Ace Hardware
Policy & Procedures

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

This is a compilation of Vendor materials as of 05/07/2020. Materials and policies are currently under review by Ace and this document is subject to change. Please visit this site periodically for updated materials.
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## REVISION HISTORY

<table>
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<th>Revision Number</th>
<th>Revision Date</th>
<th>Summary of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>09/26/2011</td>
<td>Initial document</td>
</tr>
<tr>
<td>2.0</td>
<td>08/03/2012</td>
<td>Disposal of Closeout value changed to $200</td>
</tr>
<tr>
<td>3.0</td>
<td>07/12/2016</td>
<td>Document Reformatting and updating</td>
</tr>
<tr>
<td>4.0</td>
<td>05/26/2017</td>
<td>EDI/Transportation standards updated, reformatted</td>
</tr>
<tr>
<td>5.0</td>
<td>10/03/2017</td>
<td>Reformatted and sections regrouped. Sections updated/added include: Complete the Ace Supplier Packet, Purchase Order Policies &amp; Procedures, Ace Logo, Private and Control Label</td>
</tr>
<tr>
<td>6.0</td>
<td>10/18/2017</td>
<td>Added Vendor Performance Metrics section</td>
</tr>
<tr>
<td>7.0</td>
<td>12/15/2017</td>
<td>Added Implications of Late Shipments section, updated Appendix A: Assessments for Non-Compliance. Assessment amount increased for non-EDI compliance and new assessment added for OTIF Compliance.</td>
</tr>
<tr>
<td>8.0</td>
<td>03/07/17</td>
<td>Updated Chargeback Dispute Process. Disputes will now be considered for 18 months except for OTIF Compliance &amp; Incremental Freight Cost which must be submitted within 90 days.</td>
</tr>
<tr>
<td>9.0</td>
<td>6/17/19</td>
<td>Updated Price Change Policy, Vendor Assessments, and links.</td>
</tr>
<tr>
<td>9.0</td>
<td>6/17/19</td>
<td>Updated Price Change Policy, Vendor Assessments, and links.</td>
</tr>
<tr>
<td>10.0</td>
<td>8/14/19</td>
<td>Added Small Package Guidelines section.</td>
</tr>
<tr>
<td>11.0</td>
<td>10/23/19</td>
<td>Updated verbiage around Policy A Program</td>
</tr>
<tr>
<td>12.0</td>
<td>11/14/19</td>
<td>Updated verbiage under Purchase Order Management on pg 14.</td>
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INTRODUCTION

GUIDE OVERVIEW

Ace Hardware Policy & Procedures is a policy document covering the scope of business policies from ethical standards to vendor relationship expectations to shipment standards. This policy reflects a continuous effort to manage our business relationship in a manner that is legal and that benefits our mutual partnership and Ace’s storeowners. The policies defined are Ace’s minimum expectations of its vendors and will continue to change with 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 addressing Ace Hardware’s business. 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 four Consolidation Centers (Crossdocks) and 14 Retail Support Centers (RSCs). The purpose of Ace’s Crossdocks and Retail Support Centers is to move product from vendors to consumers more efficiently and provider higher service levels. This network allows Ace Hardware to support its continued growth. Partnership with our vendors is critical to ensure products are received on time in full to fulfill customer orders.

MINIMUM REQUIREMENTS

SUBMIT A REQUEST TO SELL YOUR PRODUCTS WITH ACE HARDWARE

Ace Hardware’s vendor portal lists the minimum requirements for conducting business with Ace Hardware. These requirements and frequently asked questions can be accessed here. After reviewing, you may submit your request to become an Ace Hardware Supplier by clicking here. Please note some vendors may be required to complete additional forms or adhere to additional requirements not listed on the website. Vendors should work closely with their Ace Merchant to ensure they are compliant.

VENDOR CERTIFICATE OF INSURANCE

Vendors must comply with the Minimum Acceptable Insurance Requirements as defined in the Insurance Agreement in the Ace New Vendor packet. 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.

VENDOR INDEMNIFICATION AGREEMENT

Every vendor must sign and comply with the Vendor Indemnification Agreement found in the Ace New Vendor packet. 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 New Vendor packet. This document allows Ace Hardware and the vendor to exchange data electronically.

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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 New Vendor packet.

ELECTRIC FUNDS TRANSFER (EFT)

All vendors must receive payments from Ace electronically in the form of Electronic Funds Transfers (EFT). Vendors not supporting EFT will be assessed a non-compliance assessment as described in Appendix A.

TAXPAYER ID

IRS regulations require all taxpayers to provide correct taxpayer information including business name, type of business entity and taxpayer identification number. This information is necessary to properly process any payments. Failure to provide a taxpayer identification number may require Ace to withhold a percentage of certain payments (as deemed appropriate) as Backup Withholding. Every vendor must provide Ace with a valid Taxpayer Identification Number (TIN) for 1099 reporting where required.

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 Merchandise 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 shows, or office visits.
3. Product samples: samples, which become the property of Ace Hardware to test or document, will be donated to charity.

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 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 Merchant to avoid issues and non-compliance assessments.
ADDITIONAL RESOURCES

ACE VENDOR SUPPORT CENTER

The Ace Vendor Support Center is a vendor’s first line of help. The support team is knowledgeable of vendor concerns and is ready to provide and/or find answers in a timely manner. Contact information is provided at the bottom of each page in this manual.

VENDORS.COM

AceHardware-Vendors.com is Ace Hardware’s communication portal for news, policy changes and business E-Tools. Vendors are expected to monitor this site daily for important news and changes in vendor policies. Due to timing of vendor manual updates and important policy changes, vendors.com postings will be considered part of the vendor manual and take precedence over the vendor manual. Ace 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 their employees’ access to vendors.com and update Ace Hardware when any employee’s access should be removed. Ace holds the vendors responsible for access violations. To request access to vendors.com, please click login help. To remove access to acehardware-vendors.com, please call the Ace Vendor Care Center at 630-990-2777.
ACE BRAND STANDARDS

ACE LOGO

The most visible manifestation of the brand is the Ace logo itself. It is a recognizable ambassador of Ace and its placement on anything from signage and shirts to letterhead is a clear sign that this belongs to Ace. As such, Ace works to ensure that its logo is not used in a way that does not appropriately reflect its image. Wherever the Ace logo appears, we must ensure that it is used consistently so as not to dilute its powerful message.

Ace requires vendors to adhere to Ace’s Identify Standards, which dictates appropriate use of the Ace logo and other Ace 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.

PRIVATE AND CONTROL LABEL

The Ace 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 Brand, it is important that packaging for Ace 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 developed the following Control Labels to address different retail strategies:

- **Celebrations**: holiday, incandescent & LED lighting, greenery, and décor
- **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
- **Living Accents**: outdoor living, indoor lighting
- **Oakbrook Collection**: decorative plumbing
- **Steel Grip**: opening price point to mid-price hand and power tools
- **Projex**: created for Ace Wholesale Holdings, equivalent to the Ace Brand product assortment and quality

Ace Hardware owns the specifications of the trade item 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 Brand Packaging Guidelines outline the design requirements and specifications for Ace Brand packaging as well as highlight some exceptions to the established standards. These guidelines are maintained on vendors.com > E-Tools > Brands. If you do not have access to vendors.com, 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 performs an audit of the initial purchase order from the vendor and compares the actual receipt to the submitted “PCM-New Item” data entry. Ace 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 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 Appendix A:

- Unsannable 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 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 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 PCM New Item application, this information must be entered for each new product created. Discrepancies must be reported to your Replenishment planner.

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

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 performance at points where vendors have complete control within the supply chain. Vendor delivery performance is measured through the calculation of OTIF: Units which are shipped On Time and In Full, as requested in a Purchase Order received from Ace. Our goal and our requirement is to have all suppliers meet an OTIF measurement 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.

<table>
<thead>
<tr>
<th>Vendor OTIF Rating</th>
<th>≥</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>97%</td>
</tr>
<tr>
<td>Green</td>
<td>95%</td>
</tr>
<tr>
<td>Yellow</td>
<td>85%</td>
</tr>
<tr>
<td>Red</td>
<td>&lt; 85%</td>
</tr>
</tbody>
</table>

Ace 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 AceHardware-Vendors.com at 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 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.

# of Units Shipped by Ace’s Requested Ship Date + 2 calendar day grace

# of Units Ordered

IMPLICATIONS OF LATE SHIPMENTS

When Ace incurs late 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. Ultimately this translates to lost sales, as it impacts our retailers’ ability to service their customers. To ensure that proper focus and resources are dedicated to serving Ace customers, Ace will process a financial assessment against vendors that are not in compliance with our On Time In Full (OTIF) metric goals.

Monthly financial assessments are charged as follows:

<table>
<thead>
<tr>
<th>Monthly OTIF Score</th>
<th>Assessment</th>
</tr>
</thead>
</table>

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<table>
<thead>
<tr>
<th>Threshold</th>
<th>Financial Assessment Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; = 95%</td>
<td>No Assessments on Late/No Ships occurring in measured month</td>
</tr>
<tr>
<td>&gt; = 85% and &lt; 95%</td>
<td>3% of PO Line Cost of Units Not Shipped within grace period</td>
</tr>
<tr>
<td>&lt; 85%</td>
<td>6% of PO Line Cost of Units Not Shipped within grace period</td>
</tr>
</tbody>
</table>

Ace reserves the right to modify these thresholds at a later date, and 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 can properly process product receipts in the RSCs, process invoices for payment, as well as 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:

- **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.
OVERVIEW

Ace Hardware uses Electronic Data Interchange (EDI) to exchange business documents. EDI enables Ace 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 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.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Mandatory?</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>850</td>
<td>Yes</td>
<td>Provides a direct interface between a vendor’s order processing system and Ace. Eliminates lost orders and improves order accuracy by eliminating manual entry problems. Ace requires the AK1, AK2, AK5 and AK9 segments to be returned for the 850 PO that is sent via EDI to vendors.</td>
</tr>
<tr>
<td>997</td>
<td>Yes</td>
<td>Required for all 850 Ace purchase orders within 12 hours of receipt. Should acknowledge the transaction and group level and be specific to that 850 Ace purchase order. Should not contain acknowledgements for other transactions.</td>
</tr>
<tr>
<td>856</td>
<td>Yes-for all 850 Purchase Orders</td>
<td>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:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assigned vendor unique shipment ID</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Date and time of ASN creation</td>
</tr>
<tr>
<td>Transaction</td>
<td>Mandatory?</td>
<td>Description</td>
</tr>
<tr>
<td>-------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
<tr>
<td>810</td>
<td>Yes</td>
<td>Ensure timely processing and eliminate mail and payment delays. The vendor must include the following information to promptly process the invoice:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Invoice date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- PO date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Credit authorization number (Drop ship only)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Invoice type code (DI=Debit or CR=Cred)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Ship to Address (RSC Duns # location or Store #)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Quantity Invoiced</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- UPC</td>
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<td></td>
<td></td>
<td>- Ace Item #</td>
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<td></td>
<td></td>
<td>- Total Gross Invoice Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Total number of Invoice lines</td>
</tr>
</tbody>
</table>

| 864         | Yes        | Ace’s trading partner sends the 810 invoices for goods purchase by Ace and for dropship orders placed by Ace 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 [www.acehardware-vendors.com](http://www.acehardware-vendors.com) > 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 [www.acehardware-vendors.com](http://www.acehardware-vendors.com) > E-Tools > Toolbox > Vendor A/P Data. |

ACE 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 since Ace 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

Check [www.AceHardware-Vendors.com](http://www.AceHardware-Vendors.com) > Contacts for additional Ace Hardware contact information.

This is a compilation of Vendor materials as of 05/07/2020. Materials and policies are currently under review by Ace and this document is subject to change. Please visit this site periodically for updated materials.
### ACE DOCUMENT LAYOUT MAP KEY

<table>
<thead>
<tr>
<th>DATA ELEMENT</th>
<th>ELEMENT NUMBER</th>
<th>DATA ELEMENT NAME</th>
<th>ANSI REQ</th>
<th>ACE REQ</th>
<th>DATA TYPE</th>
<th>ELEMENT LENGTH</th>
<th>ACE REQUESTED FIELD CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATA ELEMENT</td>
<td>Position in segment where data element appears.</td>
<td>ELEMENT NUMBER</td>
<td>(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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATA ELEMENT</td>
<td>Name of the Element</td>
<td>ANSI REQUIREMENT</td>
<td>Requirement Designator:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>M = Mandatory; this element is required to appear within the segment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATA ELEMENT</td>
<td>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 &quot;-&quot; in this field denotes no Ace preference or requirement.</td>
<td>ACE REQUIREMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATA ELEMENT</td>
<td>A data element can be one of six types:</td>
<td>DATA TYPE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nn = Numeric and decimal places. N symbolizes numeric, n indicates the decimal places to the right of a fixed implied decimal point.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>R = Decimal. Decimal type is symbolized by R. The decimal point is optional for integer values, but required for fractional values.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>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 &quot;ZZ&quot; a mutually defined code between partners.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>AN = String. Contents of string-type elements are a sequence of letters, digits, spaces and/or special characters.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>DT = Date. Format is CCYMMDD.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TM = Time. Format is HHMM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATA ELEMENT</td>
<td>The Minimum and maximum length allowed for the element.</td>
<td>ACE REQUESTED FIELD CONTENTS</td>
<td>This indicates special Ace requirements for each element. It will also at times give you helpful comments to assist you in completing the element.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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 MANAGEMENT

PURCHASE ORDER POLICIES & PROCEDURES

Follow these procedures when acknowledging, filling, and shipping an Ace 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’s requested ship date listed in the EDI 850 document.
- Ace 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 creates the purchase order while Day 1 is the first business day after the purchase order is created by Ace. If additional processing days are needed, vendors must receive prior approval from the Replenishment Planning Manager.
- Quantities ordered, sku information, and pricing must match exactly prior to shipment against a purchase order.
- Product substitutions are not allowed without prior approval from either the Ace Merchant or Replenishment Planner.
- Any shipment that deviates from the original purchase order may result in an RGA 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 will be charged if the ASN is not sent.

BACKORDER SHIPMENT/PARTIAL SHIPMENTS

While Ace accepts backorders, there is a cost to managing these non-standard receipts and Ace may seek compensation. Follow these procedures:

- Do not cancel back orders without approval.
- Do not delay orders to meet the 100 percent first fill rate.
- Consolidate backorders to be efficient and timely.
- Small package carriers are permissible if the established guidelines are followed.
- 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.
- Orders are required to ship by the “Expected Ship Date” but may ship before this date.
- Multiple backorders for a given Ace 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.

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.
SMALL PACKAGE CARRIER GUIDELINES

The following guidelines are to be followed for all small package carrier shipments [United Parcel Service (UPS) or FedEx Ground] to the Ace Hardware Retail Support Centers:

1) Total shipment must be less than 200 pounds and contain 15 cartons or less.
2) Any one carton not to exceed 130 inch 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:
   a. Ace 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.

Collect vendors are required to enter purchase order shipment data into Ace Hardware’s Traffic Management System (TMS)—BluJay Solutions website: [https://www.blujaysolutions.com](https://www.blujaysolutions.com). Orders not entered in BluJay will be charged a non-compliance fee. For help with BluJay, click to access our [BluJay User Guide](https://www.blujaysolutions.com).

**Note**: At no time should a vendor route an order UPS or FedEx Ground to any Ace freight consolidation facility. All UPS or FedEx Ground shipments should be shipped directly to the respective Ace RSC, under the Ace Vendor Manual requirements. Deductions off invoice will be applied if these guidelines are not followed.

For questions, please contact the Ace Vendor Care Center at 630-990-2777 or contact the [Ace Hardware’s Traffic Department](https://www.acehardware.com).

**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. 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 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. Accepting any product shipped in excess of the purchase order quantity at no charge and the cost of goods deducted from the invoice
2. Assessing a minimum surcharge on all over shipments
3. Returning any or all over shipments at vendor’s expense, including incoming, outgoing freight, and handling charges where applicable.

Contact the Ace Vendor Support Center at 630-990-2777

Check [www.AceHardware-Vendors.com](http://www.AceHardware-Vendors.com) > Contacts for additional Ace Hardware contact information.

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All products for sale and distribution through Ace’s RDCs or RSCs must be created through Ace’s Product Content Management (PCM) New Item Application, available through vendors.com > E-tools > PCM. Request access to E-Tools by clicking Login Help.

**MASTER DATA ACCURACY**

The accuracy of product information is critical to Ace Hardware’s supply chain. Ace requires its vendors to report any master data, pricing or term discrepancies on any Ace purchase order. Ace expects the data on the purchase order (EDI-850 or hard copy) to 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 deductions.

**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’s purchase order and in the vendor’s shipping case pack, notify the inventory replenishment planner.

<table>
<thead>
<tr>
<th>Ace PO:</th>
<th>Ace#12345</th>
<th>Order: 10</th>
<th>Case pack: 10 each</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor:</td>
<td>Ace#12345</td>
<td>Order: 10</td>
<td>Case pack: 7 each - Wrong</td>
</tr>
</tbody>
</table>

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 issue between Ace and the vendor that needs to be corrected so Ace places orders in multiples of 7 not 10 each. **Report any changes immediately to your Ace Merchant to avoid issues and non-compliance assessments.**

**BARCODE ACCURACY**

Ace Hardware requires all vendors to adhere to standard bar code requirements for items shipped to Ace 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’s retailers and their customers in the most expeditious manner.

Ace Hardware’s RSCs have scanning processes and equipment that are used on a vendor’s barcodes, from the lowest Consumer Packaged Goods (CPG) to the highest level shipping packaging. Ace’s operations are capable of scanning all packaging levels of any item, for inventory control and retail 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 on 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.
4. Ace has built a strong reputation on providing its dealers with the lowest up-front cost.

Contact the Ace Vendor Support Center at 630-990-2777

Check www.AceHardware-Vendors.com > Contacts for additional Ace Hardware contact information.

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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 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](https://www.AceHardware.com). Ace Hardware’s Traffic Department must authorize any deviation from these instructions. Please contact [Ace Hardware’s Traffic Department](https://www.AceHardware.com) 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 lbs) which may include one or more purchase orders. Vendors are free to use a carrier of their choice for pre-paid truckload shipments. 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.
2. The vendor will provide the RSC with the following:
   - Shipment weight
   - Number of pallets
   - 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 8 hours in advance of the scheduled delivery, a non-compliance assessment may be deducted for appointment time reserved and not used.

### 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 between 200 lbs and less than 10,000 lbs), 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](https://www.AceHardware.com) for a list of preferred carriers. Ace Hardware will assess and maintain a per occurrence non-compliance assessment for vendors who do not use a preferred carrier for less than truckload shipments.

### SMALL PARCEL SHIPMENTS (FEDEX)

A small parcel shipment is less than 150 pounds and contains 15 cartons or less. Any one carton cannot exceed a 130-inch girth and must not weigh more than 70 pounds. The following steps must be followed when shipping small parcel shipments:

1) List total weight of shipment on packing list.
2) The carton label must include Ace Hardware’s purchase order and the number of each carton related to the shipment (1 of 5, 2 of 5 etc.).
3) Each purchase order requires a separate packing list on the outside of carton one, preferably in a clear plastic pouch.
4) Protect retail packaging from damage and shipping labels; use a shipping carton to prevent damage to the retail selling unit.
5) Never route a small parcel shipment to an Ace crossdock.
6) Vendor must use one of Ace Hardware’s preferred carriers when shipping small parcel shipments. Please refer to [Ace Hardware’s Routing Guide](https://www.AceHardware.com) for a list of preferred carriers. Ace Hardware will assess and maintain a per occurrence non-compliance assessment for vendors who do not use a preferred carrier for small parcel shipments.

Contact the Ace Vendor Support Center at 630-990-2777

*Check [www.AceHardware-Vendors.com](https://www.AceHardware-Vendors.com) > Contacts for additional Ace Hardware contact information.*

This is a compilation of Vendor materials as of 05/07/2020. Materials and policies are currently under review by Ace and this document is subject to change. Please visit this site periodically for updated materials.

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COLLECT VENDORS

Collect vendors are required to enter purchase order shipment data into BluJay, Ace Hardware’s Traffic Management System (TMS), or else be charged a non-compliance assessment. The BluJay TMS application can be accessed by going to the BluJay Solutions website. Request access through Login Help or contact the Ace Hardware’s Traffic Department. 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 48 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 BluJay are accurate. Provide the following information:
  - Vendor ship from address
  - Haz Mat—if hazardous material
  - Order shipped complete
  - Pieces
  - Weight
  - Cubic footage (by RSC and in total)
  - Linear Space (ft.)
  - Pallet Count
- If the Ship From address is wrong or not available, you must contact Ace Hardware’s Traffic Department.
- Vendor will receive email confirmation of the load number and carrier acceptance of the load.
- The load number is required on the Bill of Lading. If the load is a multi-purchase order load, please provide a Master Bill (Master Bills can be printed from the TMS). Attach the individual Bills of Lading to the Master Bill of Lading.
- All 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 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’s transportation costs. Ace has multiple crossdocks servicing our vendors and RSCs. For a list of these locations and contact information, please click here.

MASTER BILL OF LADING/MEMO BILL OF LADING

A Master Bill of Lading is required for loads delivering to the Ace Hardware crossdocks and 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 BluJay Solutions 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 the crossdock as the final destination/consignee. There should be two copies: one for the driver and one for your records.
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 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.

**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 BluJay 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 e-tools of www.acehardware-vendors.com and then clicking here. (Vendor Compliance tab> Quick Response> Pallet Placard Example)

**CLAIMS**

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

**SMALL PARCEL SHIPMENTS (FEDEX)**

A small parcel shipment is less than 150 pounds and contains 15 cartons or less. Any one carton cannot exceed a 130-inch girth and must not weigh more than 70 pounds. The following steps must be followed when shipping small parcel shipments:

1) List total weight of shipment on packing list.
2) The carton label must include Ace Hardware’s purchase order and the number of each carton related to the shipment (1 of 5, 2 of 5 etc.).
3) Each purchase order requires a separate packing list on the outside of carton one, preferably in a clear plastic pouch.
4) Protect retail packaging from damage and shipping labels; use a shipping carton to prevent damage to the retail selling unit.
5) Never route a small parcel shipment to an Ace crossdock.
6) Vendor must use one of Ace Hardware’s preferred carriers when shipping small parcel shipments. Please refer to Ace Hardware’s Routing Guide for a list of preferred carriers. Ace Hardware will assess and maintain a per occurrence non-compliance assessment for vendors who do not use a preferred carrier for small parcel shipments.

**BACKORDERS**

Purchase orders must ship by Ace Hardware’s requested ship date. If the original purchase order ships incomplete, backorders must be consolidated and shipped prepaid - unless authorized by the Ace Merchant. Vendors are responsible for filling backorders separately versus shipping with the next RSC order. At no time should a vendor route an order UPS or FedEx ground to Ace Hardware’s crossdocks. Shipments must comply with the small package shipping instructions noted in this “Small Parcel Shipment” section above. Deductions off the invoice will be applied if these guidelines are not followed. If backorders are billed collect, once a
purchase order is submitted for payment and freight is applied, any subsequent charges will be put in a variance account and the vendor will be charged for the additional collect billings.

NON-AUTHORIZED DEVIATION FROM PROGRAM

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

- Failure to use BluJay 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 Purchase Order numbers on the 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.

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

QUICK RESPONSE

Ace Hardware developed the Quick Response (QR) program to define the required shipping standards to Ace’s RSCs. All vendors must follow these standards, become QR Preferred or Certified, and maintain their status. The QR program helps expedite and monitor how shipments arrive into Ace’s RSCs. The QR reporting system provides an automated and timely method of communicating a vendor’s shipment performance. Ace Hardware electronically evaluates 100% of each vendor’s freight delivered to Ace’s 14 RSCs. Daily compliance calculations are made for every QR vendor. In the event that freight is received with a QR issue, the vendor’s primary contact person(s) will receive a shipment-specific email message the day following the receipt of the order.

EIGHT QR CRITERIA:

1. **Use a good quality, solid hardwood pallet:** Standard size (40”x48”) preferred. A 4-way is preferred; however, a 2-way is acceptable. Softwood, broken or poor quality pallets are never acceptable.

2. **Merchandise is shrink-wrapped and labeled “Do Not Break Shrink Wrap”:** All pallets must be wrapped tightly and securely to prevent shifting during transportation. Depending on the nature of the product, it may be beneficial to cap the pallet as well to prevent pilferage. With proper labeling, the carriers know to leave the pallet intact. The label must be large enough to be seen easily. It is a good idea to mark/label the pallet on at least two sides.

3. **Pallet contents are identified:** This step can be accomplished in one of two ways: (1) number all pallets #1, #2, #3, etc., then create an extra column on the packing list to indicate on which pallet number each line item may be found (preferred method); (2) a placard may be attached to the outside of each pallet listing the ‘each’ quantity and manufacturer’s number of the items on that pallet.

4. **Attach one copy of the packing list to one of the pallets:** preferably to pallet #1 of the shipment. **Second packing list:** vendor is required send EDI Advance Ship Notice (856) for each shipment. Attach a second copy of the packing list to the carrier delivery documents until set up to transmit ASNs with Ace.

5. **Shipment is pre-sorted and segregated:** Keep the same manufacture numbers together among pallets and within the pallet. Do not put the same item across two different pallets unless Ace has ordered more than one full pallet of the item. Do not put the same item on multiple layers of the pallet unless Ace has ordered more than one full layer of the item.
6. **Pallet Height Requirements:** (1) pallets containing mixed SKU merchandise stacked to 60 inches or less from floor to top of merchandise—this is a requirement to ensure the safety of all employees; (2) Pallets containing a single SKU stacked to 42 inches or less from floor to top of merchandise—this is a requirement due to the size of the bins in the Ace RSCs.

7. **Bill of Lading terminology:** "X PALLET(S) SAID TO CONTAIN X CARTONS." This terminology must be exact. There are no exceptions.

8. **Merchandise shipped on preferred carrier:** LTL shipments must deliver on an Ace Preferred LTL Carrier. Please see [Ace Hardware’s Routing Guide](#) for further details. (Vendor fleet trucks and full truckload carriers are considered preferred.) There is a per occurrence non-compliance assessment of $75.00 for not adhering to this policy.

**Quick Response Compliance Guide:** for any new warehouse vendor to Ace (less than 12 months), the vendor shipping location is to fill out all blanks in the "Vendor Portion" of the form making sure all 8 steps are in compliance prior to the shipment leaving the vendor’s dock. Then insert the form in an envelope with a second packing list (see #4) and attach to Bill of Lading or place the form inside a high visibility envelope and attach to pallet #1.

**EXCEPTIONS TO QUICK RESPONSE**

Special consideration will be made to the Quick Response criteria if the change is determined to be beneficial for execution during a promotional period. All proposals must be communicated to the Quick Response team prior to the purchase orders being placed. Areas to consider:

- High cube promo orders
- Red Hot buys [High Consumer Profile Promotions]
- Displays

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**RETURN POLICY**

**GUARANTEED SALES & STOCK BALANCING PROGRAM**

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 for a full credit. With Ace Hardware’s strong commitment to servicing its retailers on every day and promotional items, all Ace authorized vendors must provide a stock balancing program. In the few situations where an overstock arises, Ace expects to return merchandise to balance its inventory levels.

**RETURNED/DAMAGED GOODS**

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

**Policy A**

- Dealer submits a claim via ACENET, Ace’s retailer portal.
- Ace Hardware issues credit for the returned/damaged item(s) along with instructions to destroy the item(s).
- Ace Hardware accumulates claims and debits the vendor 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 Corporation 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 the additional amount.

**Policy B**

• Dealer returns item(s) directly to the vendor or vendor-authorized service center at the dealer’s expense.

• Vendor issues credit to Ace Hardware Corporation with reference to the dealer’s store number on the credit.

**Policy C**

• Dealer 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 store number on the credit.

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**NON STOCK SKUS**

Non-stock merchandise is classified as product that Ace Hardware does not permanently stock but is distributed through Ace's distribution channels for retail sale (Displays and Pallet Alley). If non-stock product is valued less than $150, it will be disposed at Ace’s discretion. The product will not be returned 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.

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**CLOSEOUT/DISCONTINUED ITEMS**

Once a quarter, Ace Hardware assesses its discontinued/obsolete inventory. For those items less than $200 in value in a particular warehouse, 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 warehouses.

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**ACCOUNTS PAYABLE**

**PAYMENT GUIDELINES**

Ace 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 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 vendors.com > 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 pays by invoice only, not from statements.

2. **Invoices and credits must state the following information:**

   - Invoice date
   - PO date
   - Credit authorization number (Drop ship only)
   - Invoice type code (DI=Debit or CR=Credit)
   - Ship to Address (RSC Duns # location or Store #)
   - Quantity Invoiced
   - UPC
   - Ace Item #
   - Invoice #
   - PO #
   - Vendor #
   - Remittance Address
   - Invoice Terms
   - Price
   - Manufacturing Part #
   - Item Description

Contact the Ace Vendor Support Center at 630-990-2777

Check www.AceHardware-Vendors.com > Contacts for additional Ace Hardware contact information.

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WAREHOUSE PURCHASE ORDER

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

DROPSHIP ORDERS

ON-LINE CREDIT APPROVAL

The online Credit Authorization system should be used by Ace vendors to obtain authorization for drop ship orders prior to shipment. Go to acehardware-vendors.com > E-Tools > Credit Authorization. If you do not have access to vendors.com, 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 will incur a processing fee. See Appendix A for details.

INVOICE TERMS & DATING

TERMS

Your standard terms that were negotiated with the Ace Merchandising Department will be used unless the terms printed on the invoice or purchase order are better. Ace 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.

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ACE SHOW DATINGS

At each Ace convention, extended dating programs are offered to Ace retailers. Extended dating programs must be agreed to and a show dating form completed, reviewed, approved by Ace’s Merchandising Department 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 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
- Reducing risk of duplicate payments
- Minimizing risk and exposure to Ace post-audits
- Detailed reporting on vendors.com to support the accounts payable deductions

APPENDICES

APPENDIX A: ASSESSMENTS FOR NON-COMPLIANCE

<table>
<thead>
<tr>
<th>Policy</th>
<th>Guide Section</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar Code Relabeling</td>
<td>Vendor Compliance &gt; Barcode Relabeling</td>
<td>Label Qty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 – 100 $300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>101 - 400 $425</td>
</tr>
<tr>
<td></td>
<td></td>
<td>401 - 800 $675</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 800 $675 + .40 cents per qty over 800</td>
</tr>
<tr>
<td>Non-EDI Compliance (850,856,810)</td>
<td>Electronic Data Interchange (EDI) Implementation Guide &gt; EDI Transaction Codes</td>
<td>$250 per non EDI document</td>
</tr>
<tr>
<td>Dropship Paper Invoice Process Fee</td>
<td>Accounts Payable &gt; Dropship Orders &gt; Invoice Processing Service Charge</td>
<td>$25 per document</td>
</tr>
<tr>
<td>NON- EFT Compliance</td>
<td>Introduction &gt; Minimum Requirements &gt; Electronic Funds Transfer (EFT) OR Accounts Payable &gt; Payment Guidelines</td>
<td>$100 per occurrence</td>
</tr>
<tr>
<td>Non-Preferred Carrier</td>
<td>Transportation &gt; Pre-Paid Vendors &gt; Less Than Truckload Shipments</td>
<td>$75 per occurrence</td>
</tr>
</tbody>
</table>
**COMMON COMPLIANCE CHARGEBACK CODES**

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

**CHARGEBACK DISPUTE PROCESS**

Disputes must include your Ace vendor number, company name, Ace chargeback number, contact information (name, phone, fax, and email) and any documents supporting the dispute. Submit to the Ace Vendor Care Center. Disputes will be considered within 18 months from the remittance of the chargeback, with the exception of OTIF Compliance (chargeback type OBLS), Backorders (chargeback type OBBKO) and Incremental Collect Freight Costs (chargeback type OBBOF), which must be submitted by the vendor within 90 days from the remittance of the chargeback.

**APPENDIX B: BARCODE GUIDE**

**GLOBAL TRADE ITEM NUMBER (GTIN) ALLOCATION RULES**

The numeric data encoded in bar codes is the vital link in identifying any trade item. GTIN is used when communicating the numerical information encoded. Every item will have a unique GTIN-8, GTIN-12 or GTIN-13 to identify the CPG, and uniquely different GTIN-14 for any non-retail shipping cartons/pallet. Understanding the GTIN allocation rules, in accordance with the GS1 system standards, provides for the common language for all trading partners within the entire supply chain.

GTIN allocation is entirely autonomous of the database it is electronically stored in. The keys to efficient movement of product through the supply chain are accurately assigning valid GTINs and good communications with your trading partners. GTINs have a standardized structure that, when encoded in a bar code, will uniquely identify the product and its brand owner. The fundamental parts of any Consumer Packaged Goods (CPG) GTIN are: a) registered company prefix, b) a product item reference number, and c) a calculated check digit. A shipping container has the additional component of a Packaging Level Indicator digit at the beginning, which will be unique at all levels of packaging.

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GTIN assignments will follow one of the recommended logical hierarchies, as recommended in the GS1 Allocation Rules. Building of the Non-Retail GTIN-14 consists of adding to two digits the far left of the GTIN-12 with a Packaging Identifier digit, followed by a digit of “0”. Packaging Indicator digits of “1” through “8” may be used. Leading packaging indicator digits of “0” and “9” have some additional consideration and rules that dictate how to use these properly.

An example of the most common practiced GTIN assignment hierarchy is as depicted below:

<table>
<thead>
<tr>
<th>RETAIL CONSUMER TRADE ITEM</th>
<th>GTIN-12 = 082901000013</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Packaging Group Level</td>
<td>GTIN-14 = 10082901000010</td>
</tr>
<tr>
<td>- Inner Package -</td>
<td></td>
</tr>
<tr>
<td>Second Packaging Group Level</td>
<td>GTIN-14 = 20082901000017</td>
</tr>
<tr>
<td>- Master Carton -</td>
<td></td>
</tr>
</tbody>
</table>

BAR CODE SYMBOLOGIES

Ace Hardware requires all trade items to be properly bar coded in the global standard symbology, in accordance with recommended GS1 systems standards. The standard utilizes the machine readable Data Carriers (symbols) illustrated below, as the means to encode the GTIN (data).

Only one symbology type should be utilized and applied. Any non-retail shipping carton(s) bar code labeling will not use or include the retail consumer bar code. The appropriate symbology is used for the intended scanning of the trade item or packaging for the specific purposes as outlined.

1. The Data Carrier for Retail Point of Sale uses the EAN/UPC Symboleogy Family of bar codes.
2. The Data Carrier for the Non-Retail Supply Chain (Distribution) use, not intended to pass through the Point-of-Sale, is the ITF-14 Symboleogy. The GS1-128 14-digit symbol may be used if properly structured as explained below.

EAN/UPC SYMBOLOGY FAMILY

EAN/UPC symbology is specifically used for retail point-of-sale (POS). The EAN/UPC symbology components consist of a Left and Right Quiet Zones and respective Guard Patterns, depending on the symbol type. All EAN/UPC symbols use the mathematical algorithm known as a Modulo 10 to compute the last digit (check character) in the data.

Universal Product Code
U.P.C.-A
U.P.C.-8

European Article Number
E.A.N.-13
E.A.N.-8
Note: These examples are for illustration purposes only. Actual Standard sizes is discussed below.

**ITF-14 SYMBOLOLOGY**

ITF-14 barcodes are used to uniquely identify logistics units in the value chain.

1. ITF-14 is the GS1 System implementation of an Interleaved 2 of 5 bar code for standard logistic units such as cartons, cases, and pallets. Trade items marked with ITF-14 symbols are not intended to pass through retail point-of-sale (POS).
2. At Ace Hardware, the preferred symbology on non-retail packaging is the Interleaved Two of Five (ITF-14). This symbology is better suited for the distribution scanning environment and printed on the various types of packaging materials used in the supply chain.
3. The ITF-14 symbology consists of a Start and Stop Character, Left and Right Quiet Zones and Bearer Bars. The ITF-14 also uses the mathematical algorithm known as a Modulo 10 to compute the last digit in the data (check character).

**Interleaved Two of Five**

10082901000010

Note: These examples are for illustration purposes only. Actual Standard sizes is discussed below.

**GS1-128 SYMBOLOLOGY**

The GS1-128 is an acceptable symbology, *if properly* used in accordance with the GS1 system standards, for standard logistic units such as cartons, cases, and pallets.

The GS1-128 14-digit bar code is a subset of the Code 128 Bar Code Symbology. This extremely flexible symbology encodes Element Strings using Application Identifiers. The GS1-128 is not for direct printing on corrugated fiberboard. Its use is exclusively licensed and governed by the GS1.

**GS1-128**

(01) 10082901000010

[*MUST have the correct Application Identifier in parenthesis]*

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**Note:** These examples are for illustration purposes only. Actual Standard sizes is discussed below.

**BAR CODE SIZES AND CHARACTERISTICS**

The GS1 and GS1 US have published guidelines to address proper sizes, for all the various symbol types. It is crucial Ace vendors understand this extremely vital bar coding characteristic. A bar code that is too small, too large, or any other any way altered from the standard nominal value in height or width, will not perform efficiently or will cause the code not to be read at all. If there is any question regarding the proper size, height or width, or for more specific and technical guidance or assistance, contact GS1 US or any certified solution provider.

1. Avoid truncated symbols. Truncation of a bar code symbol is the reduction of the height of a bar code symbol relative to its length. Truncation is not recommended because it destroys the ability of a symbol to be scanned omnidirectionally at the point-of-sale.

2. A Bar Code size is more precisely defined using the term “X-dimension” (Magnification Factor). In the past, the term "magnification factor" was extensively used to specify the size of a bar code. This technique relied upon setting a nominal size (100 percent) that was directly related to a given X-dimension.
   a. To facilitate efficient scanning, all bar codes shall be printed at an X-dimension between 0.25 mm (0.00984 in.) and 0.495 mm (0.0195 in.) and be a minimum of 13 mm (0.5 in.) in height. The recommended value for data carriers on trade items to Ace Hardware is to be as close to a 100% magnification value as possible (X-Dimension \( = 0.33\text{mm} \)).
   b. The minimum space between the top of the digits and the bottom of the bars (dark bars) shall be 0.5X.

3. All symbols include a Left and Right Hand Quiet Zone. The quiet zone is the clear space that precedes the first vertical bar and follows the last vertical bar. The space was previously referred to as “Clear Area” or “Light Margin.” The amount of Quiet Zone required is relative to the X-Dimension established in creation of the symbol.

4. The GS1 US publications explains the actual physical dimensions for all symbols, at 100% minimum values and any graduations above or below this nominal value, in more technical detail, Ace Hardware recommends the EAN/UPC symbols be sized between 80% to 120 % magnification values, whenever possible.
For EAN-13, UPC-A and UPC-E the width at nominal value is 17/16 Inch Including Left and Right Quiet Zones

X-Dimension at nominal size is 0.33 mm [0.013 in]

For EAN-13, UPC-A and UPC- E the height of bars at nominal dimension is: 22.85 mm [0.899]

5. The ITF-14 symbol’s standard recommended magnification value is between 80% and 100% magnification.

At 100% Magnification = @6"

@ 1 ¼"

Bearer Bars

10082901900013

ITF-14 Open Bearer Bar
BWR: 0.0016 inches (1.57 mils)
W/N Ratio: 2.50
Bar Height: 1.0000 inches
Magnification: 100.39%

For printing methods that do not require printing plates, the Bearer Bar should be a minimum of twice the width of a narrow bar (dark bar) and need only appear at the top and bottom of the symbol, butting directly against the top and bottom of the symbol.
bars (dark bars). The Bearer Bar may extend above and below the Quiet Zones. However, it is not mandatory to print the vertical sections of the Bearer Bar.

**BAR CODE QUALITY**

Bar code quality is an important element to our success. We define the bar code quality as a conformance to the GS1 system specifications. The essential quality requirements are characterized as, but not limited, to these fundamental characteristics or attributes.

1. **Bar Codes symbol printed quality**
   a. Print the symbol using the highest-level resolution and darkest contrast possible.
   b. Laser or Flexographic printed bar codes are the most efficient for labels.
   c. Direct Printed on corrugate using plates is acceptable if the highest ink contrast to substrate material is maintained and voids/spots are extremely minimized.
   d. **INK JET** direct imprinted bar codes on corrugate are not acceptable.

2. **Bar Code symbol ink colors**
   a. Black bars on white background are the most efficient and recommended
   b. Dark blue or dark green is acceptable with the vertical bars ink contrast at the highest levels. Red is NOT an acceptable color.

3. **Bar Code Quiet Zones**
   a. The Quiet Zones to the right and left of the bar code symbol are compulsory.
   b. The EAN/UPC minimum width of the left and right Quiet Zone is 7X.
   c. The ITF-14 minimum width of the left and right Quiet Zone is 10X.

4. **Bar Code Placement:** The placement or physical location of the bar code greatly affects efficient scanning if improperly located. Again, the GS1 US has published a very extensive document that covers almost all possible configurations of the consumer trade items and packaging. Bar codes should always be examined and tested in their final packaging for any product, inserts, or labeling infringements, which might impair scanning the code.
   a. Preferred Placement – The preferred EAN/UPC bar code symbol placement is on the lower right quadrant of the back, respecting the proper Quiet Zone areas around the bar code symbol and the edge rule.
   b. The undesirable alternative placement for an EAN/UPC bar code symbol is the lower right quadrant of a side of the container other than the back.
   c. The standard recommended ITF-14 bar code on master cartons of non-retail containers is two symbols, on the lower right on adjacent sides. Due to the widely various sizes of inner cartons and packaging, this rule may not be feasible and in those instances where two are not possible, one is acceptable.
d. Edge Rule - When possible, the ITF-14 bar code symbol must not be closer than 8 mm (0.3 in.) from the nearest edge of the package/container or farther up than 100 mm (4 inch) from the bottom.

e. The EAN/UPC bar code symbols on individual retail trade items inside a clear wrapped or banded multipack must be obscure or hidden so they are not confused with the outer multipack ITF-14 bar code symbol, which must be different.

f. Symbols on rounded surfaces should be oriented in a vertical direction, rather than horizontal.

BAR CODE TESTING

The Ace bar code team employs calibrated, bar code verifiers to measure any bar code’s printed quality using the GS1 US recommended verification standards and procedures.

1. Bar codes should always be tested in the final packaging to identify any infringements.
2. For the EAN/UPC family of symbols, Ace expects the print quality to be at or greater than the ANSI/ISO established level of grade “C” or higher. The ITF-14 symbology printed using direct thermal transfer or flexographic printed methods; Ace expects the bar code symbols to achieve a graded quality of grade “C” or better. The established acceptable quality for direct imprinted corrugate is a “D” grade or better.

Stratix Xaminer® Elite Bar Code Verifier

This portable equipment is not a scanner. It is a bar code measurement tool used to test linear bar codes against the nine adopted ANSI/ISO specifications for bar code symbols.
COMMON ERRORS AND UNSCANNABLE BAR CODES

Listed below are the common bar code mistakes, which are controllable and avoidable.

Packaging Infringements of straps, acceptable stickers, tape, etc.  

Wrinkled or Bad Placement

Ink Jet printed bar code is unreadable

The most common error seen

Poor Print Quality/Print Head Burn-out

Wrapped Around the Corner of Carton Bar codes are unreadable

Bar Code Artwork is not acceptable

SOLUTION PROVIDERS AND EDUCATION

The first and foremost authoritative source of information on bar coding product and services is the GS1 US. They offer the guidance, instructions, and assistance to ensure your bar codes are produced to support a global economy. Listed below are two valuable programs GS1 US offers.

1. **Data Driver®** is an easy-to-use online tool that allows you to quickly and accurately create, manage, and print U.P.C. barcodes. Data Driver is the only tool that allows you to create and encode Global Trade Item Numbers® (GTINs®), the unique identification system behind the U.P.C. (Universal Product Code) Barcode for items, as well as the GS1-128 and the ITF-14 Barcode for cartons, cases and pallets. [http://www.gs1us.org/solutions_services/d-h/data_driver](http://www.gs1us.org/solutions_services/d-h/data_driver)

2. **Partner Connections®** make the most of your GS1 Company Prefix. With the Partner Connections program, you receive your GS1 Company Prefix – the number you need to create your U.P.C. barcodes and other unique identifiers such as the Global Location Number (GLN) and Serial Shipping Container Code (SSCC). [http://www.gs1us.org/barcodes_and_ecom/member_services/partner_connections_benefits](http://www.gs1us.org/barcodes_and_ecom/member_services/partner_connections_benefits)

3. **GS1 US Bar Code and eCom Solution Partner** is a hardware or software provider or consultant that had their products or services certified to be in compliant to the GS1 System standards. These partners offer a variety of solutions that are tested, proven and ready for use by your company. Products and services include barcode software, barcode printers, barcode verifiers, and professional solutions. There are many to choose and those listed below are companies familiar with Ace Hardware operations.

   - The Stratix Corporation  [www.stratixcorp.com](http://www.stratixcorp.com)
   - Barcode Graphics  [www.barcode-us.com](http://www.barcode-us.com)

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