ACE HARDWARE CORPORATION

Ace Hardware
Policy & Procedures

TABLE OF CONTENTS

Contact the Ace Vendor Support Center at 630-990-2777
Check www.AceHardware-Vendors.com > Contacts for additional Ace Hardware contact information.

INTRODUCTION

OVERVIEW

This Ace Hardware Policy & Procedures manual ("Manual") includes a number of policies, procedures and requirements that cover a number of aspects of our vendor relationships from ethical standards to vendor requirements with respect to shipment standards. This Manual reflects a continuous effort to manage our business relationship in a manner that is legal and that benefits Ace Hardware and Ace Hardware storeowners. The policies defined are Ace's minimum expectations of its vendors and will continue to change with our business requirements. These policies are not without purpose but exist to educate and define both common industry practices as well as unique requirements of Ace's business. The expectation is for our vendors to read and employ these policies when doing business with Ace. In some cases, vendors may need to modify their processes, make system modifications, or purchase equipment to meet these guidelines.

ACE'S DISTRIBUTION NETWORK

Ace's distribution network consists of 7 Consolidation Centers (Crossdocks) and 15 Retail Support Centers (RSCs). The purpose of Ace's Crossdocks and Retail Support Centers is to move product from vendors to retailers more efficiently and provide higher service levels. This network allows Ace Hardware to support its continued growth. Alignment between Ace Hardware and our vendors is critical to ensure products are received on time in full to fulfill customer orders.

MINIMUM REQUIREMENTS

VENDOR CERTIFICATE OF INSURANCE

Vendors must comply with the Minimum Acceptable Insurance Requirements as set forth in the Ace Hardware New Vendor envelope. Certificates for renewal policies must be issued 10 days prior to the renewal date to the address listed on the Minimum Acceptable Insurance Requirements form. Ace Hardware may revise its minimum insurance requirements from time-to-time upon notice to vendors.

VENDOR INDEMNIFICATION AGREEMENT

Every vendor must sign and comply with the Vendor Indemnification Agreement found in the Ace Hardware New Vendor envelope. This document needs to be signed once by each vendor.

ELECTRONIC DATA INTERCHANGE (EDI) AGREEMENT

Every vendor must sign and comply with the Electronic Data Interchange (EDI) Agreement found in the Ace Hardware New Vendor envelope. This document allows Ace Hardware and the vendor to exchange data (e.g., purchase orders, invoices) electronically.

VENDOR PURCHASE ORDER TERMS AND CONDITIONS

Vendors are expected to read and understand Ace Hardware's Purchase Order Terms and Conditions found in the Ace Hardware New Vendor envelope.

ELECTRONIC FUNDS TRANSFER (EFT) AGREEMENT

Every vendor must sign and comply with the Electronic Funds Transfer (EFT) Agreement found in the Ace Hardware New Vendor envelope. All vendors must receive payments from Ace Hardware electronically. Vendors not supporting EFT will be assessed a non-compliance assessment as described in Appendix A.

TAXPAYER ID

Every vendor must provide Ace Hardware with a valid Taxpayer Identification Number (TIN) for 1099 reporting where required. Failure to provide a taxpayer identification number may require Ace Hardware to withhold a percentage of certain payments (as deemed appropriate) as backup withholding.

MISCELLANEOUS

Any and all taxes, fees, imports or stamps required by state, federal or municipal governments in the selling, transferring or transmitting of merchandise to Ace Hardware shall be paid and assumed by vendor.

ETHICAL STANDARDS

Ace Hardware staff will not accept gifts or services of any value whether delivered to work, home or some other place by an actual or potential vendor, competitor or manufacturer's representative. This includes travel accommodations, prizes and awards, meals, outings or samples. Additionally, Ace Hardware staff will not accept entertainment offers of any type by actual or potential vendors or competitors.

The following exceptions apply:
1. Business travel: where factory trips and complementary transportation are disclosed in advance and approved by the Ace Hardware Merchant/Department Merchandising Manager for the area. The trip is limited to a two-day duration and the purpose of the trip is entirely business.
2. Business meals: meals are only acceptable from vendors in conjunction with industry shows, industry functions, factory visits, Ace Hardware shows, or office visits.
3. Product samples: samples become the property of Ace Hardware and may be donated to charity or discarded.

VENDOR PRODUCTION CHANGES

Ace expects its vendors to maintain open and continuous communication regarding changes related to the negotiated programs. The following are some common changes that vendors are responsible for communicating to Ace Hardware at least 60 days prior to occurrence:
1. ERP or new computers system implementation.
2. Changes to shipping locations.
3. Changes in sourcing of product to overseas or new overseas manufacturing.
4. Packaging design changes including changes to card stock, packaging material, card and package configuration, card and packaging size, bar code labeling, shipping carton (labeling, design and construction), color and any change impacting display at retail.
5. Number of eaches contained in the retail or wholesale selling units.

Report any changes immediately to your Ace Hardware Merchant to avoid issues and non-compliance assessments.

ADDITIONAL RESOURCES

ACE VENDOR UNIVERSITY

Ace Vendor University is Ace Hardware's vendor training program. It is a way for vendors to understand how they can grow with Ace, understand the Ace Hardware business, and become experts in the applications used for day-to-day tasks.

There are currently over 30 training classes available for new and existing vendors. There are on-demand training videos on the [Ace Learning Place](#) site, or vendors can choose to participate in virtual classroom training or in-person live courses with an expert instructor. The current cost to access the training videos housed on Ace Learning Place is $50.00 per user per year. Additional details surrounding course descriptions and costs can be found in the Ace Vendor University course catalog found by clicking [here.](#)

REQUIRED TRAINING FOR NEW ACE HARDWARE VENDORS

Ace Hardware *requires* all *new* vendors to participate in Ace Vendor University training within the first 90 days of receiving a vendor number and Ace Learning Place credentials. The training offered will be different depending on the type of vendor you are:

- • Warehouse (RSC) Only or Both: Warehouse (RSC) & Drop Ship/ACENET Direct
- • Drop Ship/ACENET Direct Only

All new Warehouse (RSC) Only & Both vendor types are *required* to participate in the following courses:

- **Ace Essentials Package (2-Day):** A collection of courses covering New Item Onboarding, Data Quality, Item Maintenance, Reporting, Price Maintenance, Barcode & Measurement Requirements, Acenet Direct, and the Mass Upload process. The 2-day course is offered in-person or live virtually every month beginning February 2022.
- **Supply Chain Success / Inventory & Demand Package:** A collection of courses covering Load Quality Requirements, Supply Chain Vendor Tools, and Traffic. In addition to covering the tools used for success: Lost Sales, MAID, and Purchase Projections.
- **Finance Bootcamp:** Learn how to navigate A/P Vendor Data to allow review of open items, rejected invoices and chargeback documentation.

This package has a cost of $1,400 and can have up to 3 attendees from your company.

Dropship (ACENET Direct) ONLY vendors are *required* to participate in the following courses:

- **Ace Essentials Package:** A collection of courses covering Data Quality, Item Maintenance, Reporting, Price Maintenance, Barcode & Measurement Requirements, and the Mass Upload process. The 2-day course is offered in-person or virtually every month beginning Feb. 2022 – November 2022.
- **Finance Bootcamp:** Learn how to navigate A/P Vendor Data to allow review of open items, rejected invoices and chargeback documentation.

This package has a cost of $1,000 and can have up to 3 attendees from your company.

Help & Questions: All Ace Vendor University requirements and guidelines, including a complete course catalog, pricing information, and information regarding the Ace Learning Place site, are maintained on the vendor portal> E-Tools Login > Training.

For more information, you may email the Vendor Engagement Team at Vendor Engagement.

VENDOR PORTAL

The vendor portal can be found by visiting [www.AceHardware-Vendors.com.](http://www.AceHardware-Vendors.com) You may login to (E-tools) to access Ace Hardware's vendor communication portal to find all of the current news, policy changes, training and business tools. Vendors are expected to monitor this site daily for important news and changes in our vendor policies. Due to timing of vendor manual updates and important policy changes, **vendor portal postings will be considered part of this Manual will supersede conflicting information in this document**. Ace Hardware reserves the right to change policies and create new requirements at any time. It is the responsibility of each vendor to monitor changes and adjust their business processes accordingly.

Vendors are expected to maintain the confidentiality and security of their unique access credentials to the vendor portal and update Ace Hardware when any employee's access should be removed. Ace Hardware holds the vendors responsible for actions taken by a user using the vendor's access credentials and for any unauthorized access. To request access to the vendor portal please click here. Each vendor employee accessing the vendor portal will be assigned unique login credentials. To remove an employee's access to the vendor portal, please call the Ace Vendor Care Center at 630-990-2777, option 1.

ACE HARDWARE BRAND STANDARDS

ACE HARDWARE LOGO

The most visible manifestation of the brand is the Ace Hardware logo itself. It is a recognizable ambassador of Ace Hardware. As such, Ace Hardware works to ensure that its logo is not used in a way that does not appropriately reflect its image. Wherever the Ace Hardware logo appears, we must ensure that it is used consistently so as not to dilute its powerful message.

Ace Hardware requires vendors to adhere to the Ace Style Guide, which dictate appropriate use of the Ace Hardware logo and other Ace Hardware trademarks and offers recommendations on proper use. From the logo itself, to interior and exterior signage, to advertising and promotional uses, this guide offers recommendations on proper use. Vendors must obtain prior approval of any use of the Ace Hardware logo and trademarks by contacting the Ace Hardware marketing team at brandstandards@acehardware.com.

PRIVATE AND CONTROL LABEL

The Ace Hardware Brand label is one of the top U.S. store brands and represents a key source of revenue for Ace Hardware. In order to ensure the continued growth and success of Ace Hardware Brand, it is important that packaging for Ace Hardware branded products be developed along specific guidelines. With such a large number of products and vendors, these guidelines help maintain a distinct brand image, ensure consistency across the product range and protect the brand name.

Control Label: Ace Hardware developed the following Control Labels to address different retail strategies:
- **Celebrations**: holiday, incandescent & LED lighting, greenery, and décor
- **Clark + Kensington**: liquid paints
- **Fab Cordz**: fabric extension cords, AV accessories
- **Grill Mark**: grill/outdoor cooking accessories
- **Home Plus**: opening price point of household consumables, lawn & garden tools, decorative plumbing, tarps, door lock sets, and impulse items
- **KeyStart**: Key fobs
- **Living Accents**: outdoor living, indoor lighting
- **Oakbrook Collection**: decorative plumbing, faucets and accessories
- **Royal:** liquid paints
- **Steel Grip**: opening price point to mid-price hand and power tools
- **Projex**: created for Ace Wholesale Holdings, equivalent to the Ace Hardware Brand product assortment and quality

Ace Hardware owns the specifications of the products bearing the Ace Hardware marks regardless of where and by whom it is manufactured. Ace Hardware requires the use of the Global Trade Item Number (GTIN) on all packaging. The GS1 Company Prefix may not be sold, leased, or given, in whole or in part, for use by any other company.

The Ace Hardware Brand Packaging Guidelines outline the design requirements and specifications for Ace Hardware Brand packaging as well as highlight some exceptions to the established standards. These guidelines are maintained on the vendor portal at > E-Tools > Brands. If you do not have access to the vendor portal, please request access through Login Help.

VENDOR COMPLIANCE

NEW ITEM START AUDIT

Ace Hardware considers master data integrity and compliance to the GS1 US Packaging Measurement Guidelines critical to an efficient supply chain. As a result, Ace Hardware performs an audit of the initial purchase order from the vendor and compares the actual receipt to the submitted "IDM-New Item" data entry. Ace Hardware will verify three pieces of data in the audit:
- • Barcodes: Each quantity level the item is packaged (each/inner/master/pallet)
- • Measurement: Data at each level the item is packaged (each/inner/master/pallet)
- • Weight: Each quantity level (each/inner/master/pallet)

Point of Sale items must be measured in the correct order (Height – Width – Depth) in adherence to GS1-US Package Measurement Guidelines.

For measurements and weights, Ace Hardware will allow a 4 percent variance; however, barcode data must match the original submitted data exactly. Non-compliance assessments will be administered for each of these areas if data submitted falls outside of the stated variances. However, advance communication by the vendor (prior to the initial shipment arriving at the RSC) will be accepted to avoid potential non-compliance assessments if the new data is valid. Report all product data errors related to the categories mentioned above by emailing WMDomestics.

BARCODE RELABELING

The vendor is responsible for the integrity of the barcode and associated data. If any Ace Hardware RSC is required to generate barcode labels for the following reasons, a non-compliance assessment will be charged as described in the Traverse Systems documentation in the Compliance tab on the vendor portal:
- • Unscannable or missing barcode
- • Inaccurate numerical data that associates the barcode to another item
- • Packaging level hierarchy does not have a barcode to be scanned

HAZARDOUS GOODS

Ace Hardware manages the way in which it transports hazardous materials to ensure compliance with all applicable hazardous materials regulations, especially those that relate to international shipments. Vendors are required to maintain documentation with Ace Hardware using the Hazardous Goods Product Information Request Form, which requests specific shipping information about the products Ace Hardware purchases from its vendors. This information is required for domestic ground, vessel and commercial air transportation. The requested information will be entered into a central database maintained by Infotrac, Inc.

Please maintain a Hazardous Goods Product Information Request Form for each hazardous product. Be certain to complete a separate form for each UPC (package type, size or volume). The most recent version of SDS for each product is also required. If you

offer access to your SDS on the Internet, please provide the URL. It is imperative that both the vendor's stock number and the associated Ace Hardware SKU are annotated on the SDS and the request form is attached to the appropriate SDS to ensure accurate classification for each product. When using the New Item application, this information must be entered for each new product created. **Discrepancies must be reported to your Replenishment planner.**

The Hazardous Goods Product Information Request Form(s) and applicable SDSs should be sent directly to Infotrac at Ace@infotrac.net. If you have questions or require additional assistance, contact Infotrac immediately.

PRODUCT REGULATORY COMPLIANCE

Ace Hardware vendors are required to answer product regulatory compliance questions when onboarding all new items and to maintain the compliance data associated to each item they sell to Ace Hardware on an ongoing basis. This includes, but is not limited to, pesticide registrations, Proposition 65 Warnings, and selling restrictions.

Ace Hardware has engaged UL Verification Services ("UL") to provide regulatory product classification services for certain chemical containing products that we sell. The following product types will require WERCSmart registration: all chemical-containing products, pesticides, aerosols, all battery-containing products, appliances, lightbulbs.

Your role as an Ace Hardware vendor is to register your products and formulations with UL WERCSmart prior to item set-up. If you are a current WERCSmart subscriber, your participation in this regulatory compliance initiative is mandatory. Ace Hardware will utilize your item assessment data from UL WERCS to obtain and maintain several compliance data points. Please note that the WERCSmart registration and assessment process does not supersede the SKU onboarding process in IDM.

For detailed information on regulatory compliance requirements for onboarding new items, see the Compliance section of the New Item Onboarding Step by Step Guide.

For detailed information on regulatory compliance requirements for maintaining existing items, see the see the Compliance section of the Item Maintenance Step by Step Guide.

If you need to add or change selling restrictions on existing items, the Restrictions Request Form can be found on Vendors.com here: Home > Vendor Compliance > Legislative Requirements. Completed Restrictions Request Forms should be emailed to Restrictions@acehardware.com

VENDOR PERFORMANCE METRICS

Vendor compliance to Ace Hardware's policies and procedures is critical to fulfilling retailer orders on time and in full. Ace's Vendor Scorecard measures vendor supply chain performance. Vendor delivery performance is measured through the calculation of an OTIF rating: Units which are shipped On Time and In Full, as set forth in a Purchase Order received from Ace Hardware. Our goal and our requirement is to have all vendors maintain an OTIF rating in excess of 95%. Failure to do so may result in vendor assessments, formal reviews of vendor performance and possible loss of business with Ace Hardware.

Vendor OTIF Rating		
Platinum	> =	97%
Green	> =	95%
Yellow	> =	85%
Red	<	85%

Ace Hardware utilizes the EDI 856 Advanced Ship Notice (ASN) document as the record of a vendor's readiness to ship. ASNs must be submitted on the same day that the shipment leaves the vendor's facility. Any delay in submitting an ASN will result in a lowered OTIF score and possible vendor assessments.

Vendors can access views of their monthly scorecard, weekly supplier dashboard data, and weekly purchase projections through the vendor portal > E-Tools >Toolbox > ADW Reporting. We strongly encourage you to access this information on a consistent basis.

ON-TIME IN FULL

Ace Hardware measures vendor performance with the **On-time in Full** metric, known as OTIF, at an each level. This metric is calculated by totaling the number of units shipped on or before the requested ship date, compared to the number of units on the Purchase Order.

$$\frac{\text{\# of Units Shipped by Ace's Requested Ship Date + 2 calendar day grace}}{\text{\# of Units Ordered}}$$

IMPLICATIONS OF LATE SHIPMENTS

When Ace Hardware receives late or incomplete shipments from our vendors, our ability to service our retailers decreases and we incur incremental operational costs in terms of resources, expediting efforts, transportation, and inventory holdings. Though it is impossible to determine the exact amount of these costs or the extent of damage to our customer relationships, ultimately, late and incomplete shipments translate to lost sales and customers, as they impact our retailers' ability to service their customers. To compensate for these losses and ensure that proper focus and resources are dedicated to serving Ace Hardware customers, Ace Hardware will process a financial assessment against vendors that are not in compliance with our On Time In Full (OTIF) metric goals.

The Monthly financial assessments are detailed in the OTIF section under the Compliance tab on the vendor portal.

Ace Hardware reserves the right to modify the OTIF metrics, associated assessments, and chargeback thresholds, and to increase the financial assessment amount for suppliers with habitually delinquent shipments.

ASN ACCURACY

Ace Hardware requires vendor EDI transmissions to be accurate. This is essential to ensure Ace Hardware can properly process product receipts in the RSCs, process invoices for payment, and quickly identify and/or expedite SKUs adversely impacting service levels to retailers or end consumers. The following metrics measure the accuracy of a vendor's EDI transmissions to Ace Hardware:

- **Initial Invoice Acceptance Rate**: the percent of invoices that successfully passed through Ace's EDI 810 edits.
- **Invoice Price Errors**: the number of invoices that were initially blocked due to pricing issues (not quantity) when the invoice was matched with the PO.

- **Invoice Qty. = ASN Qty.**: 2- Way Line Level Quantity Match that measures accuracy. Represents the percent of invoice lines where the quantities matched the ASN Qty. If both documents match—Pass; otherwise, Fail
- **ASN Qty. = Receipt Qty.**: 2-Way Line Level Quantity Match that measures accuracy. Represents the percent of receipt line quantities where the quantities matched the ASN Line Qty. If both documents match—Pass; otherwise, Fail.
- **Invoice Qty. = ASN Qty. = GR Qty.**: 3-Way Line Level Quantity Match. Represents the percent of ASN line quantities where the quantities matched the Receipt Line Qty. and Invoice Qty. If the 3 documents match—Pass; otherwise, Fail.
- **ASN Create = Ship Date**: At the ASN Level, this is a timeliness comparison of ASN transmission date versus the ship date provided within the ASN. If the ASN Transmission Date is greater than Ship Date – Fail. Vendor should transmit the ASNs the same day order is shipped.

ELECTRONIC DATA INTERCHANGE (EDI) IMPLEMENTATION GUIDE

OVERVIEW

Ace Hardware uses Electronic Data Interchange (EDI) to exchange business documents. EDI enables Ace Hardware and its trading partners to complete business transactions faster with less expense and fewer errors. The Ace Hardware EDI program relies on standards and conventions developed by the American National Standards Institute (ANSI) that are common across the industry and used by most major retailers. For more information, please click here.

EDI COMPLIANCE

All vendors are required to comply with Ace Hardware's EDI agreement that was provided in the Vendor Onboarding Packet. This document needs to be signed once by each vendor. Ace Hardware expects all vendors to be fully engaged and comply with all EDI requirements and mapping documents, which can be found by clicking here.

- Review the requirements and ensure compliance in all aspects.
- Setup and maintain an environment to facilitate electronic exchanges based on the appropriate governing body standards. Establish and test the 6 core EDI documents (850, 997, 856, 810, 864, 812).
- Maintain a transmission schedule to support Ace Hardware's business.
- Upon receipt of an electronic document from Ace Hardware, transmit an electronic acknowledgement within 12 hours. The electronic acknowledgement will certify and establish evidence that the electronic document has been properly received.
- Monitor the receipt of acknowledgement from Ace Hardware for electronic documents sent by you and take prompt action to resolve issues relating to unacknowledged electronic transmissions.

Vendors not in compliance will be charged a non-compliance assessment as defined in Appendix A.

EDI TRANSACTION CODES

Below is a list of the EDI transaction codes supported by Ace Hardware. For more information or to view specific mapping requirements, please click here.

Transaction	Mandatory?	Description
850	Yes	Provides a direct interface between a vendor's order processing system and Ace Hardware. Eliminates lost orders and improves order accuracy by eliminating manual entry problems. Ace Hardware requires the AK1, AK2, AK5 and AK9 segments to be returned for the 850 PO that is sent via EDI to vendors.
997	Yes	Required for all 850 Ace Hardware purchase orders within 12 hours of receipt. Should acknowledge the transaction and group level and be specific to that 850 Ace Hardware purchase order. Should not contain acknowledgements for other transactions.

856	Yes-for all 850 Purchase Orders	Required for all EDI 850 orders. If multiple loads are being shipped, an ASN must be built for each shipment being sent. The ASN shipment detail and quantities must match the physical shipment. Line numbers must match original line numbers. Must be transmitted as soon as the load leaves the vendor's facility. Must include the following accurate information: • Assigned vendor unique shipment ID • Date and time of ASN creation • Weight of shipment • SCAC codes and name of carrier • PRO#, Tracking #, or unique Bill of Lading # • Shipment date • Ship from detail • Purchase order # • UPC • Manufacturing Part # • Shipping units - shipped & ordered • Ace Item # • Item description • Total number of lines • GS1-128 SSCC (RSC SHIPMENTS ONLY)
Transaction	**Mandatory?**	**Description**
810	Yes	Ensures timely processing and eliminates mail and payment delays. The vendor must include the following information to promptly process the invoice: • Invoice date • Invoice # • PO date • PO # • Credit authorization number (Drop ship only) • Vendor # • Invoice type code (DI=Debit or CR=Credit) • Remittance Address • Ship to Address (RSC Duns # location or Store #) • Invoice Terms • Quantity Invoiced • Price • UPC • Manufacturing Part # • Ace Item # • Item Description • Total Gross Invoice Amount • Freight Charges/Allowances • Total number of Invoice lines
864	Yes	Ace's trading partner sends the 810 invoices for goods purchase by Ace Hardware and for dropship orders placed by Ace Hardware retailers. Each incoming EDI invoice will be thoroughly checked for exceptions. If an exception is determined on the EDI 810 invoice, an EDI 864 message will be sent back to the vendor as a rejection of invoice. The vendor will have to correct the errors and resend the EDI 810 invoice to get it processed.
812	Yes	Discrepancies normally exist when reconciling invoices to goods receipts or goods receipts to invoices. These discrepancies are recovered by charging back the vendor for the amount reported in the discrepancy. The vendor is notified the same day when the chargeback is issued. Supporting documentation can be found on the vendor portal > E-Tools > Toolbox > Vendor A/P Data.
820	No	With payments via EFT, the exact date that funds are available in the vendor's bank account is guaranteed. Vendors who are EDI capable have the option to add Remittance Advise, though this information is also available on the vendor portal > E-Tools > Toolbox > Vendor A/P Data.

ACE HARDWARE TECHNICAL REQUIREMENTS

Ace Hardware offers the exchange of data over the internet using AS2 HTTP or HTTP/s. Authentication and encryption is provided via a certificate (preferred certificate being SHA2). You need to provide Ace Hardware with the URL, IP address, and port number you will use to exchange data with Ace Hardware since Ace Hardware uses a firewall to protect itself from intrusions and unwanted internet traffic.

EDI SOFTWARE – IBM Sterling B2B Integrator

ANSI X12 VERSIONS SUPPORTED - 004010

ACE TEST QUALIFIER AND ID (Used for inbound test documents to Ace): Qualifier ZZ Sender/Receiver ID 7089906600

ACE PRODUCTION QUALIFIER AND ID (Authorization for use is required): Qualifier 01 Sender/Receiver ID 006928311

ACE HARDWARE DOCUMENT LAYOUT MAP KEY

DATA ELEMENT	ELEMENT NUMBER	DATA ELEMENT NAME	ANSI REQ	ACE REQ	DATA TYPE	ELEMENT LENGTH	ACE REQUESTED FIELD CONTENTS

DATA ELEMENT	Position in segment where data element appears.
ELEMENT NUMBER	(DICTIONARY REFERENCE NUMBER) Every release of the ANSI Standard includes a dictionary containing detailed information about each segment and element. The element number refers to the location in the ANSI dictionary where the element listed can be found.
DATA ELEMENT NAME	Name of the Element
ANSI REQUIREMENT	Requirement Designator: **M** = Mandatory; this element is required to appear within the segment. **X** = Relational; the presence of this data element is dependent on the presence or absence of another data element(s) in the transaction set. In earlier versions, this was expressed as C for Conditional. **O** = Optional; the presence of this data element is at the option of the sending party or is based on the mutual agreement of the trading partners.
ACE REQUIREMENT	Requirement Designator: (Only on maps for documents, Ace receives). See ANSI Requirement above. Ace requirement meaning is the same with the exception of X. X denotes special instructions which will be explained below the segment where the X as listed for the element requirement or under Ace Requested Field Contents. A "-" in this field denotes no Ace preference or requirement.
DATA TYPE	A data element can be one of six types: **Nn** = Numeric and decimal places. N symbolizes numeric, n indicates the decimal places to the right of a fixed implied decimal point. **R** = Decimal. Decimal type is symbolized by R. The decimal point is optional for integer values, but required for fractional values. **ID** = Identifier. Identifier type is symbolized by ID. This type of element must always contain a value from a predefined ANSI X12 list. Some use "ZZ" a mutually defined code between partners. **AN** = String. Contents of string-type elements are a sequence of letters, digits, spaces and/or special characters. **DT** = Date. Format is CCYYMMDD. **TM** = Time. Format is HHMM
ELEMENT LENGTH	The Minimum and maximum length allowed for the element.
ACE REQUESTED FIELD CONTENTS	This indicates special Ace requirements for each element. It will also at times give you helpful comments to assist you in completing the element.
*Note: Ace document maps contain select EDI segments and elements. These maps include segments and data elements which are mandatory as interpreted from the ANSI standards and/or those required by Ace internally. The ANSI Commission's published standards are the complete and final word on any X12 document requirements. The purpose of an Ace document map is to assist you in implementing EDI with Ace. If there are any discrepancies, follow X12 standards	

PURCHASE ORDER POLICIES & PROCEDURES

Ace Hardware utilizes purchase orders for goods purchased by Ace Hardware Corporation for its RSCs. Ace Hardware will not be liable for payment without a properly authorized Ace Hardware purchase order form. "Unit pack", "price per item", or "dating" discrepancies in an Ace Hardware purchase order should be brought to the attention of the appropriate Ace Hardware Merchant. To assure prompt, accurate payment of your invoices, invoice for each shipment and/or purchase order separately.

Follow these procedures when acknowledging, filling, and shipping an Ace Hardware Purchase Order:

- All purchase orders transmitted via EDI must be acknowledged within 12 hours of receipt.
- Vendors are expected to maintain the on-hand inventory levels to ensure all store and RSC purchase orders ship 100 percent complete by Ace Hardware's requested ship date listed in the EDI 850 document.
- Ace Hardware requires vendors to comply with 3 vendor processing days. Vendor processing days (VPD) is defined as the number of business days from purchase order receipt at the vendor until order shipment. All purchase orders contain a requested ship date which is systematically calculated based upon vendor processing days. Day 0 is the day Ace Hardware creates the purchase order while Day 1 is the first business day after the purchase order is created by Ace Hardware. If additional processing days are needed, vendors must receive prior approval from the Replenishment Planning Manager.
- Orders are required to ship by the "Expected Ship Date" but may ship before this date.
- Quantities ordered, SKU information, and pricing must match the purchase order exactly prior to shipment against a purchase order.
- Product substitutions are not allowed without prior written approval from either the Ace Hardware Merchant or Replenishment Planner.
- Any shipment that deviates from the original purchase order may result in a Vendor Merchandise Return (VMR) request and possibly delayed payments.
- Ace Hardware reserves the right to return excess/overage, incorrect product or unauthorized substitutions to the vendor at the vendor's expense.
- An Advanced Ship Notice (ASN) is required prior to the receipt of a purchase order at the RSC. A non-compliance assessment as described in Appendix A will be charged if the ASN is timely not sent.

BACKORDER SHIPMENT/PARTIAL SHIPMENTS

While Ace Hardware accepts backorders, they are subject to assessments as detailed on the vendor portal > compliance > OTIF and Backorder.

Vendor's must follow these procedures:

- Do not cancel back orders without approval.
- Do not delay orders to meet the 100 percent first fill rate.
- Do not route orders UPS or FedEx ground to Ace Hardware's crossdocks.
- Consolidate backorders to be efficient and timely.
- Shipments must comply with the small package shipping instructions noted in the "Parcel Shipment" section below.
- All shipping issues must be reported immediately to the Replenishment Planner.
- Only send the invoice for goods after the goods ship. Do not invoice for backorders until the backorders ship.
- All authorized backorders and partials will arrive on a prepaid basis. Vendor shall be responsible for all transportation charges regardless of standard Freight Collect terms.
- Multiple backorders for a given Ace Hardware RSC can be shipped LTL on one pallet and must have a packing list for each of the purchase orders. The back ordered items are to be segregated per purchase order number on the pallet, through the use of shrink wrap or slip sheets. Each backorder PO must be individually labeled with a placard detailing the product being shipped.

Vendors are expected to provide weekly updates as to the delay of any merchandise on order to their Replenishment Planner. Production or sourcing delays that could result in a large influx of inbound product must also be communicated to the Replenishment Planner.

INCORRECT SHIPMENT

Product received other than what was ordered on the purchase order is classified as a receiving exception and cannot be processed in the invoice payment. Prior approval must be granted by the Ace Hardware Merchant or Replenishment Planner for any product substitution before shipment of the purchase order. If approved, the purchase order, EDI 856 ASN, and EDI 810 Invoice must be updated for proper payment. Failure to comply may lead to a delay in invoice payment or deductions. Ace Hardware reserves the right to return incorrect product or unauthorized substitutions to the vendor at the vendor's expense.

OVER SHIPMENTS

Prior shipment approval is required from the Replenishment Planner if the quantity shipped is greater than original purchase order line. The purchase order data must be updated to reflect the change and the Advanced Ship Notice (EDI 856) and Invoice (EDI 810) must account for the change for proper payment. Ace Hardware reserves the right (without authorization from the vendor and without limiting its rights to seek further recourse) to one or more of the following:

1. Accept any product shipped in excess of the purchase order quantity at no charge and the cost of goods deducted from the invoice.
2. Return any or all over shipments at vendor's expense, including incoming, outgoing freight, and handling charges where applicable.

ITEM MANAGEMENT

All products for sale and distribution through Ace Hardware's RDCs or RSCs must be created through Ace Hardware's Item Data Management (IDM) New Item Application, available on the vendor portal > E- tools > Item Management > Manage My Items. Request access to E-Tools by clicking here. Ace Hardware reserves the right to reject SKUs or copy that in its sole discretion it deems inappropriate.

MASTER DATA ACCURACY

The accuracy of product information is critical to Ace Hardware's supply chain. Ace Hardware requires its vendors to report any master data, pricing or term discrepancies on any Ace Hardware purchase order. Ace Hardware expects the data on the purchase order (EDI-850 or hard copy) to exactly match the ASN (EDI-856-Advanced Ship Notice) and Invoice (EDI-810 Invoice). Failure to comply creates inefficiencies in the invoice payment process and requires additional labor to reconcile. This may lead to a delay in the invoice payment or chargebacks.

Example: The quantity shipped and billed on the Invoice (EDI – 810) must be expressed as eaches in a multiple of the vendor's shipping case pack quantity. If there is discrepancy between the ordered quantities on Ace Hardware's purchase order and in the vendor's shipping case pack, notify the inventory replenishment planner:

Ace PO:	Ace#12345	Order: 10	Case pack: 10 each
Vendor:	Ace#12345	Order: 10	Case pack: 7 each - Wrong

In this example, the vendor cannot ship 10 each because the vendor case pack is in multiples of 7 each. There is a master data discrepancy between Ace Hardware and the vendor that needs to be corrected so that Ace Hardware places orders in multiples of 7

not 10 each. Please use IDM > Case Pack/OM/VOM Change application to correct any discrepancies on your operational data avoiding issues and non-compliance assessments.

BARCODE ACCURACY

Ace Hardware requires all vendors to adhere to standard bar code requirements for items shipped to Ace Hardware RSCs. The requirements in this document support the GS1 and GS1 US global system standards. These bar code standards provide for the unique, unambiguous numbering and bar coding of trade items. A high-quality printed bar code consisting of accurately encoded numeric data ensures a vendor's product reaches Ace Hardware retailers and their customers in the most expeditious manner.

Ace Hardware's RSCs have scanning processes and equipment that are used to scan a vendor's barcodes, from the lowest Consumer Packaged Goods (CPG) to the highest-level shipping packaging. Ace Hardware's operations are capable of scanning all packaging levels of any item, for inventory control and retailer order fulfillment. In some instances, the highest contained unit or packaged level may be considered a pallet. In these product lines, such as softener salts, pet foods, lawn care products, etc., the pallets must be identified and bar coded. It is imperative vendors familiarize themselves with these requirements and all packaging levels of the item are properly bar coded to avoid costly delays and added expense in handling product.

PRICE CHANGES

All price changes should be discussed with appropriate Merchant, and then submitted using the Price Change Portal.   Please keep the following considerations in mind:

1. Ace Hardware requires 90-day notification for all price increases, which begins when the price change detail is submitted via the Price Change Portal.
2. Ace Hardware requires price protection for the total inventory exposure in all cases of price decreases.
3. Prices will be based upon order date, not shipment date.

Seasonal categories require holding pricing throughout the season. Price changes will be considered but approved on a case-by-case basis. **Report any changes immediately to your Ace Hardware Merchant to avoid issues and non-compliance assessments.**

TRANSPORTATION/TRAFFIC

PRE-PAID VENDORS

Pre-paid vendors are expected to comply with Ace Hardware's Routing Guide(Inventory & Supply Chain > Transportation & Traffic > Vendor Routing Guide) . Ace Hardware's Traffic Department must authorize any deviation from these instructions. Please contact Ace Hardware's Traffic Department for any policy questions.

TRUCKLOAD SHIPMENTS

A truckload shipment is a complete trailer load (7 skids or greater, 750 Cube and/or shipment weight is 10,000 or more pounds) which may include one or more purchase orders. Vendors are free to use a carrier of their choice for pre-paid truckload shipments; however, the carrier must use a trailer that is dock height. Trailers that are not dock height may be refused or may require that the driver unload the shipment. The following steps must be followed when shipping pre-paid truckload freight:

1. Upon the receipt of the RSC purchase order, vendor will contact the RSC receiving department for an appointment. Delivery appointment must be confirmed prior to shipping.

2. The vendor will provide the RSC with the following:

- Shipment weight   • Number of pieces
- Number of pallets   • Purchase Order Number (s)
- First available delivery date (production lead time + transit time to RSC = first available)

3. If the appointment time is not met and the RSC is not notified a minimum of **24 hours in advance**, a non-compliance assessment may be deducted for appointment time reserved and not used. These violations are logged in the Traverse portal.

LESS THAN TRUCKLOAD SHIPMENTS

A less than truckload shipment is not a complete trailer load (less than 7 skids, 750 Cube and/or shipment weight is greater than 150lbs but less than 10,000lbs), which may include one or more purchase orders. Vendors must use one of Ace Hardware's preferred carriers for pre-paid less than truckload shipments. Please refer to Ace Hardware's Routing Guide for a list of preferred carriers. Ace Hardware will assess a per occurrence non-compliance assessment for vendors who do not use a preferred carrier SCAC (Standard Carrier Alpha Code) during submission of ASN (Advanced Ship Notice) for less than truckload shipments, via Traverse Systems.

PARCEL SHIPMENTS

A parcel shipment is 150 pounds or less and contains 15 cartons or less. Any one carton cannot exceed a 130-inch girth and each carton must not weigh more than 70 pounds. Vendors are able to use a carrier of their choice for pre-paid parcel shipments.

COLLECT VENDORS

Collect vendors are required to enter shipment data for all purchase orders (regardless of size) into E2Open (formerly known as BluJay Solutions), Ace Hardware's Traffic Management System (TMS), or else be charged a non-compliance assessment. The E2Open TMS can be accessed by going to the TMS website. Request access by emailing: Ace Hardware's Traffic Department. Be sure to include your Name, phone #, email address, physical address, vendor number and vendor name. All collect purchase order information is available in the TMS and must be updated in a timely manner:

- "Ready to Ship" date should be entered within 24 hours after the EDI 850 Purchase Order receipt date or 36 hours prior to the actual ship date for on-time pick up. If the EDI 850 Purchase Order is received on a Friday or national holiday, the "Ready to Ship" date should be entered by the next business day.
- Validate the following fields in E2Open are accurate. Provide the following information:
  - ➢ Vendor ship from address
  - ➢ Haz Mat—if hazardous material
  - ➢ Pieces
  - ➢ Weight
  - ➢ Cubic footage
  - ➢ Linear Space (ft.)
  - ➢ Pallet Count
- If the Ship From address is wrong or not available, contact your transportation planner, or Ace Hardware's Traffic Department.
- Vendor will receive email confirmation of the load number and carrier acceptance of the load.
  - **If shipping collect via LTL carrier, the vendor is responsible for contacting local terminal to arrange pickup.**

- The TMS ID is required on the Bill of Lading. If multiple purchase orders are on one shipment, provide a Master Bill of Lading along with Memo Bill of Ladings per purchase order. Master Bill of Ladings can be obtained via E2OPEN's "Master Manifest".
- For shipments routed as parcel (Carrier SCAC: ASP1), Ace Hardware will provide an account number and third-party billing address through the load advisor. TMS ID and Ace Hardware PO# must be used in the reference number fields when scheduling the pickup. For order entry guidance on FedEx Parcel shipments, please refer to FedEx Parcel Collect Shipping Requirements. (Inventory & Supply Chain > Transportation & Traffic > FedEx Collect Shipping Requirements)
- Vendors must provide and maintain a list of ship locations to Ace Hardware.

All permanent or temporary changes to ship locations require 60-day notification. Failure to provide advance notice will result in the vendor being responsible for arranging and paying for transportation until the new rate analysis is complete and approved. The vendor is responsible for paying any charges related to temporary changes in ship location until normal shipping resumes. Ace Hardware maintains all negotiated freight rate discounts. **Report changes in shipping locations or other related issues to Ace Hardware's Traffic Department to avoid issues and non-compliance assessments.**

CONSOLIDATION CENTERS (CROSSDOCKS)

Ace Hardware's Freight Consolidation Centers (crossdocks) are an intermediate in-house location between vendors and the RSC. The crossdock has various roles including load creation, carrier dispatch, receiving, process/consolidation, shipping, and customer service. The goal is to consolidate freight destined to the same location in an effort to gain operating efficiencies and lower Ace Hardware's transportation costs. Ace Hardware has multiple crossdocks servicing our vendors and RSCs. For a list of these locations and contact information, please click here (Inventory & Supply Chain > RSC, RDC, and Cross Dock Locations) .

MASTER BILL OF LADING/MEMO BILL OF LADING

A Master Bill of Lading is required for loads delivering to the Ace Hardware crossdocks, and multi-purchase order shipments to the same destination This serves as the legal document for all FOB origin/collect freight allowing the carrier to transport goods. The Master Bill of Lading should be marked collect and list the total amount of product being shipped (pieces, weight & total pallet count), as well as the TMS I.D. and all associated purchase order numbers (also known as shipment reference numbers in E2OPEN TMS). The driver should apply the carrier pro sticker and sign for amount being shipped. It should list the vendor as the shipping/origin location and destination/consignee provided on the load advisor. There should be two copies: one for the driver and one for your records. If needed, a Master Bill of Lading is available in E2Open under the Manifest option. You can find instructions on how to locate this in the E2Open User Guide. (Inventory & Supply Chain >Transportation & Traffic > E2Open: Users Guide)

In addition to the Master Bill of Lading, when shipping to an Ace Hardware crossdock you will also need to create a Memo Bill of Lading for each final destination being shipped. The Memo Bill of Lading should provide a detailed breakdown of each PO being shipped. **This document should not be signed by the driver, nor should a pro sticker be applied.** This document(s) can either be attached to the skid or put in a sealed envelope for the driver. Please ensure Master Bill is on top of documentation with memo bills below. The Master Bill is the only document that should receive a pro sticker.

PLACARDS

Placards are documents attached to the skid to identify the purchase order, skid count, and final destination of the product in question. All shipments through Ace Hardware's crossdocks **must have a placard on the skids with the final destination/ship-to warehouse information.** The E2Open system creates custom placards once the carrier accepts the load, and the load number is emailed. If the vendor's system is not equipped to produce placards, there are options within TMS to create shipment specific placards. **The document must have the final destination listed.** In addition, please note the following when creating the placard:

- Palletizing
- Note any loose pieces
- Palletize by final destination

If you do not have a placard, a pallet placard, as well as an example of a pallet placard, can be found by clicking first signing into the vendor portal and going to Compliance > Load Quality (Traverse Systems) > Pallet Placard Example.

CLAIMS

Ace Hardware's crossdocks receive and process product at the pallet level. There is not a detailed check-in conducted at this facility. Obvious shortages and damages are acknowledged at the time of receipt; however, they are noted and forwarded to the final destination for processing.

NON-AUTHORIZED DEVIATION FROM PROGRAM

Any non-authorized deviation from the guidelines listed above may result in receiving delays, untimely payment of invoices, additional transportation costs, and adjustments to your account. The following is a list of non-authorized deviations:

- Failure to use E2Open TMS to enter Purchase Order Ready to Ship information.
- Failure to properly combine orders shipped on the same day.
- Failure to indicate all applicable Ace Hardware Purchase Order numbers on the Master and or Memo Bill of Lading.
- Failure to follow specific routing instructions.
- Failure to label individual shipments/pieces properly.
- Failure to provide individual shipment packing list.
- Failure to utilize parcel carriers for applicable shipments.
- Failure to route parcel shipments direct to applicable Retail Support Center.
- Failure to provide proper shipping location in TMS when entering Purchase Order detail.
- See list of Traffic Compliance Chargebacks

If you have any questions or concerns, please contact Ace Hardware's Traffic Department.

INBOUND LOAD QUALITY SHIPPING REQUIREMENTS

Ace Hardware developed the Inbound Load Quality Shipping Requirements program to define the required shipping standards to Ace Hardware's RSCs. All vendors must follow these standards. To support our growth and to drive improvements to our receiving processes, we have contracted with Traverse Systems to begin tracking Load Quality compliance and other essential requirements for all inbound shipments to Ace Hardware RSCs. As our vendor, you will be responsible for understanding the Load Quality requirements, monitoring your performance against these requirements in the Traverse Systems application, and implementing process improvements to help us drive that efficiency upon receipt of your product.

Traverse offers a Vendor Web Portal where our vendors are able to review details and submit disputes related to any violations of the requirements tracked in the Traverse system. Every Ace Hardware vendor can request access to Traverse through this link. On the Traverse Portal Login screen, choose "Request Access". You will receive an email with your User ID and login information within 7 days.

The most updated sources of Ace Hardware's Load Quality Requirements can be found on the vendor portal on the Compliance Tab and the Learning Center on the Traverse vendor web portal.

Vendors will receive weekly notification via email of any load quality violations for the previous period. Some violations will be reported upon monthly versus weekly. All vendors should be prepared to identify a person(s) within their company to receive the emails and to review the details provided via a link to the Traverse Systems online vendor portal.

GS1-128 LABELS AND ASN DATA

GS1-128 labels are required for the Ace warehouses to receive, sort, and put away shipments. One unique GS1-128 label is required for each pallet for palletized loads whether the pallet represents a single SKU or mixed SKU skid. Similarly, one GS1-128 label is required for each carton for small parcel shipments. These labels work with the ASN (EDI 856) to identify the SKUs and quantities shipped on the pallet for the PO (or carton in the case of small parcel).

When shipping backorders for multiple purchase orders on the same pallet, separate and unique GS1-128 labels are required for each PO to identify the various purchase orders that are on the pallet. One GS1-128 label cannot be used for more than 1 skid. If the vendor's system is not equipped to produce GS1-128 labels, there are various 3rd party EDI providers who can facilitate this. Ace can provide a list of such 3rd party EDI providers if needed.

For floor loaded shipments, please reach out to Ace's Supply Chain team to discuss labeling requirements as these types of loads are handled on a case-by-case basis.

Only shipments to Ace's RSC's/warehouses require GS1-128 labels. Shipments direct to our retailers ("drop ship orders") do not require GS1-128 ASN data and labels.

For validation of your GS1-128 label, as well as any general questions, please contact gs1128compliance@acehardware.com

EXCEPTIONS TO INBOUND LOAD QUALITY

Special consideration will be made to the IB Load Quality criteria if the change is determined to be beneficial for execution during a promotional period. All proposals must be communicated to the Ace Supply Chain Compliance team prior to the purchase orders being placed.
Areas to consider:
- High cube promo orders
- Red Hot buys [High Consumer Profile Promotions]
- Displays

SMALL PACKAGE (PARCEL) GUIDELINES

Small package shipments must never be sent to an Ace Hardware Freight Consolidation Center. All parcels should be shipped directly to the final destination – an Ace Hardware RSC. See below shipping requirements:

1. Total shipment must be less than 151 pounds and contain 15 cartons or less.
2. Any one carton not to exceed 130 inches girth and must not weigh more than 70 pounds.
3. Total weight of shipment is to be listed on the packing list.
4. The carton label information must include:

Contact the Ace Vendor Support Center at 630-990-2777
Check www.AceHardware-Vendors.com > Contacts for additional Ace Hardware contact information.

Confidential and Proprietary. @2023 Ace Hardware Corporation. All Rights Reserved. 2455562.5000   Revision Date: 01/11/2023

     a.   Ace Hardware Purchase Order Number to be applied on all cartons

     b.   Number each carton related to the shipment; 1 of 5, 2 of 5 etc.

5.   Packing list must be included for all shipments and placed on the outside of carton Number 1, preferably in a clear plastic pouch.

6.   Each purchase order requires a separate packing list.

7.   Retail packaging must be protected from damage and shipping labels to ensure retail sales are not impacted. A shipping carton must be used to prevent damage to the retail selling unit during shipment.

RETURN POLICY

GUARANTEED SALES & STOCK BALANCING PROGRAM

In the few situations where an overstock arises, Ace Hardware will return merchandise to balance its inventory levels. Ace Hardware will only add new items to its RSCs under a "guaranteed sale" basis. If after 12 months a new item or groups of new items are not meeting sales expectation, this merchandise will be returned to the vendor for a full credit. With Ace Hardware's strong commitment to servicing its retailers on every day and promotional items, all Ace Hardware vendors must abide by this stock balancing program.

RETURNED/DAMAGED GOODS

Below outlines Ace Hardware's policies for returned and damaged products. A vendor will only be assigned to one of these policies; contact your Ace Hardware merchant with questions.

Policy A

1. Retailer submits a claim via ACENET, Ace Hardware's retailer portal.

2. Ace Hardware issues credit to the retailer for the returned/damaged item(s) along with instructions to destroy the item(s).

3. Ace Hardware accumulates claims and debits the vendor's account on a monthly basis.

Policy A-1

• Same as (1) above.

• Same as (2) above.

• In lieu of a monthly debit, vendor allows Ace Hardware a percentage of purchases/ sales, issued on a predetermined time basis, to cover the cost of all returned/damaged goods transactions. If the total value of all annual claims exceeds the amount allowed to Ace Hardware, vendor agrees to pay Ace Hardware the additional amount.

Policy B

• Retailer returns item(s) directly to the vendor or vendor-authorized service center at the retailer's expense.

• Vendor issues credit to Ace Hardware with reference to the store number on the credit.

Policy C

• Retailer sends a returned/damaged merchandise form to the vendor requesting return goods authorization.

• Vendor issues RGA with return instructions.

• Upon receipt of item(s), vendor issues credit to Ace Hardware with reference to the retailer's store number on the credit.

NON-STOCK SKUS

Non-stock merchandise is classified as product that Ace Hardware does not permanently stock but is distributed through Ace Hardware's distribution channels for retail sale (Displays and Pallet Alley). If non-stock product valued less than $250 is returned or damaged, it will be disposed at Ace Hardware's discretion. The product will not be returned to vendor due to the high cost

associated with labor, packing, and shipment. The value is determined by what was ordered on the purchase order which may not be the actual value of the product received.

CLOSEOUT/DISCONTINUED ITEMS

Once a quarter, Ace Hardware assesses its discontinued/obsolete inventory. For those items less than $300 in value in a particular RSC, the inventory will be disposed/sent to surplus and the vendor will be debited for the cost of the inventory. Due to the high cost associated with labor, packing and shipments, this program is more economical than actual product return. By eliminating this inventory, new products and vendor programs can be added without overburdening the capacity of the RSCs.

ACCOUNTS PAYABLE

PAYMENT GUIDELINES

Ace Hardware requires all vendors to use EDI 810 Invoice processing and follow all mapping requirements, including show codes and extended terms and verification of acknowledgments. An EDI 864 is sent for any invoice that is rejected by the Ace Hardware EDI system. These invoices will not be paid until the error(s) is corrected and the invoice is retransmitted successfully. EDI 864 error messages can also be found on the vendor portal > E-Tools > Toolbox > Vendor A/P Data. **Please note that only one payment term per vendor number is allowed**.

In addition, the following guidelines have been established as departmental policy to assure prompt, accurate processing of invoices.
1. Ace Hardware pays by invoice only, not from statements.
2. **Invoices and credits must state the following information:**

• Invoice date	• Invoice #
• PO date	• PO #
• Credit authorization number (Drop ship only)	• Vendor #
• Invoice type code (DI=Debit or CR=Credit)	• Remittance Address
• Ship to Address (RSC Duns # location or Store #)	• Invoice Terms
• Quantity Invoiced	• Price
• UPC	• Manufacturing Part #
• Ace Item #	• Item Description
• Total Gross Invoice Amount	• Freight Charges/Allowances
• Total number of Invoice lines	

3. All warehouse and dropship invoices for merchandise for resale must be transmitted via EDI. All store credit memos must be sent via EDI. Do not send warehouse credit memos via EDI.
4. To prevent duplicate processing, do not send Ace Hardware your internal credit memos, which offset our chargebacks.
5. Issues concerning pricing, unit of measure, and case packs may affect the timeliness of the payment of an invoice.
6. "Ace Show" invoices must be stated as such and additional dating must be clearly indicated on the invoice.
7. Please direct changes in terms to the appropriate Ace Hardware Merchant.
8. **All Ace Hardware vendors must participate in the Electronic Funds and Electronic Remittance programs**. EFT payments are generated daily but may also have a specific settlement time.
9. EFT remittance detail is sent via the EDI 820RA document and is on the vendor portal > E-Tools > Toolbox > Vendor A/P Data.

NOTE: RETAILER PURCHASE ORDERS: ACE HARDWARE CREDIT AUTHORIZATION NUMBERS AND PROOF OF DELIVERY(S) MUST BE RETAINED AS EVIDENCE OF COMPLIANCE. THIS IS ESPECIALLY TRUE WHERE THE SHIP TO ADDRESS IS OTHER THAN AN ACE HARDWARE LOCATION.

DROPSHIP ORDERS

ON-LINE CREDIT APPROVAL

The online Credit Authorization system should be used by Ace Hardware vendors to obtain authorization for drop ship orders prior to shipment. Go to the vendor portal > E-Tools > Credit Authorization. If you do not have access to the vendor portal, request access through Login Help.

STORE NUMBERING

Vendors supporting dropship business with Ace Hardware stores must use the proper information on the invoice EDI 810 transmission - all dropship payments are made through EDI. The store number used on the invoice should be formatted as the four- or five- digit numeric store number. Do not include leading zeroes or an alpha character on the end.

INVOICE PROCESSING SERVICE CHARGE

All paper invoices submitted to Ace Hardware will incur a processing fee. See Appendix A for details.

INVOICE TERMS & DATING

TERMS

Your standard terms that were negotiated with the Ace Hardware Merchant will be used unless the terms printed on the invoice or purchase order are better. Ace Hardware will use the best terms available when paying the invoice.

DUE DATES

Note that the "description" of the due date used in the EDI invoice is not a calculated field and is not used in determining the due date or terms offered for a particular invoice. Any description used must match the terms provided in the numerical EDI field.

ACE HARDWARE SHOW DATINGS

At each Ace Hardware convention, extended dating programs are offered to Ace Hardware retailers. Extended dating programs must be agreed to, and a show dating form completed, reviewed, approved by Ace Hardware's Merchant and correctly processed to the system prior to the show dates.

ALLOWANCES & REBATES

PROMOTIONAL ALLOWANCES

Promotional Allowances or additional charges on warehouse invoices must be included in the price of the product at a line level and not included as an additional line on the invoice. Failure to comply will cause delayed payments.

VENDOR REBATE - VISTEX

Ace Hardware has a rebate management system called Vistex to systematically track, calculate, accrue and settle vendor rebates against the vendor's accounts payable. Once a Vistex-approved contract has been executed between an Ace Hardware Merchant and vendor, the contract terms will be entered into the system and the rebate will be calculated based on invoices received during the contract period. The rebate due will be automatically charged against a vendor's accounts payable account 30 days after the contract payment period (monthly, quarterly, annually). Some of the benefits of a Vistex eligible contract include:
- Eliminating the need for vendors to manually calculate and pay rebates due to Ace Hardware
- Reducing risk of duplicate payments
- Minimizing risk and exposure to Ace Hardware post-audits
- Detailed reporting on the vendor portal to support the accounts payable deductions

APPENDICES

APPENDIX A: ASSESSMENTS FOR NON-COMPLIANCE

Policy	Guide Section	Penalty
Bar Code Relabeling Fees	Vendor Compliance > *Barcode Relabeling*	Charge for inaccurate, unreadable, and unscannable labels as audited by Ace RSC's and communicated through the Traverse Systems web portal.
Non-EDI Compliance (850,856,810)	Electronic Data Interchange (EDI) Implementation Guide > *EDI Transaction Codes*	**$250 per non-EDI document**
Dropship Paper Invoice Process Fee	Accounts Payable > Dropship Orders > *Invoice Processing Service Charge*	**$25 per document**
NON- EFT Compliance	Introduction > Minimum Requirements > *Electronic Funds Transfer (EFT)* OR Accounts Payable > *Payment Guidelines*	**$100 per occurrence**
Non-Preferred Carrier	Transportation > Pre-Paid Vendors > *Less Than Truckload Shipments*	**Charge per violation as determined by Ace RSCs**
Small Packaging Shipments	Transportation > Pre-Paid Vendors > *Small Parcel Shipments (UPS or FedEx)* OR Transportation > Collect Vendors > *Backorders*	**Charge per violation as determined by Ace RSCs**
Delivery Appointment Reserved but Not Used	Transportation > Pre-Paid Vendors > *Truckload Shipments*	**Charge per violation as determined by Ace RSCs**
New Item Start Audit	Vendor Compliance > *New Item Start Audit*	**Charge per incorrect item attribute as detailed on the vendor portal (weight, measure, barcode)**
Load Quality Violations (Traverse)		**Charge per violation as audited by Ace RSC's and communicated through the Traverse Systems web portal.**
OTIF Compliance	Vendor Performance Metrics > *Implications of Late Shipments*	**A percentage of the purchase value of units not shipped within 2 calendar days past the requested ship date, dependent upon a vendor's OTIF performance rating**
Incremental Collect Freight Costs	Transportation > Collect Vendors > *Backorders*	**Allocated dollars of freight associated with backordered items shipped Collect**

Backorders	Purchase Order Management > *Backorder Shipment/Partial Shipments*	Weekly compliance fees for open backorders as detailed on the vendor portal.

COMMON COMPLIANCE CHARGEBACK CODES

A list of common vendor chargeback codes used when processing charges is available on the vendor portal or by clicking here. Charges can also be viewed in the secure vendor portal > E-Tools > Toolbox > Vendor A/P Data.

CHARGEBACK DISPUTE PROCESS

Disputes must include your Ace Hardware vendor number, company name, Ace Hardware chargeback number, contact information (name, phone, fax, and email) and any documents supporting the dispute. Submit to the Ace Vendor Care Center.

For shortage or OCQ chargebacks, please e-mail the Ace Vendor Care Center and attach and include the following:
- ☑ Signed Master BOL* or Master POD* (depending on shipment, PPD vs. COL)
- ☑ OCQ#* (found on your EDI notification or in Vendor/Data application)
- ☑ PO#*
- ☑ Dispute Amount*
- ☑ Vendor#*
- ☑ ASN*
- ☑ Any additional documentation in support of the shipment including e-mails from the Merchant or Inventory team

For pricing or OCP chargebacks, please e-mail the Ace Vendor Care Center and attach and include the following:
- ☑ Completed OCP dispute form* (Located on the vendor portal>E-Tools>Finance & Invoicing>Disputes & Requests page). Ace Vendor Care Center can provide the OCP dispute form as well.
- ☑ OCP#* (found on your EDI notification or in Vendor/Data application)
- ☑ PO#*
- ☑ Dispute Amount*
- ☑ Vendor#*
- ☑ Any additional documentation or correspondence emails with your Merchant outlining approval of the price repayment.

For Traffic, or "TR" chargebacks, please e-mail the Ace Vendor Care Center and include the following:
- ☑ Brief description of dispute *
- ☑ Chargeback number, should begin with "TR"*
- ☑ Signed Master Bill or Lading, Memo Bill, Stamped POD, &/or Load Advisor Email. Document varies based on dispute. For further clarification for type of chargeback, please review the Traffic Compliance Document (Inventory & Supply Chain > Transportation & Traffic > Traffic Compliance)*
- ☑ PO#
- ☑ Dispute Amount*
- ☑ Vendor#*

Denotes required information. Excluding required information will result in delayed response time.

Disputes will be considered within 90 days from the date of the chargeback.
Disputes related to Inbound Load Quality violations, New Item Start Audits, and any other fees processed through Traverse MUST be submitted through the Traverse Vendor Web Portal.