are embodied in each service's core values. Consistent with those values, the Exchange Services seek to do business with contractors, trading partners, suppliers and partners who share these same enduring values and consistently hold themselves and their agents to the Joint Letter Regarding Social Responsibility and Labor Standards.

The addendum referenced in NEXCOM's Chief Merchandising & Marketing Officer's, Rich Honiball, letter can be accessed via the online portal. All three pages must be completed to comply with NEXCOM's Social Responsibility Compliance. Any questions concerning your compliance status should be directed to NEXCOM's Social Responsibility Manager. All questions regarding your requirements for complying should be directed to the appropriate NEXCOM buyer.

Contract Surveillance

At its sole discretion, NEXCOM may initiate or conduct periodic reviews, audits, surveillance, or administrative investigations into the activities of the Contractor, its employees or any subcontractors, directly related to the performance of the Contract, to verify the Contractor's compliance with the Contract, and to identify activities constituting fraud, waste, or abuse (FWA) of Government assets. At the sole discretion of NEXCOM, the Contractor shall be so notified of such reviews, audits, surveillance, or administrative investigations, as appropriate (and at the appropriate time). The Contractor agrees to cooperate fully during such reviews, audits, surveillance, or administrative investigations. Further, the Contractor shall take appropriate steps to correct any issues of FWA or other operational problems identified during such audits, reviews, surveillance, or investigations, including issuing payment to NEXCOM in compensation for any damages suffered by the NEXCOM Enterprise.

Vendor Responsibility for Employees

The Trading Partner is responsible for obtaining base access, in accordance with base installation requirements, for any of its, its subcontractor's, or its suppliers' employees who require access to perform duties related to this Agreement. At all times, Trading Partner is the employer for the purposes of worker's compensation coverage and insurance. Whenever employees of the Trading Partner, its subcontractor, or its supplier are present at a NEXCOM location in their capacity as an employee of Trading Partner, its subcontractor, or its supplier, the Trading Partner is responsible and liable for all actions of those employees and any loss suffered by NEXCOM as a result of those actions.

Domestic Preference Clause:

Preference is given to American-made items if they meet consumer demand and are competitively priced.

INSTRUCTIONS:

- Trading partners that supply private label merchandise must complete this trading partner profile addendum for each production facility (both its own and for all subcontracted facilities) that will be used to produce private label merchandise for NEXCOM.
- Trading partner shall not produce any private label merchandise in any facility that has not been approved in advance by NEXCOM, after 9/1/03.
- No facility will be approved until this fully completed addendum is submitted, along with all required supporting documentation.
- Submit via email to social.compliance.program.manager@NEXWEB.ORG. Incomplete submissions will NOT be acted upon. Should you have any questions regarding this form, please contact the appropriate NEXCOM buyer.
- A separate form is required for each facility that will be producing private label merchandise (whether owned or subcontracted); however, after Part A has been completed, copies may be made before Part B is completed.
- The trading partner will be required to complete the Social Compliance addendum of the online trading partner agreement.

JUN 27 2013

DEPARTMENT OF THE ARMY AND AIR FORCE
ARMY AND AIR FORCE EXCHANGE SERVICE
DALLAS, TX 75236-1598
DEPARTMENT OF THE NAVY
NAVY EXCHANGE SERVICE COMMAND
VIRGINIA BEACH, VA 23452-5724
HEADQUARTERS, UNITED STATES MARINE CORPS
SEMPER FIT AND EXCHANGE SERVICES DIVISION (MR)
QUANTICO, VA 22134-5103

**POLICY OF SOCIAL RESPONSIBILITY AND LABOR STANDARDS
FOR PRIVATE LABEL AND DIRECTLY IMPORTED MERCHANDISE**

The Army and Air Force Exchange Service (AAFES), Navy Exchange Service Command (NEXCOM), and Marine Corps Exchange (MCX) have a proud heritage of serving the men and women of the uniformed services and their families. The military exchanges perform a vital mission in bringing an array of products and services to military members and their families serving throughout the world. Our mission is global; we are citizens of many worldwide communities, supported by a very diverse workforce. Our endeavors are deeply rooted in the tenets of integrity, accountability, and compassion, which are embodied in our core values. Consistent with those values, AAFES, NEXCOM, and MCX require their suppliers and/or manufacturers of private label merchandise and merchandise imported directly by the exchanges, to assess their practices, as well as those of their subcontractors, for compliance with these Social Responsibility and Labor Standards in this Policy and Enclosure (1). Any violations of these standards by any manufacturer or subcontractor may be cause for immediate termination of any agreement.


Each military exchange shall implement a program ensuring that its private label or directly imported merchandise is not produced by child or forced labor and make periodic assessments of this program. This program shall be based on the Social Responsibility and Labor Standards outlined in Enclosure (1). The military exchanges shall also use government agencies, such as the Departments of State and Labor, retailers, and the International Labor Organization, as resources for information and insights that would facilitate structuring the program. We will establish ongoing communications with these organizations to help us stay abreast of information that facilitates our implementation and monitoring efforts to assure that exchange service merchandise is not produced by child or forced labor. Wherever possible, we will pursue efforts to implement this program jointly to minimize costs where there are opportunities to do so.

AAFES, NEXCOM, and MCX shall continue to expect that all brand name merchandise suppliers will comply with all applicable federal or international laws and regulations concerning Social Responsibility and Labor Standards, and shall take appropriate contractual or other action if this expectation is not met.

C

THOMAS C. SHULL
Director/CEO
Army and Air Force Exchange
Service (AAFES)


ROBERT J. BIANCHI
Chief Executive Officer
Navy Exchange Service
Command (NEXCOM)


WILLIAM C. DILLON
Director
Semper Fit and Exchange
Services Division (MR)

POLICY OF SOCIAL RESPONSIBILITY AND LABOR STANDARDS
FOR PRIVATE LABEL AND DIRECTLY IMPORTED MERCHANDISE

Child Labor: Suppliers and/or subcontractors shall not employ any person under the age of 14 years, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age will apply.

Forced Labor: Suppliers and/or subcontractors shall not use force or other compulsory labor in the manufacture of products. Suppliers shall not require employees to lodge "deposits" or identity papers upon commencing employment with the company.

Working Hours: Suppliers and/or subcontractors shall comply with applicable local laws on maximum daily/weekly working hours.

Compensation and Benefits: Suppliers and/or subcontractors shall ensure that wages paid for a standard workweek are consistent with local national laws.

Disciplinary Practice: Suppliers and/or subcontractors shall not engage in or support the use of corporal punishment, mental or physical coercion, verbal abuse, or withholding passports or travel documents.

Freedom of Association & Right to Collective Bargaining: Suppliers and/or subcontractors shall respect the right of all employees to form and join trade unions of their choice, consistent with prevailing local/national law and to bargain collectively, without any activity that impedes or suppresses freedom of association. Suppliers shall ensure that representatives of such employees are not subject to discrimination and that such representatives have access to their members in the workplace.

Discrimination: Suppliers and/or subcontractors shall be consistent with local laws regarding discrimination in hiring, compensation, access to training, promotion, termination, or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, maternity status, union membership, or political affiliation.

Safe and Healthy Workplace: Suppliers and/or subcontractors shall provide their employees with a safe and healthy workplace in compliance with all local laws.

A copy of these standards, translated in the language(s) of the workers, shall be posted in an accessible central location and visible to all employees at all production facilities that manufacture goods and merchandise for AAFES/NEXCOM/MCX. Any persons having knowledge of any violation of these standards are encouraged to contact:

Army and Air Force Exchange
Service (AAFES)
Chief, Quality Assurance
3911 S. Walton Walker Blvd.
Dallas, TX 75236 U.S.A.

Navy Exchange Service
Command (NEXCOM)
Chief Merchandising Officer
3280 Virginia Beach Blvd.
Virginia Beach, VA 23452 U.S.A.

Semper Fit and Exchange
Services Division (MR)
Head, Merchandising Branch
3044 Catlin Avenue
Quantico, VA 22134 U.S.A.



DEPARTMENT OF THE NAVY
NAVY EXCHANGE SERVICE COMMAND
3280 VIRGINIA BEACH BOULEVARD
VIRGINIA BEACH, VA 23452-5724

IN REPLY REFER TO:

5000
Ser M/005
June 12, 2018

Dear Navy Exchange Service Command Supplier:

The Navy Exchange Service Command (NEXCOM) is committed to purchasing merchandise produced in compliance with applicable laws and regulations and to assuring that private label merchandise and directly imported merchandise is not produced by child or forced labor. We have had a formalized policy in place since 2002. On June 27, 2013 an updated unified Policy letter was signed by the Director and CEO's of Army Air Force Exchange Service (AAFES), NEXCOM, and Marine Corps Exchange (MCX). A copy of the Policy letter and Standards are provided as enclosures (1).

NEXCOM requires all current and prospective contractors that supply private label or directly imported merchandise to be in compliance with our policy. To assist your firm in providing the information necessary to demonstrate compliance, we are also providing a "Vendor Profile Addendum," enclosure (2). Each supplier of private label goods is to complete a separate form for each production facility, including all subcontractor facilities (domestic and foreign), provide certification in writing that each facility will operate in compliance with all applicable labor laws, and provide evidence to prove that each production facility that is (or will be) producing such goods is in compliance with NEXCOM's Standards. This document should be updated yearly, at a minimum, or whenever there is a change or update to where goods are being manufactured.

The required information mentioned above is to be sent to the following email address:

Social.Responsibility.Manager@nexweb.org

NEXCOM values its business relationship with all of its vendors and appreciates your continued commitment to providing goods manufactured in accordance with our Social Responsibility and Labor Standards.

Sincerely,

RICH HONIBALL

EVP, Global Chief Merchandising & Marketing Officer

- Enclosures: (1) Policy of Social Responsibility and Labor Standards for Private Label and Directly Imported Merchandise
(2) NEXCOM Private Label Vendor Profile Addendum

**** social.compliance.program.manager@NEXWEB.ORG**

Combatting Trafficking in Persons

Policy – The U.S. Government and the Exchange have adopted a zero tolerance policy regarding trafficking in persons. Contractors and Contractor employees shall not:

- 1) Engage in severe forms of trafficking in persons during the period of performance of the procurement.
- 2) Procure commercial sex acts during the period of performance of the procurement.
- 3) Use forced labor in the performance of the procurement.

Contractor requirements – the Contractor shall:

- 1) Notify its employees of:
 - (a) The U.S. Government's and the Exchange's zero tolerance policy described in this clause.
 - (b) The actions that will be taken against employees for violations of this policy. Such actions may include, but are not limited to, removal from performing under this contract, reduction in benefits, or termination of employment.
- 2) Take appropriate action, up to and including termination, against employees or Subcontractors that violate the policy of this clause.

Definitions – As used in this clause

- 1) Coercion, to include:
 - (a) Threats of serious harm to or physical restraint against any person.
 - (b) Any scheme, plan or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person.
 - (c) The abuse or threatened abuse of the legal process.
 - (d) Withholding any document (e.g., passport, visa, identification [ID], etc.) that prevents or restricts the person from moving freely.
- 2) Commercial sex act – any sex act on account of which anything of value is given to or received by any person.
- 3) Debt bondage – the status or condition of a debtor arising from a pledge by the debtor of his/her personal services or of those of a person under his/her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.
- 4) Employee – an employee of the Contractor directly engaged in the performance of work under the procurement who has other than a minimal impact or involvement in procurement performance.
- 5) Forced labor – knowingly providing or obtaining the labor or services of a person:
 - (a) By threats of serious harm to, or physical restraint against, that person or another person.
 - (b) By means of any scheme, plan or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint.
 - (c) By means of the abuse or threatened abuse of law or the legal process.
- 6) Involuntary servitude includes a condition of servitude induced by means of:
 - (a) Any scheme, plan or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint.
 - (b) The abuse or threatened abuse of the legal process.
- 7) Severe forms of trafficking in persons
 - (a) Sex trafficking in which a commercial sex act is induced by force, fraud or coercion, or in which the person induced to perform such act has not attained 18 years of age.
 - (b) The recruitment, harboring, transportation, provision or obtaining of a person for labor or services, through the use of force, fraud or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage or slavery.
- 8) Sex trafficking – the recruitment, harboring, transportation, provision or obtaining of a person for the purpose of a commercial sex act.

Notification – the Contractor shall inform the Contracting Officer immediately of:

- 1) Any information it receives from any source (including host country law enforcement) that alleges a Contractor or Subcontractor or employee or representative has engaged in conduct that violates this policy.
- 2) Any actions taken against such employees or representatives pursuant to this clause.

Remedies – In addition to other remedies available, the Contractor's failure to comply with the requirements of this clause may result in:

- 1) Requiring the Contractor to remove a Contractor employee or employees, or require removal of a Subcontractor employee or representative from the performance under this contract.
- 2) Requiring the Contractor to terminate a subcontract.
- 3) Suspension of contract or fee payments.
- 4) Termination of the procurement for default or cause, in accordance with the termination clause of this contract.
- 5) Suspension or debarment.

Subcontracts – the Contractor shall include the substance of this clause, including this paragraph, in all subcontracts.

Mitigating Factor – the Contracting Officer may consider whether the Contractor had a Trafficking in Persons awareness program at the time of the violation as a mitigating factor when determining remedies.

Additional information about Trafficking in Persons can be found at <https://www.state.gov/bureaus-offices/under-secretary-for-civilian-security-democracy-and-human-rights/office-to-monitor-and-combat-trafficking-in-persons/>

To ensure full compliance with our Policy of Social Responsibility and Labor Standards, NEXCOM (or a third party designated by NEXCOM shall assert its right to conduct announced or unannounced inspections of suppliers' and/or sub-Suppliers' production facilities.

If the item contains precious metals, gemstones, diamonds or pearls, the Supplier will confirm to the Contracting Officer and affix a label to the package that states:

“The jewelry (precious metals, gemstones, diamonds or pearls) herein has been purchased from legitimate sources not involved in funding conflict and is in compliance with United Nations Resolutions. The seller hereby guarantees that all merchandise is conflict-free and mined in an environmentally responsible manner, based on personal knowledge and/or written guarantees provided by the supplier of these products.”

Guide to Doing Business with NEX

The Guide to Doing Business with the NEX provides a good overview and background of NEXCOM and all trading partners are encouraged to review it.

www.mynavyexchange.com/nex/doing-business-with-us

Getting Started

After reviewing the Guide to Doing Business with the NEX, and once a buyer has agreed to do business, trading partners should familiarize themselves with this manual and the Publication 61 document linked below. Once those steps are completed and the trading partner determines they are able to meet the requirements of doing business with the NEX as outlined in this document, the trading partner will receive a Registration invitation from the appropriate NEX buyer to complete and submit the Trading Partner Agreement via the online Active Community portal.

All documentation for dangerous goods must be provided to NEXCOM prior to any shipments to our facilities. This includes the Safety Data Sheets for all Dangerous Goods (DG) for explosives, gases, flammable/combustible liquids, flammable solids, oxidizers, poison, corrosives and miscellaneous DG's like lithium batteries.

Relation to Publication 61

As a convenience, a listing of sections from Publication 61 that are especially pertinent to the retail business has been included below.

www.mynavyexchange.com/nex/doing-business-with-us

Section A

- 16 - Advertisements/Endorsements pg. 12
- 25 - Procurement Misconduct pg. 14

Section B

- 1 – Marking Instructions for Overseas Shipments pg. 17
- 2 – Commercial Bills of Lading for FOB Origin Shipments pg. 17
- 3 – Freight Description on Bills Of Lading pg. 17
- 4 – Return of Defective or Nonconforming Goods pg. 17

Section C

- 2 – Contractors Price Warranty pg. 19

Section D

- 1 – Invoice and Payment pg. 21
- 2 – Discounts for Prompt Payment pg. 22
- 3 – Data Universal Numbering Systems (DUNS) Number pg. 22
- 4 – Electronic Funds Transfer (EFT) pg. 22

System for Award Management (SAM)

- The Representative will certify the Trading Partner they represent is not listed as an excluded party on the System for Award Management (SAM) and is otherwise qualified and eligible to contract with the Federal Government under applicable laws and regulations.

- Acknowledgement will be made in the Required Representation tab within the registration request of the Trading Partner Agreement via Active Community.
- To learn more about the System for Award Management (SAM), please visit <https://www.sam.gov/index.html/>

NDAA 2019 Required Representations Regarding Sale or Use of Certain Telecommunications and Video Surveillance Services or Equipment, Section 889

- The John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019 (Pub. L. 115-232), Sec 889 reference can be found at <https://www.congress.gov/115/bills/hr5515/BILLS-115hr5515enr.pdf>.
- Section 889 prohibits the Federal Government from procuring covered equipment, systems, or services from certain China-based companies. It also prohibits the government from procuring from a business that uses such equipment or services. There are two prohibitions within the regulation: Part A (sell) and Part B (use). The Section 889 form is used to certify that a company (1) is not selling covered telecommunications equipment to the federal government, and (2) does not use essential components of telecommunications equipment, products or services from the prohibited companies.
- The Trading Partner will provide a response with a current, government-wide representation at www.SAM.gov, and will then complete the corresponding part(s), sign and upload the Section 889 form in the Required Representation tab within the registration request of the Trading Partner Agreement via Active Community.
- <https://www.mynavyexchange.com/nex/doing-business-with-us>
 - Expand heading Procurement Policy Related Documents
 - Required Representations Form

Technology

NEXCOM is committed to following industry standards to maximize the utilization of its technology investment to ensure that the best possible customer service is provided. Trading partners are also expected to maintain sufficient technological capabilities.

The following technology resources may be of assistance:

- GS1 at <http://www.gs1us.org/>
- National Retail Federation at <http://www.nrf.com/>

DUNS NUMBERS

All trading partners must provide a Dun & Bradstreet Universal Numbering System (DUNS) number. The DUNS number will be the trading partner's identification number. If the trading partner does not have a DUNS number(s), see below "How to Obtain a DUNS Number" for information on how to obtain the required DUNS number(s) from Dun & Bradstreet. There is no charge to obtain a DUNS number.

If a company has more than one DUNS number, a determination needs to be made on which are applicable. If two or more DUNS numbers (i.e. to reflect separate divisions/branches of your company) must be utilized, talk to the appropriate NEXCOM buyer as a separate online Trading Partner Agreement must be completed for each DUNS number required.

How to Obtain a DUNS Number

1. Dun & Bradstreet Contact Information
 - <http://www.dnb.com/>
 - Customer Service: 1-800-234-3867
2. Dun & Bradstreet will ask for the following information:
 - Name
 - Company Name and Address
 - Line of Business
 - Number of Employees
 - Chief Executive Officer/Key Manager
 - Relationship to other businesses that may be linked in the D&B database for your company.
3. Note: DUNS numbers will not be assigned for the following:
 - Different departments at same location
 - Unstaffed operations of locations (e.g. automatic tellers)
 - Trade styles of additional names used by a company for buying and/or advertising purposes
 - PO Boxes used for general mailing purpose.
4. Note: DUNS numbers are retained for the following:
 - If a business moves to a new location, the DUNS number remains the same.
 - If a business stops operation without a successor its DUNS number is retired and will not be reissued
 - If a company consolidates operations or locations, one of the location's DUNS numbers is retained for the consolidated location.
 - If one or more corporations merge into an existing corporation, the DUNS Number of the latter corporation is retained.

UNIQUE ENTITY IDENTIFIER (UEI) and COMMERCIAL and GOVERNMENT ENTITY (CAGE) CODES

- If the trading partner has a UEI (*Unique Entity Identifier*) and/ or CAGE (*Commercial and Government Entity*) code(s), trading partner will enter the codes in the Company Information within the registration request of the Trading Partner Agreement via Active Community.

ACTIVE COMMUNITY – Vendor profile management

- Active Community portal stores and manages Trading Partner profiles including company and representative contact information, Trading Partner Agreements (TPA) with applicable documents.
- NEXCOM Merchant creates the initial Trading Partner profile. After created, a link to register will be sent to the Trading Partner to complete related details including the TPA. Email links are available to be forward to multiple address for assistance in completing Trading Partner profiles. TPA's will include contact lists, company details, payment terms, advertising, and agreements/acknowledgements required to do business with NEXCOM.
- As the contact information in **Active Community** is the primary source for our Trading Partner communication, it is a critical responsibility of the Trading Partner to manage their contact list.
- Fax is mandatory at the vendor level. All trading partners will be set up with a PO transmission method of 'Fax' until they complete EDI testing with SPS Commerce. Once they have tested and NEXCOM has received the testing certification notice, they will be moved from 'Fax' to an 'EDI' transmission method. If the company does not have a Fax number, they can sign up for an online FAX service such as 'eFax' until they are able to complete EDI testing and certification.
- <https://account.rollstream.com/accounts/login>

UPC/EAN/GTIN Requirements

NEX's scanning, ticketing and POS systems are equipped to utilize UPC and EAN codes. NEXCOM requires all retail products sold in NEX stores be identified with a scan able bar code attached to the product. Please contact GS1 at <http://www.gs1us.org/> for any questions related to bar-coding a product.

All of NEXCOM's EDI transmissions are traded at the UPC/EAN level.

EDI

NEXCOM utilizes EDI to trade business documents electronically. EDI is the automated application-to-application exchange of business data such as purchase orders, invoices, shipping notices and point-of-sale information. NEXCOM is committed to strengthening partnerships through the application of industry standard technology; therefore, its trading partners must be EDI-capable on the EDI documents listed below under “Current EDI Documents”. NEXCOM’s EDI specifications are posted at <https://www.mynavyexchange.com/nex/doing-business-with-us>

SPS Commerce has dedicated support representatives that are knowledgeable on the Navy Exchange program and can guide you through the process. You can reach them at (866) 245-8100. Information about the program is also available at

- DC/Store <https://community.spscommerce.com/nexcomshiptodc/>
- Drop ship <https://community.spscommerce.com/nexcom-drop-ship/>

There is also NEXCOM specific information in the following link

- <https://www.mynavyexchange.com/nex/doing-business-with-us>

Validate the VAN connection. Although the trading partner may be trading with other retailers and/or currently trading EDI transactions through the 3rd Party EDI Service the trading partner utilizes, there is still a setup process per supplier that needs to be completed. The confirmation of connectivity test is represented by processing an EDI 997 document.

Even if NEXCOM is currently trading EDI transactions through the 3rd Party EDI Service the trading partner utilizes, NEXCOM still needs to test and validate:

- Business Rules based on Order Model (cross-dock versus bulk) to include invoicing method
- UCC-128 Labels are scan able
- Business validation rules around case versus each ordering
- Data synchronization of items

EDI Service Providers often have more than one product including an integration service, which moves data in and out of the supplier’s backend systems. This setup is identical to an EDI Supplier that hosts its own EDI service and requires testing.

Without detailed testing of each trading partner, NEXCOM would be forced to “test” the transactions in production, which would slow down the process.

- Additionally, the EDI 856 ASN/UCC-128 is a high profile transaction and the quality of the data and barcode scan will make or break the efficiencies gained.

The purpose of conducting EDI testing is to confirm the ability of NEXCOM’s vendors to exchange EDI data in compliance with EDI Standards, EDI guideline requirements, and to provide confirmation that the turnaround details from one business transaction to another are correct. The vendor must also be able to accept inbound documents such as the 754 Routing Instructions, EDI 850 PO and EDI 852 POS sales information and send outbound documents such as the 753 Request for Routing, EDI 810 invoice, EDI 856 ASN and a scan able shipping label in the correct format.

This involves testing the connection with the trading partners, EDI standards syntax validation, NEXCOM’s EDI guideline segment / element requirements, and additional business rules such as specific conditions based on order model (cross-dock or bulk).

Current EDI Documents

MANDATORY TRANSACTION SETS				
No.	DOCUMENT NAME	BRICK & MORTAR	DROP SHIP	SCAN BASED TRADING
753	Request for Routing	✓		
754	Routing Instructions	✓		
810	Invoice	✓	✓	✓
846	Inventory Inquiry/Advice		✓	
850	Purchase Order	✓	✓	
855	Inbound Purchase Order (VMI); Cancellation (Drop Ship)	✓ Required for VMI Vendors	✓ Required for Drop Ship Vendors	
856	Advanced Ship Notice (ASN)	✓	✓	✓
860	Purchase Order Change Request	Future NEXCOM Document		
861	Receiving Advice/Acceptance Certificate			✓
997	Functional Acknowledgement	✓	✓	
ADDITIONAL TRANSACTION SETS (OPTIONAL)				
No.	DOCUMENT NAME	BRICK & MORTAR	DROP SHIP	SCAN BASED TRADING
180	Return Merchandise Authorization	✓	✓	
214	Carrier Shipment Status Message	✓		
820	Remittance Advice	✓	✓	✓ Required for SBT Vendors
832	Price Sales Catalog / New Item (SBT)	✓		✓ Required for SBT Vendors
852	Product Activity Data	✓		✓ Required for SBT Vendors
864	Text Message	✓		

EDI 856 Advanced Shipping Notice (ASN)

NEXCOM requires a VICS EDI 856 ASN with carton level information for every shipment to a NEXCOM Distribution Center or store. Merchandise shipped by small package carriers requires one EDI 856 per carton. In order to send an EDI 856 ASN:

1. Complete the EDI section of NEXCOM's Trading Partner Agreement via the Active Community online portal.
2. Complete testing for EDI 753, 754, 850, EDI 810 and EDI 856/ UCC-128 label through SPS Commerce (<https://portal.hosted-commerce.net/sps/>; username = nexvendor; password = spscommerce) prior to trading the 753, 754, 850, 810 and 856 documents with NEXCOM.
3. Notify EDI Business Team at EDIBusinessTeam@nexweb.org if a new EDI 856 ASN system is installed or to make changes to the current program.
4. Transmit a valid NEXCOM PO number(s) in the EDI 856.
5. The EDI 856 must be 100% accurate. Include all mandatory segments and must match the shipment. NEXCOM recommends a "scan and pack" method of EDI 856 ASN creation.
6. Do not include UPC codes for any quantities not shipped, including merchandise that is back-ordered.
7. Never transmit the same UCC-128 number on more than one EDI 856 ASN. NEXCOM cannot currently accept corrections on a systematic basis. If a trading partner needs to correct the ASN, contact NEXCOM's EDI Business Team at EDIBusinessTeam@nexweb.org prior to transmitting the corrected ASN.

8. Every EDI 856 ASN must accurately provide a “ship-to” numeric code in the N104 segment that matches the “ship-to” numeric code in the N104 of the EDI 850 Purchase Order.
 - Note: It is possible that during the ship-to address verification process (SEE [SHIPPING INSTRUCTIONS](#) BELOW) that the final “ship-to” address will vary from the original address provided on the EDI 850 Purchase Order; however, the “ship-to” numeric code will **NEVER** change during the verification process.
9. Charges will be assessed if:
 - Trading Partner is removed from the program due to continued inaccurate ASNs.
 - ASN is inaccurate.
 - No ASN is sent or it is sent later than the time of receipt.

NEX UCC-128 Label Requirements: Rev Feb10

1. All shipments to NEX locations require UCC-128 (SSCC-18) Shipping Container labels.
2. The trading partner’s UCC-128 data must be included in your EDI 856 ASN ship notice transmission.
3. The trading partner should have an ongoing UCC-128 bar code quality control program in place that ensures ANSI A or B print quality when scanning with a 10-mil aperture. Be sure to use “smudge-proof” labeling / ink and high quality paper products. For best results, the correct combination of paper, ink / ribbon and printer type should be chosen based on the trading partner’s method of shipping so that the labels arrive at NEXCOM’s distribution centers in a scan able condition. Do not use colored paper for UCC-128 labels, use non-reflective label stock and ink.
4. Create UCC-128 Shipping Container labels based on the UCC specifications. If a 4” by 6” label format is used, the UCC-128 bar code should be 3.02” in length, 1.25” in height, with a .25” quiet zone on each side. Only use UCC / EAN-128, subset C bar code symbology with the nominal X dimension of 20 mil.
5. Every UCC-128 number generated must be unique (across shipments, across divisions, across distribution centers, across departments, over time). **NEVER REPEAT CARTON NUMBERS.** Although industry standards state UCC-128 should not be re-used for 1 year, NEXCOM strongly recommends to never re-use UCC-128 numbers and to disable the ability to generate duplicate labels in the company’s system. If cartons are sent with duplicate UCC-128 numbers, the trading partner’s payment may be late.
6. Labels should be placed on long side or top of the carton, parallel to, but not overlapping the seam. Do not place labels over product ID numbers, UPC barcodes, retail price, or other consumer information. Be sure the label is placed so that the bar code is scannable, i.e. not on a seam or the corner of the carton, no closer than 1.25” from any edge.
7. Do not affix a UCC-128 Shipping Container Label to a carton until pack level detail is provided to the company’s ASN transmission.
8. DO NOT COVER PRODUCT INFORMATION WITH THE UCC-128 LABEL where the shipping carton is also the display (selling unit) carton on the selling floor (examples: toaster ovens, glassware sets, cookware sets, etc.). Use removable UCC-128 labels, shrink-wrap each carton before applying the UCC-128 labels, or design packaging to provide a space for the UCC-128 that does not interfere with selling floor display.
9. Do not cover the UCC-128 label with any tape. Covering the label with clear tape creates “reflection” which causes the label to be unreadable.
10. NEXCOM transmits the department number in the REF segment of the 850 Purchase Order document. An example of how data will transmit is: REF*DP*597. Please refer to the 850 EDI Mapping Guides for additional information.

All shipping labels (UCC-128 or manual) require the following information:

1. Ship from (Company name & address) (Zone A)
2. Ship to name and address. This information is to be obtained at time of routing and could be different from what is on the purchase order
Example: NEXCOM Northeast Distribution Center
1000 Kenyon Court
Suffolk, VA 23434 (Zone B)
3. Postal Code – Zone C
4. Bill of Lading number, carrier information - Conditional Field (Zone D)
5. Purchase order number, NEX department number and promotional verbiage from the SAC 15 segment of our EDI 850 PO. (Use a minimum 20 point bold font) (Zone E)
6. Identify number of smallest shipping unit, whether cartons or pallets shipped against each purchase order (i.e. 1 of 3, 2 of 3, 3 of 3). (Zone F)
7. Specific "Mark For" information will be transmitted within the purchase order. NEX Store/Warehouse number (minimum 30 pt. bold font, no abbreviations). (Zone H)
8. Standard for Shipping Container Codes (SSCC) -128 bar code symbology with
9. (Quiet zone of .25", minimum length of 3.02" and minimum height of 1.25", 20 digits human readable in Zone I)

Example of a UCC-128 Label

From: The Vendor 1234 Main St. Va. Beach, VA 23455	Ship To: 983 NEX SEDC Southeast Dist. Center 781- I PAGE ROAD PENSACOLA, FL 32508 USA
Ship TO POST  (420) 32508	Carrier: BEST CARRIER B/L NUMBER: 1234567890123456
PO: 1234567890 PROMO: WEEK 43D XXX	DEPT: 987 Carton: 001 of 100
For: 490 	For: SASEBO MAIN STORE Store: 490
 00000983000012345678	

UPC Catalogue

NEXCOM utilizes UPC catalogue information from Open Text/GXS for its softline clothing division of product. It is strongly recommended that trading partners publish its UPC catalogue information to Open Text/GXS's Inovis' catalogue. Please contact Open Text/GXS at <http://www.gxs.com/contact>.

Purchase Order Information

1. The general terms and conditions of purchase orders listed below apply to all purchase orders:
 - All FOB Origin and Destination orders must be routed /confirmed via the EDI 753 (Request for Routing) / 754 (Routing Instructions). Those trading partners not yet certified to trade the 753/754, orders must be routed /confirmed at <https://nextms.nexweb.org/GC3/glog.webserver.servlet.umt.Login> Please contact NEXCOM's Transportation Office via email at NEX.Traffic.Management.Group.org for any questions.
 - Purchase orders are subject to terms and conditions in Publication 61.
 - Date of invoice must not precede date of shipment.
 - Shipments against the purchase order must be an exact match for item, UPC, case pack and cost.
 - A purchase order modification from a NEXCOM buyer is required prior to shipment of any item not in compliance with the purchase order.
 - No substitutions or additions will be accepted. These items will be kept or destroyed at NEXCOM's option without payment to the trading partner. **WARNING** – Failure to comply with these instructions will result in a chargeback for excessive freight and a processing fee of \$300.
 - Do not include freight charges on merchandise invoices.
2. Trading partners are not to accept any PO for retail product other than EDI PO(s) (with the exception of the few trading partners that are approved for automated FAX service). Trading partners that are on EDI 850 PO(s) must not accept faxed copies of purchase orders as valid.
3. Trading partners are responsible for verifying the accuracy of every PO detail, including “ship not before” and “ship not after” dates. Do not ship merchandise until all details are confirmed and the correction of any discrepancies are verified by an EDI retransmission documenting the EDI PO changes from the original transmitted order. If an agreement is reached to change the cost price, the trading partner must verify that the buyer completed such cost price changes and an updated EDI PO was retransmitted.

Codes “ship not before” and “ship not after”:

	<u>Data Element Name</u>	<u>NEXCOM Codes/Values</u>
DTM01	Date/Time Qualifier	"037" = Ship not before
DTM02	Date	CCYYMMDD
DTM01	Date/Time Qualifier	"038" = Ship not after
DTM02	Date	CCYYMMDD
DTM01	Date/Time Qualifier	"010" = Requested Ship
DTM02	Date	CCYYMMDD (Used for Drop Ship Orders only)

4. Do not ship merchandise before the “ship not before” date or after the “ship not after” date without NEXCOM's prior written authorization. Trading partner ship windows will be validated at time of routing.
5. The trading partner must provide documentation for all dangerous goods regardless of quantity to include Safety Data Sheets prior to any shipments to a NEXCOM facility. Dangerous goods (also known as hazardous material or HAZMAT) are any substances or materials that are capable of posing an unreasonable risk to health, safety, and property when transported in commerce as substances that when transported are a risk to health, safety, property or the environment. This includes explosives, gases, flammable/combustible liquids, flammable solids, oxidizers, poison, corrosives and miscellaneous DG's like lithium batteries.
6. Shipment of merchandise that does not comply with the applicable PO, such as style, color, size, quantity, etc. may result in a chargeback, even if the NEX accepts the merchandise.

7. Pack and Mark EDI 850 PO(s) – Trading partners must follow NEXCOM's allocations (SDQ segments on the EDI 850 PO(s)) as listed on the PO and must not over-ship any store.
8. NEXCOM's Merchandising Fill & Kill PO Cancellation Policy:
 - NEXCOM's procedures for auto replenishment generated orders: Once the initial order is received by the DC or Store, all balances on that purchases will be cancelled. We do not receive backorders. Any exceptions will require a DMM's approval by supplier.
 - Backorders are not accepted without prior approval in writing from a NEXCOM buyer. NEXCOM's EDI Business Team needs to be notified so that the mapping can be updated to reflect that back orders are allowed. The EDI 850 PO CSH01 segment transmits information on whether back orders are allowed or not.

CSH01 Sales Requirement Code

"N" - No Back Order.

"Y" – Back Order if Out of Stock.

Replenishment

Replenishment Overview

NEXCOM's Valid Ordering or Re-Ordering Methods:

- It is the Buying group's responsibility to ensure our Trading Partners understand the rules for all ordering or reordering methods listed below.
 - Trading Partner must ship basic stock, special or promotional purchase orders in accordance with shipping requirements outlined in the purchase orders.
 - Late orders, substitutions and incomplete orders are not acceptable and will be subject to vendor compliance deductions. A full list of vendor compliance rules and deduction fees can be found within the Trading Partner Performance Manual.
1. Auto Replenishment (A/R) – Requirement: In order for items to be considered for replenishment, supplier must confirm product availability for a minimum of 6 consecutive months. An Oracle Retail System generates replenishment orders based on sales, inventory and established best-practice methods of calculating a recommended order quantity (this includes forecasted and non-forecasted methods).
 2. Auto-cancel is set as "Yes" for auto replenishment generated orders. The purchase order will close after first receipt depending on geographic location: U.S. or Overseas and location type: store or warehouse. Setting Auto-cancel to "No" requires Divisional Planner approval and notification sent to EDI Business Team.
 3. Vendor Managed Inventory (VMI) – Authorized Trading Partners will set up their systems to generate replenishment orders for our locations, based on sales, inventory, and established best-practice methods of calculating a recommended order quantity.
 4. Scanned Based Trading – formally known as Consignment, NEXCOM has a SBT program available to qualified trading partners. Please contact the appropriate NEXCOM buyer or the EDI Business Team EDIBusinessTeam@nexweb.org for more details on this program.
 5. Store Order - Our Navy Exchange POCs place orders directly to our Trading Partners utilizing the store's handheld device, based on the active, authorized assortment. A new unique purchase order number will be created and transmitted to the Trading Partner via EDI or FAXCOM. This new unique purchase order number must be used when invoicing NEXCOM.
 6. Quick Order Entry (QOE) - Quick Order Entry is utilized for daily store delivery types of merchandise for those Trading Partners that are able to provide the invoice to the store at the time of delivery. The purchase order, receipt, and invoice match will be created at time of receipt for those Trading Partners. Only authorized assortment items will be accepted for delivery; unauthorized items will be refused. A Purchase order number will NOT be required on the QOE invoice, as the purchase order will be created at time of receipt at each store. In order to ensure accurate cost prices in our merchandising system, it is imperative that ALL cost changes be submitted to the NEXCOM Buyer no later than 60 days prior to the effective date of the cost change. And request must be submitted on company letterhead.

NEXCOM requests that replenishment lead time not exceed 10 days. Lead time impacts the Ship Not Before Date. Auto Replenishment and Store Order are the only Order Methods that require a Lead Time value.

Manufacturers producing any prepackaged consumable food product sold throughout the enterprise must be listed as an Approved Source from the Army Public Health Center (APHC). Information can be found at <https://phc.amedd.army.mil/>

EDI 852 Sales performance

- As an EDI trading partner, the option to receive sales performance via the optional 852 is available. The trading partner completes an 852 Vendor Setup Request form and returns it to Buyer via email for approval.
- 852 Vendor Setup Request form can be requested from Vendor Support.
- At the time of the request, additional EDI specification will be provided. Below is an example of the information included on the initial form:

Dear Trading Partner,

Please be advised that all 852 vendor setup request can only be met at the buyer approval. Please direct your request to your appropriate buyer to take for action.

Once you have been approved by your buyer, please specify which of the below EDI qualifiers you will require in your 852 document in order to ensure that you are receiving the information that you need. Selecting only the qualifiers that you will process will enable us to control file size and VAN charges, to both sender and receiver.

Place an "x" below to mark the required EDI qualifiers that are required for transmittal:

EDI SUPPLIER QUALIFIERS

<input checked="" type="checkbox"/>	QS	Quantity of Units Sold (REQUIRED)
<input type="checkbox"/>	DO	Dollars Sold
<input type="checkbox"/>	QU	Quantity of Units Returned by customer
<input type="checkbox"/>	QR	Quantity of Units Received
<input type="checkbox"/>	QT	Quantity of Units Transferred

852 FREQUENCY

<input type="checkbox"/>	D	Daily
<input type="checkbox"/>	W	Weekly

Please be advised that if you have opted to receive inventory movement data then you will receive two 852 files. 852 files for inventory movement will be transmitted at 12.00 PM EST and the 852 files for sales data will be transmitted at 5.00 PM EST. Please make sure that your system is able to accommodate this.

SPS COMMERCE – ANALYTICS

- NEXCOM has partnered with SPS Commerce on a POS Analytics service – Collaboration Analytics, which provides fact-based sales and inventory analysis to NEXCOM and its trading partners. It is a reporting and analytics service which gives its trading partners' one common platform to review and analyze performance.
- For all questions and to get started please contact SPS Commerce:
 - <https://analytics.spscommerce.com/>
 - AnalyticsSupport@spscommerce.com
 - P: 1-888-739-3232, Option 2

Logistics

Shipping Instructions

NEXCOM requires that all trading partners obtain purchase order routing and ship-to address verification prior to shipping regardless of FOB terms on the purchase order. To ensure routing before the end of the purchase order ship window, begin the routing process as soon as the allocations are known and no later than 48 hours before the purchase order “ship not after date”. Trading Partners can receive routing up to 4 days prior to their ready to ship date provided it is requested far enough in advance. It is possible the ship-to address that was transmitted on the purchase order is different than the final ship-to address received during the ship-to address verification process. **The trading partner is to follow the ship-to address received during this ship-to address verification process and disregard the ship-to address provided on the purchase order.**

NEXCOM's current ERP solution only allows one ship-to per purchase order. Therefore, the address transmitted on the purchase order is the default address. It is possible, due to different processing requirements for a particular purchase order that the final ship-to receiving point during the verification process might vary from the default ship-to transmitted in the purchase order. It is the responsibility of the trading partner to obtain the verification prior to shipping.

NEXCOM requires all truckload shipments to be palletized.

Any questions related to these instructions should be directed to the NEXCOM Transportation Office at nex.traffic.management.group@nexweb.org. Allow 48 hours for a response during peak routing periods or after national holidays. Any questions related to the address on the purchase order should be directed to: EDIBusinessTeam@nexweb.org.

Failure to comply with this verification will result in charge-backs for excessive freight costs and a processing fee of \$300 for each offense.

Cross Dock ASN Program

NEXCOM has implemented a Cross Dock ASN program at its distribution centers to speed merchandise to the selling floor. To eliminate manual data entry and reduce handling, NEXCOM's cross dock programs utilize the EDI 850 PO SDQ segments (see EDI 850 mapping for further details), the [EDI 856 ASN](#), the [UCC-128](#) labels and floor ready merchandise standards (applies to soft line clothing products). Merchandise is moved from the inbound truck via the sortation system and on to the outbound store delivery truck, but only if the EDI 856 ASN is consistently accurate. During our implementation of the Cross Dock ASN program, NEXCOM experienced a 75-90% reduction in processing time which gets the product to stores faster and streamlines the order to pay cycle.

Store ASN Receiving Program

NEXCOM has implemented a Store ASN Receiving program to increase the efficiency of the receiving process. Merchandise is received against the ASN without an item-by-item verification of quantity but only if the EDI 856 is consistently accurate. During the implementation of the Store ASN Receiving program, NEXCOM experienced a 75-90% reduction in processing time which gets the product to stores faster and streamlines the order to pay cycle.

ASN Audit Program

NEXCOM is committed to using technology to move merchandise through its supply chain as efficiently as possible, including its Cross Dock and Store ASN Receiving programs which post the receipt to a location's perpetual inventory without performing an audit. This is possible only when the accuracy of shipments is consistently high. NEXCOM requires that the EDI 856 ASNs are 100% accurate and that the trading partner has instituted an accuracy program to ensure compliance.

The NEXCOM audit looks at piece count accuracy. A trading partner will not be eligible for NEXCOM's Cross Dock ASN program or ASN Store Receiving program until the audit shows consistently high accuracy. The goal must be 100% accuracy on all shipments. The UPC codes on physical merchandise must match the UPC and transmitted on the EDI 856 ASN.

Every trading partner is subject to the following audits:

- EDI 856 ASN Qualification audit - As NEXCOM moves a trading partner onto its Cross Dock ASN program or ASN Receiving at the stores program, an audit will be performed to ensure the EDI 856 ASN is accurate enough to move on to these programs.
- Ongoing audits – Once a trading partner is moved to the Cross Dock or ASN Store Receiving program, random shipments will be audited to verify the accuracy continues to be acceptable.
- Integrity audit – If a trading partner's audit results indicate frequent errors and accuracy percentages fall below 99.9%, the trading partner will be removed from the Cross Dock or Store ASN Receiving program and NEXCOM will discontinue the use of the EDI 856 ASN. Trading partners that remain in integrity audit for more than six months will be subject to additional charges.

Carton and Packing Requirements

1. Seal cartons securely with security/reinforced tape. All openings on all sides of the carton, including edges must be sealed using the "H" method. Do not use material on cartons that may damage the sortation equipment. Do not use bands, straps, staples or string permitted around exterior of shipping container/carton.
2. No shrink-wrapping or plastic covering is permitted on exterior of carton because it may adversely affect scan ability of the UCC-128 label.
3. No metal or tape may be used.
4. No metal or tape may be used to bundle hangers within cartons.
5. No excessive tissue or paper as filler to "cube" or "fill-up" under-packed cartons. Cardboards or chipboard is permitted to protect goods. Tissue may be used only as necessary to protect packaging from sticking and damage during transit.
6. Small items must be packed so that items are not concealed within a carton.
7. Breakable products must be packed to prevent breakage during normal shipping and handling.
8. Carton width must allow hangers to fit squarely in the carton, not at an angle.
9. Use a shipping carton that fits the garment. Ideally, merchandise should be packed ¼ inch below the top of the carton, and 1/8 inch from the sides of the carton.
10. Do not over or under pack the carton, which impairs the integrity of contents and may impair ability to scan the UCC128 label.
11. Carton strength should be a minimum of 32 ETC (edge test crush) = 150 mullen to prevent crushing during transit. Large or heavy cartons may require a higher ETC.
12. NEXCOM encourages the use of environmentally friendly (recyclable and/or biodegradable) packaging whenever possible.
13. NEXCOM requires all truckload shipments to be palletized.

Master pack

A trading partner that wants to use a carton size that does not meet NEXCOM's carton size requirements by store must master pack by using one carton to package merchandise for multiple stores that was ordered less than one PO, by following these steps:

1. Write "Master pack" on the outside of the master carton on all six sides;
2. Do not place a UCC-128 on the outside of the master pack;
3. Use a separate inner carton for each store location, each with one UCC-128 shipping container label; and
4. Provide one EDI 856 ASN, which represents the entire shipment, with one 'Man-GM" segment per inner carton.

Transportation

NEXCOM's Transportation Office manages transportation routing for trading partner shipments. Trading partners must comply with all requirements because NEXCOM's agreement to pay freight expense is based on trading partner compliance with all requirements. A trading partner's failure to follow NEXCOM's requirements constitutes the trading partner's agreement to pay such freight expenses and any administrative fee for non-compliance. Contact NEXCOM's Transportation Office at nex.traffic.management.group@nexweb.org with any questions, problems or concerns before initiating any shipment of goods.

Working with NEXCOM's Transportation Office

1. All trading partners must utilize EDI 753/754 for routing or until certified, be registered users of the trading partner routing portal. NEXCOM requires that trading partners provide ONE valid email address per shipping location to use as a routing and shipment point of contact. Accurate, current and specific trading partner information is required to resolve shipment and routing issues and permit a shipment to be traced.
2. Trading partners must prepare and provide weight/cube measurements per shipment and when shipping on pallets or when shipping over 600 cubic feet, must also provide number of pallet positions. Calculations for cubic feet should be based upon actual amount of space that would be occupied by the shipment. It is imperative that trading partners provide accurate weight/cube information to NEXCOM.
3. Trading partners must optimize routing requests to reduce the number of inbound LTL and small-package shipments and combine shipments from a single shipping location to a single NEX destination. In order to meet NEXCOM's weight-cube minimums, LTL or small package shipments should not be shipped on consecutive days to a single NEX destination unless specifically authorized by NEXCOM.
4. Trading partners shipping FOB origin (collect) must be responsible for ensuring that the carrier picks up the shipment no later than 48 hours after receiving the authorization number from NEXCOM. It is the trading partner's responsibility to contact the carriers for pick-up. Pick-up must be made prior to the applicable PO "ship not after date". It is the trading partner's responsibility to contact the NEXCOM buyer to request a shipping date extension.
5. Deviations from routing instructions must be authorized by NEXCOM's Transportation Office prior to shipment. NEXCOM's authorizations that affect routing, routing instructions or otherwise modify transportation instructions must be issued by NEXCOM's Transportation Office in order to be valid.
6. Merchandise should not be shipped before the "ship not before" date on the PO or after the "ship not after" date. The request for routing must be made sufficiently in advance of the cancel date to provide adequate time for delivery to a NEX facility.

7. Carriers for trading partners shipping under FOB destination must allow a minimum of 4 hours for a live unload or a minimum of 48 hours to unload a drop trailer.
8. Requesting a delivery appointment on the “ship not after” date does not constitute on-time delivery. Trading partners bear all detention or demurrage charges resulting from shipping outside the applicable PO shipping window.

Accounts Payable

EDI 810 Invoices

- NEXCOM utilizes paperless EDI technology to pay invoices, including EDI 810 invoice and EDI 820 Remittance Advice documents. All merchandise (with the exception of approved QOE trading partner's shipments) shipped to a NEX requires EDI invoices. Use of paper invoices violates NEXCOM's standards.
- Trading partners not yet using EDI technology must become EDI capable. Contact NEXCOM's EDI Business Team at EDIBusinessTeam@nexweb.org.

EDI 820 Remittance Advice

- NEXCOM has two methods of communicating remittance advice, the EDI 820 or notification via one e-Mail address per trading partner. Choose a method when filling out the Trading Partner Agreement Form.
- NEXCOM 820 specifications can be found on our web site www.mynavyexchange.com
- EFT and Remit-to address changes MUST be submitted at least 30 days prior to effective date, on company letterhead and signed by an officer of the company.

Inquiries

- Accounts payable questions regarding shipments to:
 - West Coast, Hawaii, Guam and Japan can be directed to NEXCOM A/P Manager in NEXCOM's San Diego, at 619-237-5614, wccacapinv@nexweb.org
 - East Coast and Europe can be directed to NEXCOM's A/P Manager in Norfolk, Virginia, at 757-819-7331, eccacapinv@nexweb.org

Proof of Delivery (POD) Request on unpaid invoices

1. Accounts Payable will request proof of delivery (POD) on invoices for which no record of merchandise receipt can be found. Trading partners will receive notification of a POD request and that payment will not be made prior to receipt of applicable POD.
2. A valid POD is defined as a freight bill stamped and signed by a representative of a NEXCOM distribution center or a NEX. The freight bill must include the purchase order number, carton count, and the name of the NEX location for which the shipment was designated. If there are multiple PO(s) on the shipment, the carton count must be provided by PO.

Trading Partner Address Information

Any changes to a trading partner's address file, shipping information, shipping location, change due to a merger, acquisition, bankruptcy filing, company closings, or change in licensee agreement, must be communicated to NEXCOM, within 48 hours of occurrence via e-mail to EDIBusinessTeam@nexweb.org. Include the following information on **company letterhead** as an attachment in the email:

- Trading partner company name and DUNS number.
- Parent company name (old and new) if there has been a change.
- Company address (old and new if there has been any change).
- Description of event or other cause of change being reported, with effective dates of events.

Duty Drawback:

The U.S. Customs and Border Protection Service (CBP) charges and collects import duties and/or internal revenue taxes on a number of products as they enter the country. Should any of these products leave the USA to be sold abroad, the exporter of those products is eligible for a refund of 99% of the duty paid upon import from the government (through CBP). This refund is called duty drawback. Duty drawback offers a means for NEXCOM to provide value priced shopping for its customers. Effective 2013, NEXCOM will recover duty drawback on products exported to overseas NEX locations.

NEXCOM trading partners that provide imported goods subject to US customs duties and/or internal revenue taxes are required to forward the required import documentation listed below to NEXCOM's Third Party Drawback Contractor, Koot & Associates:

- Completed Delivery Certificate for Purposes of Drawback (Customs Form 7552)
- Copy of the pertinent Entry Summary (Customs Form 7501)
- Commercial Invoice
- UPC translation to imported part level

To ensure confidentiality of the trading partners proprietary import cost data, NEXCOM will enter into a Non-Disclosure Agreement (NDA).

Koot & Associates, through the office of the NEXCOM Controller, will be contacting NEXCOM trading partners to ensure compliance with these new procurement terms as well as streamline the data collection process. A fee of 10% of the duty refund collected for all importations by NEXCOM will be given back to the trading partner to defray costs of gathering this information.

Post Audit Review

NEXCOM will have the right to examine and audit all invoices/chargebacks and other transactions of the trading partner anytime during the contract period and up to three years after contract final payment.

Floor Ready

Ticketing Requirements

General Standards

1. All merchandise shipped to a NEX must include a proper UPC or EAN ticket with correct industry standard UPC or EAN barcode.
2. Use only UPC or EAN tickets that meet GS1 specifications.
3. The quality of trading partner barcodes must support and not impair NEX scanning requirements. To ensure such quality, trading partners should institute an ongoing UPC or EAN barcode quality control program.
4. Do not use secondary barcodes. Use only one UPC or EAN barcode and only one ticket for any single item.
5. Comply with guidelines at [requirements and placements of tickets](#).

Retail Price ticketing (clothing)

1. *Confirm with NEXCOM Buyer if ticketing guidance below applies or if Vendor is exempt.*
2. Include NEX retail on UPC or EAN ticket unless you receive prior approval in writing from the soft lines General Merchandise Manager (GMM).
3. Ticket retail must match retail on PO.
4. No piggyback tickets or ticket seeding.
5. Use only one retail price per ticket.
6. Print retail price clearly using at least 18-point bold font.

Size requirements

NEXCOM requires color and size coding and follows VICS industry standardized color-coding guidelines. Trading partners must ensure that all sized merchandise has clearly visible size on the ticket.

Ticket Attachment and Placement

1. UPC or EAN tickets must be securely affixed to merchandise so as to be clearly visible to customers and sales associates.
2. Do not use safety pins, straight pins, or other pins of any kind. NEXCOM prohibits pins for all FOBs except folded dress shirts and folded woven sport shirts.
3. Do not loop strings around buttons or attach with pins or strings looped through buttonhole. Fused string, which is securely attached, is permitted.
4. Where fabric damage is a concern, swift-attach ticket through sewn-in label in the neck or in the waistband. On merchandise with sizes imprinted in neck, insert in nearest neck seam allowance.
5. All labels that are applied directly to products must use a removable adhesive.
6. Ticket both the item and the package for boxed/packaged merchandise that can be displayed out of packaging.
7. Merchandise that is packaged in multi-packs but is sold only as “eaches” must have each unit marked with a UPC or EAN and the outer carton marked with the “each” UPC or EAN. For example, wine glasses that are packed 4 to a carton but sold only by stem would require one UPC or EAN per stem and carton marked on the outside four times with the same UPC or EAN.

8. Merchandise that is packaged in multi-packs and is sold in “eaches” must have UPC or EAN tickets for the set as well as separately for each component of the set. For example, wine glasses packaged in a set of 4 and sold either as a set of 4 or by the stem, requires one UPC or EAN on the outside of the package to represent the set and a different, unique UPC or EAN on each stem to represent the single stem as a selling unit.
9. If merchandise is to be sold only as a set, affix only one UPC or EAN ticket to the outside of the package.

U.P.C. Ticket Placement and Attachment Requirements

Item Requirement	Ticket Placement	Attachment
Belts	Through buckle or on belt	‘Loop-lock’ or sewn in
Bottoms folded/hanging all FOB’s (shorts, pants, jeans, skirts)	Left side or on yoke	Swift attached or sewn on yoke
Bras	Left side seam/around front left strap	Swift attached or loop-lock
Dresses with sleeve/sleeveless	Left sleeve/through vendor care label	Swift attached
Gloves – not boxed	Through vendor care label/connected string	Swift attached
Hair accessories on cards	Bottom of card	Sticker or printed on card
Hair accessories loose	Around or on item	Rat-tail, dumbbell or sticker
Handbags/Backpacks	Around handle, zipper, strap of frame joint	Loop-lock
Handbags – clutch, hinged	Through inner label or zipper or through outside hinged joint	Loop-lock or sewn in
Hats/Caps	Through headband or vendor care label	Swift attached
Intimate Apparel (excluding bras)	Left side/through vendor care label	Swift attached
Jewelry on cards	Bottom of card/bottom of box	Sticker or printed on card
Jewelry loose/Watches	Around the item	Non-removable rat-tail or dumbbell
Ladies suits	Left sleeve, cuff or seam	Swift attached or sewn on jacket
Luggage/Briefcases	Around handle	Loop-lock
Men’s, women’s dress & woven shirts folded/packaged	Through placket on shirt	Swift attached through garment, do not ticket package

Men's, boy's suits, sport coats and Blazers All FOB's	Left sleeve, cuff or seam	Swift attached or sewn on joker
Outerwear all FOB's (Coats)	Left sleeve or left cuff	Swift attached
Robes	Left sleeve/through vendor care label	Swift attached
Scarves/shawls	Through vendor care label	Swift attached
Shoes	Front of box, next to size identification	Sticker or printed on box
Socks	On band or card	Sticker or printed on band
Sold IN box/pkg (Cosmetics/Housewares/Tabletop/Gloves/Umbrellas/Candles/Bath Acc.)	On back of the box/package	Sticker or preprinted on box
Sold OUT of box/pkg (Frames/Housewares/Tabletop/Gifts/Watches/Candles/Bath Acc.)	On back of the box AND on the mdse	Removable sticker on item & mdse.
Sweaters	Through vendor care label/left sleeve seam	Swift attached
Swimwear/Bodywear – one piece	Left side/through vendor care label	Swift attached
Swimwear/Bodywear – two piece	Left side/through back of top /care label	Swift attached
Ties	Through vendor care label	Swift attached
Tops hanging - all FOB's	Left side seam/through vendor care label in neck	Swift attached
Tops folded – all FOB's	Through vendor care label in neck	Swift attached
Towels	Corner	Swift attached or sewn on
Umbrellas - not boxed	Around the handle	Loop-lock
Vest	Left armhole seam/lower left panel of vest	Swift attached or sewn on
Wallets product	Securely attached to product	Sewn in or Loop-lock

Miscellaneous Tickets

For items too small for a standard UPC or EAN hangtag ticket, such as jewelry or watches, properly affix small specialty tags.

Retail Price Marking Requirements by Family of Business






Requests for waiver of this requirement must be sent to
support.tech.action.response.team@nexweb.org

DOES NOT REQUIRE RETAIL PRICE		DOES REQUIRE RETAIL PRICE	
GROUP NO	GROUP NAME	GROUP NO	GROUP NAME
201	CANDY	240	MENS APPAREL
202	TOBACCO	241	UNIFORMS ACCESSORIES
203	PETS	242	MENS FURNISHINGS
204	FOOD	243	INTIMATE/ HOSIERY
205	VIDEO GAMES	244	DOMESTICS
206	BEVERAGES	245	INFANTS
207	CONSIGNMENT WATCHES/SNGLL	247	MENS/WMNS ATHL SHOES
209	SPIRITS	249	M/W ACTIVE LIFESTYLE
210	MAJOR APPLIANCES	250	MENS COLLECTIONS
211	CAMERAS	251	M/W OUTDOOR LIFESTYLE
212	HOUSEWARES	253	MENS SHOES
213	SPORTING GOODS	254	WOMENS DRG/CAS SHOES
214	SMALL APPLIANCES	256	WOMENS APPAREL
215	TV & VIDEO	258	WOMENS COLLECTIONS
217	SPORTS NUTRITION	259	M/W SRF & SWM LIFESTYLE
218	HOME ACCESSORIES	260	KIDS SHOES
219	FURNITURE	261	GIRLS
221	LUGGAGE	262	BOYS
222	SCHOOL & HOME OFFICE	263	HANDBAGS/ ACCESSORIES
223	GREETING CARDS	264	UNIFORMS CLOTHING
224	HARDWARE	270	NAVY PRIDE
225	TOYS	999	GI UNIFORMS
226	MOBILE ELECTRONICS		
228	AUTOMOTIVE		
229	OUTDOOR HOME & GARDEN		
230	BABY CARE		
231	HEALTH AIDS		
233	HOUSEHOLD CLEANING		
232	JEWELRY		
234	WATCHES		
235	COSMETICS		
237	JEWELRY CONSIGNMENT		
238	BEAUTY CARE		
239	PERSONAL CARE		
252	SMART HOME		
255	AUDIO & ELEC ACCESS		
257	COMPUTERS & PERIPHERALS		
265	BEER		
266	WINE		
268	SUNGLASSES		
272	VITAMINS & NUTRITION		

Hanger Requirements

All merchandise displayed hanging in a NEX, including sweaters, must be shipped on a black Floor Ready. Use a combination of the top and bottom hangers for all 2- piece Men's, Women's, and Children's (over Girls 6x / Boys 7) Coordinates / sets, except suits. Clear plastic extenders may be used. Use mini-guards or foam strips on top hangers to prevent garment slippage or damage to fine fabrics if necessary or as directed by buyer. **DO NOT USE SIZE INDICATORS ON HANGERS** (except Infants / Children's, Men's suits and sport coats)

Hangers are expected to be in full compliance with all VICS hanger standards. (No Logos). The use of any hangers that fail to comply with these standards are subject to expense offsets from the receiving locations. **This list is intended to be used as a general guide. If you have any questions regarding hanger requirements, contact the appropriate NEXCOM buyer.**









Specialty Hangers		
 <p>Display Hangers</p>	<p>Used to display outfits on front arm of hanging racks</p>	<p>Henry Hanger</p> <p>Style# Women's: BSK12164B, 15.5" wide, 12" drop</p> <p>Style Men's: BSK8124B, 12" wide, with 8" - 10" drop</p> <p>Vendor Contact: National Hanger</p>
 <p>Hanger Retrieval Unit</p>	<p>Chrome 2" wheel casters, bars sold separately</p>	<p>Frame Style# CFR5024M4 Hang Bar Style# LIHB2400 26" w. x 55" h.,</p> <p>Vendor Contact: National Hanger</p>
 <p>Hanger Connector</p>	<p>Used to show sets & coordinates Clear plastic, 14" long</p>	<p>Style# PB100</p> <p>Vendor Contact: National Hanger</p>
 <p>Foam Hanger Covers</p>	<p>17" Grey or white, prevents clothing from slipping</p>	<p>Style# 2045C (Charcoal) Style# 2045W (White)</p> <p>Vendor Contact: National Hanger</p>
 <p>Non Slip Pads for Hangers</p>	<p>Clear tabs hook on hangers</p>	<p>Style# AT4</p> <p>Vendor Contact: Econoco</p>

Basic Hangers







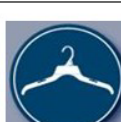


VICS approved hangers can be ordered from any authorized VICS hanger supplier.

Recommended Source:
Uniplast Industries, 800-225-0058,
customerservice@uniplastindustries.com



Hanger Type, Item #	100 per cs	# of cases	200 per cs, unless noted	# of cases	1K per case	# of cases	Photo
3319B 19" Flat Jacket Hanger, black	25.00		n/a		250.00		
3320B 19" Flat Jacket Hanger with 5.25" Hook , black	25.00		n/a		250.00		
3328B 17" Flat Jacket Hanger, black	20.50		n/a		205.00		
3329B 17" Jacket Hanger, black	20.80		n/a		208.00		
422W Children's Hanger, 12" w/7" drop, white	n/a		35.00 per box of 250		140.00		
472W Children's Hanger, 15" Medium weight top, white	n/a		20.20		101.00		
476W 15" Hvyweight child hanger, white	n/a		27.00		135.00		
479B 19" Dress Hanger, black	16.50		n/a		165.00		

Basic Hangers

484B 17" Top Hanger, Black	n/a		27.60		138.00	
495W Children's Hanger, 10" Medium weight top, white	n/a		n/a		70.00	
496W Children's Hanger, 12" Medium weight top, white	n/a		39.00 per box of 500		78.00	
6012B 12" Pinch grip Hanger, black	n/a		35.00		175.00	
6014B 14" Pinch Grip Hanger, black	19.50		n/a		195.00	
6108W 8" Children's Hanger, white	n/a		31.80		159.00	
6110W 10" Children's hanger, white	n/a		33.00		165.00	
7012B 12" Heavyweight Pinch grip Hanger, black	21.50		n/a		215.00	
7014B 14" KR Heavy Weight/Jeans, Black	22.80		n/a		228.00	

Presentation Standards

1. All merchandise must be received in “floor ready” condition ready for immediate placement on selling floor. Any exceptions to this rule must be approved in writing by NEXCOM’s softlines General Merchandise Manager (GMM).
2. All garments to be displayed folded require a size strip unless requirement is waived in writing by NEXCOM’s softlines General Merchandise Manager (GMM). Size strips are recommended, but not required for folded dress shirts and folded woven sports shirts or tailored dress slacks.
3. Sized non-garment products such as comforters, blankets, and “Bed in a Bag” must clearly state the size on the product using print not smaller than 18-point bold font. The size indicators must be clearly visible on at least two sides (front and side) of the product.

Wrinkle Prevention

1. Cover each hanging or folded garment with a clear, dry cleaning style plastic bag only if necessary to prevent wrinkling or soiling. Bags are not otherwise required.
2. Pack merchandise flat in cartons. If merchandise must be folded, use only one fold at the bottom of the garment.
3. Lay garments front side facing up.
4. Close all buttons, zippers, and hooks to prevent wrinkling or damage.
5. Delicate items should be placed on top to prevent crushing.
6. Do not over pack or under pack cartons.

Trading Partner Performance Management

NEXCOM transitioned its vendor compliance program from a manual process to a new portal called Active Intelligence (AI) in April 2016. The AI portal contains automatic (EDI) deductions and manual deductions. These deductions relate to the timeliness and accuracy of data transmission.

A deduction will either be generated automatically (EDI) or manually (M) by an employee at one of our Navy Exchange receiving locations (DC or store). Each deduction type will be submitted in the form a vendor compliance (VC) claim through the AI portal and will include data and/or documentation.

The AI portal allows trading partners to accept or dispute a deduction **before** it is processed against a payment. Trading partners have **30 days** upon receipt to dispute a deduction. After the 30 days, the chargeback will be automatically processed. As a general rule, disputes will not be accepted after the deductions have been processed. A Vendor Guide can be found in the Project Library on the main page of the AI portal, along with additional user guide information. Once disputed, NEXCOM will review and either approve/partially approve/reject and the vendor will be charged accordingly.

Automatic deductions can be identified by a prefix of 'EDI' followed by a two-digit number (i.e., EDI-01, EDI-05, etc.). Your supporting document is your ASN or your VAN date stamp.

Manual deductions can be identified by a prefix of 'M' (Manual) or 'NE' (Non-EDI) followed by a two-digit number (i.e., M-01, NE-01, etc.). Under the manual process, vendor compliance deductions are processed based on the supporting documentation provided. Refer to the attached vendor training guide for additional information to view supporting documentation.

The AI deduction notification email(s) is sent to all users that have the following roles in Active Community (AC):

- Primary contact
- Accounting
- EDI
- Logistic
- Vendor Compliance Manager

It is imperative that contacts are listed correctly in AC, and that they have the correct roles assigned to receive notifications in AI.

Please access the AC portal to verify contacts and roles. Existing contacts in AC can create or delete contacts for their trading partner as a way of ensuring that contacts always remain current. If you have questions regarding the contacts for your company, please email the EDI Business team at EDIBusinessTeam@nexweb.org.

For questions about specific chargeback types, please contact the following groups for deductions starting with the below:

VC – EDI Business Team at EDIBusinessTeam@NEXWEB.ORG

CB/CA – Merchandise Accounting Support Team at merchaccsuppteam@NEXWEB.ORG

The purpose of the vendor compliance program is not to create revenue for the company, but to offset the additional workload expenses incurred when trading partners fail to follow shipping, packing, and ticketing instructions/requirements for purchase orders that flow through our distribution centers (DC's) and/or direct to our stores.

The basic instructions/requirements are:

- Shipments against the purchase order must be an exact match for item, UPC, case pack and cost.
- The purchase order must specifically line-list the merchandise to be delivered. No substitutions or additions will be accepted. These unauthorized items may be kept or destroyed at NEXCOM's option without payment to the trading partner.
- A purchase order modification must exist within the merchandising system prior to shipment for any items not in compliance with the original purchase order.
- All case pack changes must be communicated to the appropriate NEXCOM buyer well in advance of any shipments against the new configuration.
- NEXCOM buyer must be provided with the correct product cost (purchase order cost must match the billed cost). NEXCOM will pay the lower of the invoice and purchase order cost in cases of a discrepancy.
- In order to ensure accurate cost prices in our merchandising system it is imperative that ALL cost changes be submitted to the NEXCOM Buyer no later than 60 days prior to the effective date of the cost change. And must be submitted on company letterhead.
- Following NEXCOM Trading Partner Shipping Instructions.

Non-compliance fees are outlined in the charts below

Rule ID	Rule Name	Rule Description	Deduction Fee
EDI-01	Late 997	Alert if 997 is not received 48 hours after PO issuance	\$100 per instance
EDI-02	Incorrect location on ASN	Ship To location must match between PO and ASN.	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00
EDI-03	Incorrect items on ASN	Item/UPC code mismatch between PO and ASN	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00
EDI-04	Over Shipment	Sum of total over shipped items from ASN is 3% or greater than sum of Quantity Ordered from PO	Based on Fill Rate: Between 100-105% = no charge >105%: \$0.00 = \$75.00 \$0.01 & above = \$150.00
EDI-05	Under Shipment	Sum of total under shipped items from ASN is 3% or greater than sum of Quantity Ordered from PO.	Based on Fill Rate: Between 90-94% = \$150.00 Between 80-89% = \$250.00 Between 70-79% = \$350.00 Between 60-69% = \$450.00 <60% = \$500.00 If fee is > PO Cost: \$0.00 = \$75.00 >\$0.00 = \$150.00
EDI-06	Late Shipment	Shipment sent after 'Ship not after' date in PO + 10 business days	Based on # days late: <6 days late = no charge 7-14 days late = 3% of PO cost 15-28 days late = 6% of PO cost >28 days late 10% of PO cost Min fees in place: If fee is >PO cost: \$0.00 = \$75.00 >\$0.00 = \$150.00 Max fees to be in place: 7-14 days late = \$500 max 15-28 days late = \$1000 max >28 days late = \$1500 max
EDI-07	Early Shipment	Shipment sent before 'Ship not before' date in PO	Based on PO Amount: >7 days early \$0.00 = \$75.00 >\$0.00 - \$150.00
EDI-08	Container Validation-lifecycle	Container Number cannot be duplicated within ASN lifecycle and must be between 1 and 30 characters.	\$150 per ASN
EDI-08A	Container Validation-document	Container Number cannot be duplicated within the ASN and must be between 1 and 30 characters.	\$150 per ASN
EDI-09	UPC must be unique within same container	The same UPC cannot be listed multiple items within the same container	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00

EDI-10	ASN does not match PO	ASN contains PO Number that does not match existing PO	\$150 per ASN
EDI-11	Cases vs Eaches	UOM on ASN must equal UOM on PO	\$300 per ASN/PO
EDI-12	Duplicate ASN's	Duplicate Shipment ID's per supplier	\$150 per ASN/PO
EDI-13	HLP Container Information	Pack level must contain accurate container information	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00
EDI-14	Mark For' Location Validation	Mark For location on PO must match Mark For location on ASN	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00
EDI-15	Mark For' Quantity Validation	Mark For quantity on PO must match Mark For quantity on ASN	Based on PO Amount \$0.00-\$500.00 = \$75.00 \$500.01 & above = \$150.00

Rule ID	Rule Name	Rule Description	Deduction Fee
M-01	Label Requirements	Non Scannable	\$300 per PO/shipment
		Mark For location is null or wrong	
		Label size specs	
		Mark For location does not match	
		Incorrect label placement	
M-02	Shelf Life Requirements	Received Expired	\$300 per PO/shipment
		Received with less than 30 days until expiration	
M-03	Carton/Pallet Requirements	PO Information missing	\$300 per PO/shipment
		Ship to missing	
		Multiple carton info missing (1 of 00)	
		Missing Packing Slip	
M-04	Shipping Accuracy	Contents do not equal what is on ASN	\$300 per PO/shipment
		Overship	
		Incorrect Items	
		Multiple PO's in one carton	
		UPC does not match PO	
M-05	Ticket Requirements	No Tickets	\$300 per PO/shipment
		Missing UPC's	
		Incorrect UPC's	
		Pricing	
		Placement	
		Wrong Ticket Type	
M-06	Missing ASN After Physical Receipt of Product	Missing ASN	\$500 per ASN/shipment
M-07	Manual Receiving	Shipment had to be manually received	\$250 Admin Fee + Hourly Rate of \$15.60 Hours will be variable

Transportation Compliance

NEXCOM's transportation requirements will not change as a result of the new EDI 753/754 program. These requirements are listed below.

- Failure to follow instructions as provided at time of routing, regardless of the FOB terms, i.e. ship-to address, mark-for information, proper completion of BOL and failure to provide carrier tracking information, will result in a per occurrence administration fee of \$300 in addition to any transportation expenses incurred due to failure to ship as directed.
- Failure to adhere to NEXCOM policy outlined in the Trading Partner Shipping Instructions will result in a per occurrence administration fee of \$300.
- Instructions for vendors certified for EDI 753/754 can be accessed through our mynavyexchange.com website under the 'Doing Business With Us' link, in the 'Traffic/Transportation Department' section.
- Separate instructions for vendors not yet certified for EDI 753/754 can be also be accessed through our mynavyexchange.com website under the 'Doing Business With Us' link, in the 'Traffic/Transportation Department' section.

Return Policy (NEXCOM to Trading Partner)

- Unordered merchandise includes unauthorized substitutions, invalid orders, cancelled orders, early shipments, late shipment, over-shipments and duplicate shipments. NEXCOM reserves the right to reject or accept unordered merchandise and, in either case, to assess charges.
- If NEXCOM elects not to accept unordered merchandise, merchandise may be re-consigned to a carrier of NEXCOM's choice to be delivered to the trading partner for disposition, all at trading partner's cost plus additional charges.
- Unless NEXCOM and the Trading Partner have agreed in writing to different terms, the following policies apply to damaged / defective merchandise allowance, returning merchandise, and disposal / destruction of merchandise in the field.
 - Option 1 – Damaged / Defective Merchandise Allowance:
 - This option only applies if a designated Allowance percentage is quoted.
 - The damaged / defective allowance is a percent of total net cost purchases for the period, which NEXCOM will deduct from Trading Partner's invoices on a regular basis (typically, quarterly). The allowance amount should be sufficient to cover the cost of damaged or defective product that NEXCOM should expect to see over the period, as well as any disposal fees. Product will not be shipped back to vendor. If the actual cost of damaged / defective merchandise exceeds the allowance received, the Trading Partner owes NEXCOM for the amount of the difference, and NEXCOM will generate a claim for that amount. Damaged / defective merchandise allowance does not cover Vendor Errors described in TPA.
 - Option 2 – Return Merchandise to Trading Partner
 - Trading Partners choosing the return of merchandise option will be charged current merchandise cost, and up to a 10% handling charge. The merchandise will be shipped with return freight charges billed back to the Vendor.
- Vendor Errors include but are not limited to product recalls, vendor shipping errors, product substitutions, etc. Vendor Errors are not covered by the Damaged / Defective Allowance. For CONUS locations, the vendor may choose for Vendor Errors product to be returned to vendor or disposed of / destroyed in field (DIF). For OCONUS locations, destroy in field (DIF) is the only option available. For all locations and manner of disposition / destruction, the vendor is required to pay for or reimburse NEXCOM for any expenses related to resolving Vendor Errors, including but not limited to all shipping charges (call tags are preferred) and any costs or fees incurred for disposing of / destroying product. Vendor Errors may be subject to non-compliance charges.