



**Supplier
Financial Relationship Policy &
Guidelines**

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1. CVS OBJECTIVE

CVS Health will pay for the merchandise, services, and other assets received at the negotiated costs, allowances and agreed upon terms.

The attached requirements have been established to provide suppliers with CVS policies and expectations as they relate to the payments, supplier billing standards, returns, disputes, and electronic data interchange (EDI). Conformity to stated required methods of billing, routing and delivery of invoices, and subsequent payments based on the CVS issued purchase orders; all insure the most efficient and accurate interface to CVS payment systems.

CVS Health objectives are:

- Accurate payment to suppliers for product and services provided CVS.
- Timely payment to suppliers within agreed upon payment terms.
- Reduction of CVS accounts payable operating costs.
- Prevention of supplier inquiries regarding payments.
- Timely resolution of supplier initiated payment issues.

Any issues concerning compliance with elements of this document can be directed to the Director of Accounts Payable at CVS in writing.

2. GENERAL CVS PAYABLES POLICIES

2.1 CREDIT CHECKS

New Supplier

The Finance Department has access to credit information from various sources. Prior to entering a business relationship, a credit check by Finance will be performed on all new suppliers. This review will incorporate the following:

- Supplier completed CVS Supplier Information form (See section 6.13 for link)
- Supplier completed CVS Supplier Financial Evaluation (See section 6.7 for form)
- Finance inquiry and analysis supplied by third party, or equivalent
- Finance Department evaluation by the Accounts Payable Manager
- Notification document to Category Management for rejected or questionable supplier evaluation
- Actions and recommendation to Category management, such as full or partial supplier payment holds to be taken for questionable suppliers
- The Accounts Payable Manager will complete all reviews within four working days of receipt of the submitted forms

Existing Supplier

The Finance Department will periodically conduct reviews of existing CVS suppliers to determine credit worthiness in an effort to reduce the potential losses associated with receivables embedded in the supplier's accounts payable balance. The results of these reviews will be communicated to the CVS merchandising executive team for action as deemed appropriate.

2.2 SUPPLIER SET-UP

New Supplier

The following items are prerequisites to any payment being made to a New Supplier:

- The supplier must complete the CVS Supplier Information form and return the completed form to the Category Manager. This form is available through a link in section 6.13 of this Policy.
- All Distribution Center suppliers must have the approval of Category Manager (CM) as indicated by the CM's signature on the CVS Supplier Information Form.
- The CM will determine if this supplier will have limited purchases, or seasonal purchases that require action to limit exposure regarding collection of receivable balances. The CM will indicate this in the DSD Supplier box on CVS Supplier Information Form.
- The CM will then forward the CVS Supplier Information form, the supplier's CVS Supplier Financial Evaluation and other supplier supplied documents to the CVS Accounts Payable Manager.
- The Accounts Payable Manager will perform a financial review of the new supplier as per Section 2.1 above.
- The reviewed documents will be returned to the Category Manager with approval to establish a relationship with the supplier or with specific recommendations regarding any relationship with the supplier (do not do business, hold back 30% of all anticipated payments, request for additional information to remedy deficiencies, etc).



- Approved suppliers' CVS Supplier Information forms and associated documents are submitted to the CVS Supplier Maintenance department for entry into the CVS supplier file and assignment of a supplier number.
 1. Non-merchandise and service suppliers must supply their federal taxpayer ID number if incorporated, on Form W-9 (available from the CVS Tax Department at 401-770-2680).

Existing Supplier Changes

When a supplier has a change in name or address, this information must be sent on the supplier's company letterhead; signed by an officer; and sent to CVS Accounts Payable immediately. This will assist in maintaining accuracy in payments processed and subsequently mailed. This information is needed for audit purposes.

A supplier requesting a remittance change of address or to the remit supplier name they must send the request to CVS Health on their company letterhead.

2.3 FACTORS

New Suppliers

Any new supplier factoring their receivables must notify CVS of that relationship by completing the "Remit Address" section of the CVS Supplier Information Form with the factors remit to address information.

Existing Supplier Changes

Any existing supplier establishing a factor relationship or changing factors must notify CVS in writing 30 days prior to the effective date of the change, provide signed authorization of assignment by a corporate officer of the supplier, and direct the notification via certified mail to the Merchandise Payables Manager at the following address:

CVS Health, Attn: A/P Manager, PO Box 3120, Woonsocket, RI 02895

2.4 BILLING REQUIREMENTS

To insure costs are minimized, billings must be based upon the following:

- One invoice per merchandise shipment representing the merchandise shipped.
- One CVS purchase order per invoice.
- Backorders must be billed on a separate invoice with a new invoice number and reference the original PO number.
- The invoice should reference a valid CVS receiving location.
- Even penny pricing at the unit level, up to the 3rd decimal.
- Invoice number can have a maximum of 30 digits.
- Invoice date must be the date the merchandise was shipped.
- Supplier must issue a monthly account reconciliation (statement – invoice specific) to the following address:

CVS Health, PO Box 3120, Woonsocket, RI 02895
- The following are minimum data elements that must be submitted in order to receive payment: Store number, invoice date, supplier number, invoice number, PO number, total pieces or cases, total dollars, item level detail, electronic signature/authorization code. **For RX only: NDC # (11 Digits) and description**



- The invoice must present the same payment terms as listed on the PO, including extended payment days, otherwise best terms application will be applied.
- The invoice must have the same price and allowances as listed on the PO. If there is a discrepancy, the supplier must notify the Category Manager to have all pricing and allowance issues corrected prior to the merchandise being shipped. Failure to do this could result in a supplier chargeback.
- CVS does not allow substitution of merchandise without prior consent from the Merchandise Planner.
- CVS does not allow unauthorized merchandise – all merchandise must be set up using the new item set up process before merchandise is shipped to the store.
- If the PO has a header allowance, then the invoice must reflect the same header allowance. If the PO has line item allowances, then the invoice must reflect the same line item allowances. Failure to do this could result in a supplier chargeback.
- Supplier invoices should not be netted down by the amount of the allowance unless otherwise negotiated by the Category Manager. It is essential that the CVS purchase order unit price and the supplier invoice price are exactly the same and represented the negotiated price of the product.
- The sum of the invoice detail must match the total amount of the invoice. For EDI invoices, discrepancies between the total and the detail will result in the invoice being rejected. The supplier should then correct the issue and submit a corrected invoice.
- CVS requires its valued DSD suppliers to invoice only product of like classification and to not mix product with differing retail margin percentages on the same invoice.
- Additional EDI 810 invoice requirements for merchandise suppliers as stated on CVS's published EDI requirements must be adhered to completely.

2.5 BILLING MEDIA

- Our preferred method of billing is via Electronic Data Interchange EDI 810 invoices.
- Visit www.cvssuppliers.com to obtain our mapping specifications. They can also be obtained by contacting our EDI Analysts at CVS at EDIAPMailbox@cvs.com. They can assist you with scheduling test transmissions or help you with the mapping specifications.
- Shipments to our Distribution Centers or stores constituting ten or more stores per shipment, or one hundred or more transactions per week are required to be billed via EDI 810 Invoice.
- Mailing Addresses for Paper Invoices:
 1. Purchase for Resale Product – Distribution Center Deliveries:
CVS Health, Attn: Warehouse A/P, PO Box 3120, Woonsocket, RI 02895
 2. Purchase for Resale Product – Direct Store Delivery (NOT DEX Receipts):
CVS Health, Attn: DSD A/P (2210), 200 Highland Corporate Drive, Cumberland, RI 02864
 3. Consumable Product Not For Resale:
CVS Health, Expense A/P, PO Box E, Woonsocket, RI 02895

2.6 PAYMENT TERMS

- Payment terms offered to CVS must be equivalent to the “most” favorable terms offered to any other customer.



- CVS will process payments from the better of the PO terms or the terms/due date offered on the invoice.
- Purchase orders with stated cash discounts will have the associated invoice paid based upon receipt of goods into the Distribution Center or stores.
- Seasonal or Promo Purchase Orders may be subject to additional term dating.
- CVS reserves the right to add additional terms dating to new item orders. Refer to the New Item Additional Dating document found on www.cvssuppliers.com.
- Terms do not begin when a trailer is dropped in the yard or at the consolidator.
- CVS generation of a payment, and subsequent mailing of a check or executing a bank funds transfer, will occur on the date due as calculated above, (with respect to the pay group), and will satisfactorily discharge CVS's performance of payment within stated payment terms.
- Invoices with due dates on weekends or holidays will be paid on the next scheduled business day (with respect to the vendor's associated pay group)
- So-called "cash in bank" payment terms used by some suppliers are not recognized, nor accommodated within CVS payment systems.
- The Category Manager and Accounts Payable Director must approve changes in supplier terms.
- Suppliers shipping on purchase orders with terms that are more favorable than the supplier invoice terms will be held to the purchase order terms.
- For multiple receipts on one invoice the latest receipt date will be used to calculate the due date. For DSD statements, each invoice date is used to calculate the due date.
- Cash discounts will be applied for all invoices transmitted or received after the due date.
- Discounts will be taken on all invoices when the supplier's account is in a debit balance and will not be considered for repayment.
- CVS regards all cash discounts offered as earned.
- CVS does not pay finance charges, interest charges, tote charges or shell charges.
- CVS does not accept fuel surcharges or other delivery fees for product delivered to CVS Health retail stores.
- Anticipation discounting will be taken when offered by suppliers and meets CVS objectives.
- Occasionally, the Category Manager will authorize a supplier to be paid by Accounts Payable via the CVS Point of Sale Scan Payment Plan. Periodically the Category Manager will review sales information and authorize Accounts Payable to release invoices for payment to the supplier.
- Cash Discount Calculation on Gross Invoice Amount
 1. CVS requires that suppliers calculate the cash discount on their gross invoice amount prior to any deduction for promotion, off-invoice allowance, freight, damages/defective allowances and any other form of allowance that may be offered.
 2. This requirement ensures that CVS receives the full cash discount and off-invoice allowance negotiated with its suppliers.
 3. The method of payment for promotional, purchase, damages/defective or any other allowances should not affect the cash discount percentage negotiated with our suppliers.



4. CVS is entitled to the full cash discount amount based upon gross merchandise values. The method of allowance payment (off-invoice vs. bill-back or check) should not negatively affect the cash discount negotiated.

2.7 PAYMENT METHODS

P-Card (VISA Settlement):

CVSHealth offers to suppliers, as the preferred method of payment, the ability to utilize the VISA charge card system, where funds will be credited to the supplier's VISA account. Benefits to this method of payment are improved timeliness (deposit and float time), increase accuracy, and fast resolution in reconciling your invoices.

Supply Chain Financing (SCF):

CVSHealth offers to suppliers, Supply Chain Financing. The program allows for suppliers to quickly convert their receivables into cash to support their business through a Supplier Finance Program offered in partnership with Wells Fargo Bank. Additional supplier terms for this program must be mutually agreed upon between CVS and the Supplier prior to going on the program. For additional information about participation in the program, please contact Wells Fargo's Supplier Adoption Team at 1-866-563-6618 or email supplierfinance@wellsfargo.com.

Checks

CVS issues checks based on the assignment of a supplier's remittance supplier number to a pay group. Pay groups are scheduled to run weekly, twice weekly or daily based on supplier type, discounts offered and contractual agreement. Checks runs consolidate all invoice and other transactions on a single check per remit to supplier number. Multiple ordering supplier numbers can be and are linked to a single remittance supplier for issuing a single check. Invoices included on a check have calculated due dates through the day of the check run. All checks are presented to the U.S. Post Office in Woonsocket, RI on the day the checks are printed (rare exceptions resulting from equipment failures can delay the presentation of checks until the following day).

Electronic Funds Transfer (EFT)

Processing payments via EFT is an available method of payment for merchandise suppliers with additional days added to our expected check payment terms. EFT payments will be made via ACH (not same day wire transfers) based upon the following conditions:

- The ACH payment will be released to have funds available to the CVS supplier on the same day as existing check clearing occurs.
- The CVS Category Manager and Accounts Payable Director must approve any changes in payment terms.
- Supplier EFT payment terms must not adversely impact CVS Days Payable Outstanding calculations versus existing check payment terms.
- Payment due date calculation will be based from receipt of goods.
- CVS does not recognize cash in bank terms for ACH payments.
- Reference Section 6.9 for an open letter explaining the ACH payment process to CVS Suppliers.
- Forms to be completed by the Supplier can be found in section 6.10 of this policy. The forms are required to be completed by Supplier and Supplier's Bank to initiate a request to change to ACH payments.

Letter of Credit

CVS will agree to and open a bank Letter of Credit for merchandise where CVS is listed as the “Importer of Record” and takes delivery of the merchandise outside the territorial boundaries of the United States. The CVS issued purchase order must reflect as designation type of “LC” and must be coordinated through the office of the Director of Merchandise Imports for CVS. All terms and conditions for initiating a “draw” on an open Letter of Credit as stated in the body of the Letter of Credit document must be met prior to payment. All Uniform Commercial Code (UCC) standards in effective governing the administration of Letters of Credit are applicable.

Bank Open Account

CVS will agree to Bank Open Account payments for merchandise where CVS is listed as the “Importer of Record” and takes delivery of the merchandise outside the territorial boundaries of the United States. The CVS issued purchase order must reflect as designation type of “OA” and must be coordinated through the office of the Director of Merchandise Imports for CVS. All terms and conditions for initiating a “draw” on the bank open account must be met prior to payment.

Cash on Delivery (COD):

Payment via COD will not be made, except where required by law. CVS Health credit information and references are available through the Director of Accounts Payable office.

2.8 REMITTANCE ADVICE

Check Payments:

CVS can provide the following payment remittance types:

- Printed output mailed to remittance address with check
- EDI 820 Remittance transmitted via existing EDI infrastructure between CVS and the supplier.
- Excel spreadsheet emailed via the CVS Supplier Portal (www.cvssuppliers.com)

EFT Payments:

EDI 820 Electronic Remittance advice transmissions will be sent by CVS bundled with, and routed through bank systems with the EFT payment. Please contact [your](#) Accounts Payable department representative to be set up or visit the CVS website www.cvssuppliers.com

2.9 DEDUCTIONS

General Information – All Supplier Types:

CVS deducts from supplier payment for the following transaction types

- Billing errors (pricing)
- Collect freight with prepaid terms
- Administrative processing fees
- Allowances
- Supplier DSD usage fee
- Coupon deductions
- Prior year audit deductions
- Failure to comply charges
- Receiving shortages
- Supplier credit memos
- Supplier funding
- Receiving damages
- Returns – see Return Good Policy

All supporting documentation for deductions will be communicated as follows:

- An EDI 812 transaction for invoice/receipt related deductions.
- Suppliers will be eligible to access their deductions through our Esettlement Portal application process.
- Suppliers must notify CVS in writing, within 90 days of the check date if they determine a charge back is not valid; otherwise the charge back will be deemed valid.
- Allowances and coupon deductions will be processed immediately following performance date, unless a formal contractual agreement states otherwise. If an agreement is reached to pay by check or credit memo payment is expected within 30 days of invoice date or a deduction will be processed to your account and mailed to the supplier's pay address. Suppliers should contact their lock box to ensure that all paperwork is forwarded.

2.10 POST AUDITS

All suppliers will be subject to a review of all invoices paid in the current year plus three prior years. Discrepancies will be deducted from the next remittance and supporting documentation will be forwarded. Duplicate invoice payments will be exempt from this time period and may be set up for deduction at any time.

2.11 ADMINISTRATIVE PROCESSING FEES

- A fee may be assessed by Logistics. Refer to the CVS Freight Handling Instructions located on the CVS web site or email the Logistics area at Logisticsmail@cvs.com with any questions.
- A fee of \$25.00 will be assessed to all suppliers requesting stop payments when CVS is not at fault (check has been already cashed).
- CVS reserves the right to charge a supplier a processing fee for recurring deviations from the policies and requirements as listed that directly cause unnecessary processing expense, inaccurate supplier payments, inaccurate inventory recognition, and other research efforts.

2.12 DEBIT BALANCES

CVS requests repayment for funds owed CVS that are in debit balance. Payment is due within 30 days of CVS notification to the supplier. If payment is not made, an interest charge will be assessed. CVS will always exercise the right to off set payments with monies owed CVS from its suppliers.

2.13 LIMITED PURCHASE & SEASONAL SUPPLIERS

New Supplier – All Supplier Types:

CVS Finance and Category Management will communicate and determine a course of action on a supplier-by-supplier basis to minimize the CVS exposure to loss or the carrying of receivables balances within accounts payable. Actions include, but are not limited to:

- Holding all supplier payments until released by Category Management.
- Holding a dollar amount of supplier payments until released by Category Managers.
- Obtaining an agreement in writing from the supplier to reimburse CVS by check for receivable balances within a defined timeframe.



CVS Finance and Category Management will document the decision on the existing CVS Supplier Hold form (see Section 6.8) and include criteria and performance goals for releasing held payments.

Existing Supplier – All Supplier Types

- CVS Finance will annually review limited purchase and seasonal suppliers to determine Category Management’s future use of these suppliers, and will determine a course of action on a supplier-by-supplier basis to minimize the CVS exposure to loss or the carrying of receivables balances within Accounts Payable. Actions include those as listed above for new suppliers.

CVS Finance and Category Management will document the decision on the existing CVS Supplier Hold and include criteria and performance goals for releasing held payments.

2.14 NEW SUPPLIERS/ NEW ITEMS

All new suppliers will be immediately placed on hold until Category Management approval of release. All new suppliers must follow New Item/Supplier Policy as set forth by CVS.

2.15 SUPPLIER CORRESPONDENCE

Our Supplier Correspondence department will handle the following inquiries. They can be contacted at (401) 765-1500, extension 2620.

- Deduction inquiry – contact required within 90 days of deduction on a payment is mandatory. Clearing stating the nature of the supplier dispute, and your requested action regarding the deduction is essential.
- Open invoice inquiry – notification of an unpaid invoice is required within 6 months of the original invoice date. Supplier to supply a copy of the original invoice, marked as a “Duplicate”, and a signed delivery receipt constituting proof of delivery to CVS, before Correspondence associates can initiate the authorization to pay process.
- Payment status - Limit requests to invoices over 20 days past the due date.

Pricing/Allowance Discrepancies:

- Pricing/Allowances – We assume our purchase order pricing and allowances are accurate, if there are any discrepancies, we will require a price list and or deal sheets with dating to coincide with our purchase order date before payment can be made.

General Rules & Limitations:

- Discrepancies under \$100.00 for **Warehouse** and \$50.00 for **Direct Store Deliveries will not be researched.**
- Payment Terms - acceptance of our purchase order constitutes acceptance of stated payment terms.
- Overdue invoices will not be researched unless they are 20 days overdue based upon CVS payment policy
- Correspondence for deductions should be brought to CVS’s attention immediately for resolution.
- Check Remittance – All EDI capable suppliers must contact our EDI department at EDIAPMailbox@cvs.com to be set up to receive the 820 check remittance

2.16 GUARANTEED SALES

- Suppliers with “negotiated” guaranteed sales contracts would be responsible for all merchandise returns, handling fees and/or markdown liability.
- All merchandise delivered to CVS that is greater than the amount sold shall either be disposed or returned to the supplier for return credit or via a markdown deduction at the supplier’s expense.

2.17 PRODUCT RETURN PROCESS

Warehouse Product Returns

- Please refer to the CVS Unsalable Merchandise Policy located at www.cvssuppliers.com
- In addition, a fee will be assessed to suppliers not referencing the CVS return number on their credit memos or check remittances.
- The returns policy as summarized has been written to ensure that credit issuance for returns from CVS stores is accurate, timely and provides an audit trail to ensure receipt of credit.

Store (DSD Receipt) Product Returns/Markdowns

CVS Responsibility

- Administrative processing and handling costs at CVS stores
- Transportation/freight of product (direct ships to suppliers)
- Deduction of supplier issued credit
- Deduction of credits based on store key_rec's if no credit has been sent

General Provisions

- CVS’s policy takes precedence over any isolated agreements
- All suppliers agree to CVS’s returns policy once a delivery is made to the store
- Credits will be processed the same day of receipt
- CVS expects that all suppliers will accept product for return
- CVS expects credit for returns, damages, shortages at 100% of cost
- CVS expects credit for all markdowns related to unsalable merchandise (discarded due to health/other reasons-food, liquids, driver no pickups, stale dated and outdated product that cannot remain at store, product totally damaged)
- When evaluating returns, CVS will not be held to a minimum or maximum dollar amounts
- Credit for returns will be deducted on next remittance
- Supplier agrees to allow CVS Finance the right to review their return credit process

Valuation of Return

- Credits will be issued at the current cost on file at the time the store scans the product to be returned, shortages and/or marked down

Supplier Responsibility

- Credits will be issued in a timely manner – within 30 days of pickup/shipment. CVS reserves the right to deduct after 35 days if credit is not issued.
- Credit will be issued separately and not a reduction of merchandise or invoice
- Credit issuance date will be the date of the transaction (pickup or delivery)



- Return process must be auditable (sequentially numbered or specific key indicators for return authorizations). This will allow CVS and or supplier partner to identify returns with no credit issued.
- File of credits issued must be provided to CVS on an monthly basis which will be audited by CVS and reconciled with the supplier of any discrepancies
- A copy of the credit document (memo/slip) must be left at the store before any merchandise leaves the store.
- Supplier agrees to CVS returns/markdown policy
- Suppliers will remit a check to CVS when notified by CVS they are in debit balance (supplier owes CVS) within 10 days of the request

Soda Returns

All Soda returns for damages or outdates are to be processed one of two ways:

- Full Case Returns – Preferred Method of processing Credits
 1. Full case returns are defined as all one item (one UPC) or like items (same cost, size/20 oz, 2 liter, etc.)
 2. The credit for a full case return would be processed and keyrec'd as normal (Supplier downloads DEX credit invoice through Zebra Printer or enters credit invoice through Supplier Invoice Entry on the RF Unit. Store then completes credit keyrec on RF Unit.)
- Swap Out
 1. A swap out is done for damages and/or outdates that do not equal a full case for authorized Planogrammed items only (Same Cost, Size)
 2. A keyrec would NOT be completed by the store in a swap out scenario.

DEX Credit Transactions

CVS will accept DEX EDI 894 (LOP?) Return transactions at store when product is removed from CVS store inventories. For zone priced product, credits will be valued at the current CVS regular or promo cost as reflected in the CVS Pricing Portal application. All credits will be due immediately for deduction from the next payment to the CVS supplier. Returns are to be limited to stale-dated product or CVS authorized product withdrawals. The Category Manager, VPMM, Director of Accounts Payable, and Vice President of Finance, must agree to any deviation from standard terms as described in advance. Any deviation from standard terms without such prior agreement will be considered invalid and non-binding on CVS.

CVS Audits

- CVS will perform audits on a monthly basis for the prior months return activity for missing credits or short credits due to quantity or pricing discrepancies
 1. Supplier statements are required each month to perform these audits
- Credits not issued by supplier will be automatically deducted with a \$15.00 surcharge per transaction
- CVS retains the right to perform post audits for a period of three years

Returns Questions

- Questions related to the above can be directed to:

CVS Health

Attn: Returns/Finance

One CVS Drive
Woonsocket, RI 02895
(401) 770-4918

2.18 EDI TRANSMISSION TYPES

The following Electronic Data Interchange (EDI) data transmission types are used within the CVS payment processes:

- EDI 997 Functional Acknowledgement - CVS has received an invoice transmission from the supplier. The 997 Functional Acknowledgement verifies that CVS has received a transmission. This does not necessarily mean that CVS has accepted part or all of the transmission fully.
- EDI 824 - Critical error on invoice notification – the supplier should correct error and retransmit invoice. If unable to retransmit electronically, then it is the responsibility of the supplier’s EDI department to notify the supplier’s AR department that an invoice was not successfully received by CVS to be processed for payment.
- EDI 820 - Remit notification sent to supplier via EDI
- EDI 812 – Charge-back memorandum
- EDI 810 - Invoice

2.19 SUPPLIER PRESS RELEASES

- All CVS Health suppliers initiated press releases that reference, cite or imply a relationship with CVS Health must be approved prior to release through the CVS Health corporate communications group.
- Failure to comply with CVS requirements regarding Supplier Press Releases will result in a fine of \$100,000, and the possible termination of any existing businesses relationship with CVS Health.

2.20 PRICE PROTECTION

Price Protection Policy- Price Decrease

CVS requires 60 day notice for all cost decreases. CVS requires price protection on all inventories when a price decrease is announced. Price protection is calculated based upon the differential between the current cost and a new reduced cost times the inventory quantities. Said inventory includes on-hand inventory of this item at CVS warehouses, stores and product in transit defined as follows:

- Warehouse inventory is a product received in the past 30 days since it is warehoused for 30 days on average before shipment to the stores.
- In-store inventory is calculated based upon the average store inventory. Eight weeks is average time for front store merchandise to be sold at store level. To calculate In-store inventory, we use 8-week average deliveries, of an item, using 365 days of deliveries prior to the price change. This may change if the item movement indicates less shelf time.
- In transit includes product that was ordered prior to price change date, but not received. Quantities will be based upon open PO’s.

Price Protection Policy- Price increases

CVS requires a 60 day notification for all price increases. This will allow CVS to make necessary business decisions on the purchase of inventory. If notification is not given all PO’s containing the old price will be paid based upon this price.

2.21 MISCELLANEOUS

Stop Payments

Suppliers may request a stop payment and re-issue only if the check has not been cashed after 14 days from issuance date. All stop payment requests must be made in writing to CVS. If CVS determines that the supplier has cashed a check, then a \$25 fee will be charged. Once a stop payment request has been made to our bank, CVS will not be able to reverse the transaction.

Supplier Holds

Category Managers or Field Marketing Managers places suppliers on hold for various reasons. The hold will not be released by A/P until authorization is received from Category Managers in writing.

3. MERCHANDISE PAYABLE POLICY – PO/Warehouse Receipts

3.1 PURCHASE ORDERS

All products for resale shipped to a CVS distribution center must conform to standards as specified in the CVS Logistics Guide, including shipment of the product in accordance with a CVS issued purchase order. Purchase orders will be provided to the supplier via EDI (850's). CVS payments will be based upon the information contained on the PO and any other agreements in effect. It is the supplier's responsibility to validate the unit prices, allowances, payment terms and item attributes upon receipt of the CVS purchase order, and to notify the Merchandise Planner of any discrepancies prior to shipment.

Note: A CVS issued purchase order represents the anticipated item price CVS will pay, regardless of subsequent supplier price increases prior to shipment of the ordered merchandise. It is the supplier's responsibility to notify the Merchandise Planner of any price increases on a PO before the merchandise is shipped. CVS will not be responsible for paying for an item increase after the PO has been placed and shipped and the Merchandise Planner has not been notified of the change.

See other sections presented in www.cvssuppliers.com for more information.

3.2 SHIPPING REQUIREMENTS

A copy of the bill of lading, freight bill and packing slip must accompany the merchandise when delivery is made. Suppliers shipping merchandise collect with prepaid terms will be assessed a penalty in addition to the cost of the collect freight (see Administrative Processing Fees 2.16 and CVS Freight Handling Instructions issued by Logistics Department). The freight and penalty will be deducted from your next payment. Appointments for deliveries must be made in advance of the shipment in accordance with specific DC policies.

3.3 RECEIVING

CVS reserves the right to chargeback and deduct from suppliers for concealed damages and/or shortages although the freight bill was signed for without exception or signed with the notation "Said to Contain". CVS suppliers agree that a signed proof of delivery represents the acknowledgement of the receipt of carts, pallets or other shipping containers, and does not indicate, nor represent the acceptance in full of the contents of those shipping containers represented on packing lists or invoices.

3.4 BILLING REQUIREMENTS

The following information is required for billing shipments to CVS Distribution Centers. EDI 810 Invoices not containing the information below will be rejected and the supplier will receive a critical error notification via the EDI 824 transmission detailing the reason for the failure of the invoice to load.

- Purchase order number
- invoice number
- Supplier number
- invoice date
- Detailed off invoice allowance info
- Extended cost (paper inv only)
- Freight terms
- date shipped
- units shipped
- Item UPC/NDC code



- cost per item or case
- Terms & calculated cash discount
- Extended dating on separate field
- DC code

3.5 DISPUTED ITEMS

Disputed items should be forwarded to the appropriate area within CVS. The supplier may obtain an updated list of area of responsibility by contacting their daily AP contact.

Supplier should contact Accounts Payable for merchandise delivered to the distribution centers when:

- The deduction is related to an invoice. These can include pricing, shortage and allowances as well as cash discounts
- The supplier must supply AP with the following information in order for AP to research the discrepancy properly.
 1. Supplier's original invoice #
 2. CVS deduction #
 3. Check # that deduction was taken
 4. Check date
 5. A clear explanation of what is being disputed and the reason why
 6. Supporting documentation to back the dispute (i.e., POD, price list increase, contract, etc)
- AP will send all pricing and allowance request paybacks to the Category Manager for approval of payback.
- AP will research all shortages with our warehouses to determine if payback is forthcoming.
- CVS will follow a strict authorization of paybacks when the payback is large. This could include the authorization from the VPMM as well as the VP of Finance.

4. MERCHANDISE PAYABLE POLICY – Direct Store Delivery (DSD)

4.1 BACKGROUND

- CVS Health has transitioned a significant segment of our Direct Store Delivery suppliers to a process referred to as Live-on-Pay over the last several years based on the EDI 894 (LOP?) transaction set and the ability to receive or create an electronic invoice and receipt record at the point of product delivery, and will continue to pursue this preferred method of invoicing.
- CVS Health has transitioned all newsprint media suppliers' and distributors' payments for product to a third-party service supplier, iControl. This method of invoice processing and payment is a requirement for providing this class of product for resale to CVS stores.
- CVS Health retains the ability to receive and process Live-on-Pay and non-newsprint supplier invoices for receipt confirmation and payment.

Selected sections of the CVS Health Direct Store Delivery Policies and Procedures related to sections above are provided below. For the complete text of the documents and contents related to Live-on-Pay and Invoice processes: See **Direct Store Delivery Policies and Procedures** available as a link on the CVS Supplier Portal application after logging in.

SELECT POLICIES FOR NON--LOP DSD SUPPLIERS

4.2 SUPPLIER FILE ADMINISTRATION

New Supplier:

The following items are prerequisites to any payment being made to a New Supplier:

- The Supplier must complete the CVS Health Supplier Information Form and return the completed form to the Category Manager (CM) or Field Marketing Manager (FMM). This form is available within the www.cvssuppliers.com web site.
- All Direct Store Delivery Suppliers must have the approval of the Category Manager and the Divisional Merchandising Manager as indicated by the signature on the CVS Health Supplier Information Form.
- The Supplier will provide a letter of product liability indemnity to Category Management. This will be forwarded to the Product Liability Clerk in our Efficient Consumer Response (ECR) Department prior to Supplier # being issued.
- The FMM or CM will determine if this Supplier will have limited purchases, or seasonal purchases that require action to limit exposure regarding collection of receivable balances. The FMM or CM will indicate this in the DSD Supplier box on CVS Health Supplier Information Form.
- The FMM or CM will then forward the CVS Health Supplier Information Form, the Supplier's CVS Health Supplier Financial Evaluation and other Supplier supplied documents to the CVS Health Accounts Payable Manager
- The Accounts Payable Manager will perform a financial review of the new Supplier to evaluate the financial exposure to CVS Health from the anticipated relationship.
- The reviewed documents will be returned to the Category Manager with approval to establish a relationship with the Supplier or with specific recommendations regarding any relationship with the Supplier (Examples: do not do business, hold back 30% of



all anticipated payments, request for additional information to remedy deficiencies, etc).

- Approved Suppliers' CVS Health Supplier Information Forms and associated documents are submitted to the CVS Health Supplier Maintenance department for entry into the CVS Health Supplier file and assignment of a Supplier number.
- Supplier's federal taxpayer ID number must be provided if you are not incorporated, on Form W-9 (available from the CVS Health Tax Department at 401-770-2680).
- Approved Suppliers must be certified by CVS Health to utilize the DEX/RF receiver scan receiving and payment method.

Existing Supplier:

- Contact either your AP Contact or email DSDAPSupport@cvscaremark.com to request any changes in addresses, contacts, payment remit location, or bank information.

4.3 DELIVERY/STORE RECEIVING REQUIREMENTS

General receiving requirements

- All Suppliers are required to deliver on time and in damage free condition.
 1. Late deliveries can cause monetary loss and negatively impact customer service.
 2. CVS Health reserves the right to charge-back and deduct from suppliers for concealed damages and/or shortages although the freight bill was signed for without exception or signed with the notation "Said to Contain".
 3. We expect our Suppliers to dedicate their efforts to provide consistent on-time deliveries to our stores and/or retail support centers.
 4. CVS reserves the right to institute reasonable delivery windows.
- All Suppliers must ensure that food requiring temperature control for safety is delivered to CVS without having been subjected to significant temperature abuse during transportation.
 1. All Suppliers must comply with CVS Health's policies and procedures related to verifying the temperature of food requiring temperature control for safety upon delivery to a CVS store, including providing confirmation of the temperature of the vehicle to personnel receiving the product.
 2. If a Supplier becomes aware of any indication of a possible material failure of temperature control or other conditions that may render food unsafe during transportation, the Supplier must notify CVS Health personnel receiving the product.
 3. CVS Health reserves the right to reject any product that personnel receiving the product have reason to believe has been subjected to temperature abuse or has otherwise been rendered unsafe during transportation.
- All Suppliers must ensure that food that is not completely enclosed by a container is transported in vehicles that are in appropriate sanitary condition for the transport of the food, i.e., in adequate physical condition and free of visible evidence of pest infestation and/or previous cargo that could cause the food to become unsafe during transportation.
- All shipments are to be delivered complete and as ordered.
 1. We maintain a no back order system and do not accept split shipments.



2. Substitutions are not permitted unless authorized by the company's category team.
3. All products delivered must have pre-approved UPC bar codes per the company's new item policy.
 - All products must have scannable UPC bar codes or the product will not be accepted.
 - No UPC bar codes may be changed without prior notification to the company's category teams.
 - CVS will only scan in the physical product delivered and will not scan product from any document not representing the actual detailed invoice.
4. All incoming items are checked against the store's authorized item files. If an unauthorized item is identified, the DSD store receiver will reject it and not allow it into the store.
 - If an item is damaged, the DSD Receiver rejects it. The Supplier is required to immediately remove those items from the store. Any unauthorized items left by the Supplier will not be paid.

4.4 BILLING METHODS – UPLOADS/PAPER INVOICES

EDI (Preferred)

The preferred billing method for deliveries made directly to stores is EDI transmission Suppliers that are not EDI capable but would like to send billings via EDI may reach out to the CVS EDI Department (EDIAPMailbox@cvs.com) as sending EDI via a third party supplier which can convert billing to EDI for you is an option.

UPLOAD/EXCEL SPREADSHEET (Secondary Option)

This is the required format when submitting your invoices via Excel spreadsheet

Header information:

Vendor #	Invoice #	Date	Store	Amount	CHARGE TYPE (FRT = ZFRE)	CHARGE AMOUNT
2A123	9876543210	01/02/2015	00522	\$723.65		

- **Vendor #** - Your vendor # begins with the number 2 followed by an Alpha character and 3 numeric characters. For example 2A123. If you have multiple vendor #s you may use them within the same spreadsheet just make certain to use the correct vendor # that corresponds to the invoice/store that is on the same row.
- **Invoice #**- This field can contain up to 16 characters. The invoice # should match the invoice that the store reviewed at the time of delivery
- **Date** - Future invoice dates are not accepted. The invoice date should match the invoice that the store reviewed/received at the time of delivery
- **Store** - Store # should be formatted as 5 digits (all numeric characters). If you leave this field blank or use an incorrect # the billing will be rejected without notice.
- **Amount** - This amount should include all allowances and approved charges. Please be prepared to provide backup for all invoices as they may be audited at any time
- Please submit to AcctsPay_Spreadsheet@CVS.com.



- **Charge Type** – If CVS has agreed to pay for your freight charges, “ZFRE” will be entered into this cell.
- **Charge amount** – If CVS has agreed to pay for your freight charges, the freight amount will be entered into this cell.

Item Information:

UPC	EXT PRICE	QUANTITY	Unit of Measure (EA = Each, CV= Cases)
Charge Type 1 (BD=525 , Tax=526)	Charge Amount	Charge Type 2	Charge Amount
Charge Type 3	Charge Amount		
1234567890	100	10	EA

- **UPC** - UPC’s must be authorized on the CVS item file.
- **EXT PRICE** – The extended price for the item is the quantity multiplied by the unit cost. For example, If you have 10 units at \$10 a piece, the EXT PRICE will be \$100
- **Quantity** – This field will be filled in with the quantity of the specific item.
- **Unit of Measure** – When delivering in each, EA will be used. When delivering in cases, CV will be used. *Please be sure all of your cases are updated in the portal.
- **Charge Type 1** – If CVS has agreed to pay for your Bottle deposit, 525 will be used. If CVS has agreed to pay for your taxes, 526 will be used.
- **Charge Amount** – Amount for code 525 or 526
- **Charge Type 2** – If CVS has agreed to pay for your Bottle deposit, 525 will be used. If CVS has agreed to pay for your taxes, 526 will be used.
- **Charge Amount** – Amount for code 525 or 526
- **Charge Type 3** – If CVS has agreed to pay for your Bottle deposit, 525 will be used. If CVS has agreed to pay for your taxes, 526 will be used.
- **Charge Amount** – Amount for code 525 or 526

HARD COPY INVOICES (Not Preferred but Accepted)

Please ensure that your company name and remittance address are included on your invoice along with:

- CVS store number and location
- Invoice number
- Invoice date
- Extended cost amount
- Items delivered
- Quantity, UPC numbers and costs for each item.

Please send the invoices to DSD A/P at **CVS Health, Attn: DSD Accounts Payable (2210)** 200 Highland Corporate Drive, Cumberland, RI 02864 or email DSDAPSupport@Cvscaremark.com.

4.5 PRODUCT AND DELIVERY STANDARDS

- All DSD products must be delivered to our stores with the maximum available shelf life from production. In cases of extremely short lived product (Dairy, Bakery, etc.) all product must be coded as saleable through the next scheduled delivery date at a minimum.
- All DSD products will be rotated and short dated product pulled from the shelf on each service delivery. Short dated product is defined as any product that will expire

prior to the next scheduled delivery from that supplier. The only exception to this will be suppliers where we have a drop ship/non-service program.

- Upon inspection, CVS store personnel will remove from the sales floor any DSD product that will expire within three days of the date of inspection.
- All products removed from the sales floor will be credited out on the next delivery cycle for the supplier. In cases where credits must be in full case quantities the “less than case” product will be stored separately from saleable back stock and be clearly marked as outdated, non-saleable, merchandise.
- All food that requires temperature control for safety shall be delivered to CVS stores in compliance with the requirements in Section 4.3 above.

4.6 SUPPLIER DROPSHIPMENT PROCEDURES

Drop shipment activity is defined as the delivery of product directly to the retail stores that would normally be shipped to a CVS Health Distribution Center. This activity is to be limited to “first to market”, new product rollout and seasonal needs and to fulfill merchandising opportunities.

In order to facilitate proper payment to the Supplier, the Accounts Payable DSD Supervisor should be notified of all Drop Ship Deliveries. The following processes must be followed for successful drop shipment payment and inventory booking to occur:

CVS Health Responsibilities

- Corporate and Field Managers
 1. DSD Supplier number established and identified
 2. Items set up in DSD tool for cost and retail
 3. Supplier number and item relationship authorized
 4. Gross Margin percentage for Supplier established
 5. Notify Store Operations and CVS Health Accounts Payable of pending drop shipment.
- Store Operations
 6. Stores should be notified of pending drop ship.
 7. Stores should be instructed to key rec receiving.
- Stores
 8. Create keyrec for drop shipped product.
 9. File receiving paperwork for one inventory cycle or 1 year, whichever period is longer
 10. Notify CVS Health accounts payable for receiving discrepancies through Issue Sheets
- Accounts Payable
 11. Establish Supplier payment terms in Peoplesoft.
 12. Follow-up on invoices rejected for closed stores with the Supplier.
 13. Establish payment and make payment within terms.
 14. Adjust Supplier payment for receiving discrepancies...send documentation to the Supplier.
 15. Follow up on store issue sheets.

Supplier Responsibilities:

- Packing slip or invoice supplied to store when drop ship is received at the store should include:
 - Invoice number (must be unique for different store deliveries). A \$50.00 research fee will be applied for any duplicate invoice #'s used within a two-year period.
 - Invoice Date and Delivery Date
 - Date of shipment
 - Supplier Name
 - Supplier Number
 - CVS Store Number
 - Total Invoice Cost
 - Total Invoice Quantity
 - Product Description
 - Point-of-Sale UPC
 - Item cost
 - Extended cost per unit
- Billings can be sent to Accounts Payable for payment through:
 - EDI (preferred) - see website www.cvssuppliers.com for information. Contact the EDI Department at EDIAPMailbox@cvs.com for questions or concerns.
 - Spreadsheet emailed to DSDAPSupport@cvscaremark.com
 - Hard copy of invoice or statement-Send to **CVS Health**, Accounts Payable (2210); 200 Highland Corporate Drive, Cumberland, RI 02864
- Invoices or statement should include the following:
 - Invoice number
 - Invoice date
 - Date of shipment
 - Store listing for all stores receiving drop ship
 - Total cost per store
 - Total quantity per store
 - Supplier Name
- Supplier Number

5. NON-MERCHANDISE PAYABLES POLICY

5.1 CREDIT CHECKS

New Supplier

The Finance Department has access to credit information from various sources. Prior to entering a business relationship, a credit check by Finance will be performed on all new suppliers. This review will incorporate the following:

- Supplier completed CVS Supplier Information Form. See Section 6.13.
- Supplier completed CVS Supplier Financial Evaluation form. See Section 6.7.
- Finance inquiry and analysis supplied by third party, or equivalent.
- Supplier's federal taxpayer ID number must be provided if incorporated, on Form W-9 (available from the CVS Tax Department at 401-770-2680).
- Finance Department evaluation by the Accounts Payable Manager within four working days of receipt of the submitted forms.

Existing Supplier

The Finance Department will periodically conduct reviews of existing CVS suppliers to determine credit worthiness in an effort to reduce the potential losses associated with receivables embedded in the supplier's accounts payable balance. The results of these reviews will be communicated to the appropriate CVS department.

5.2 SUPPLIER SET-UP

New Supplier – Distribution Center Deliveries:

The following items are prerequisites to any payment being made to a New Supplier:

- The supplier must complete the CVS Supplier Information Form and return the completed form to the appropriate CVS contact.
- The CVS contact then forwards the CVS Supplier Information Form, the supplier's CVS Supplier Financial Evaluation, and other supplier supplied documents to the CVS Accounts Payable Manager.
- The Accounts Payable Manager will perform a financial review of the new supplier.
- The reviewed documents will be approved or recommendations made. If approved the CVS Supplier Information Forms and associated documents are submitted to the CVS Supplier Maintenance department for entry into the CVS supplier file and assignment of a supplier number. If recommendations are made the documentation will be returned to the originating personnel for further discussion.

Existing Supplier Changes

When a supplier has a change in name or address, this information must be sent on the supplier's company letterhead; signed by an officer; and sent to CVS Accounts Payable immediately. This will assist in maintaining accuracy in payment processing and subsequent mailings. This information is needed for audit purposes.

5.3 WAREHOUSE CONSUMABLES SUPPLIERS

Please see the MERCHANDISING PAYABLE POLICY – Section 3.0

5.4 CASH ON DELIVERY (COD)

Payment via COD will not be made, except where required by law. CVS Health credit information and references are available through the Director of Accounts Payable office. Please fax request to (401) 770-4471.

5.5 BILLING REQUIREMENTS

General Rules - All Supplier Types

To insure costs are minimized, billings must be based upon the following:

- One invoice per order representing the merchandise shipped or service performed.
- The invoice should reference a valid CVS billing location.
- The invoice should be mailed to the originating department. This is needed for appropriate review and approval.
- Invoice number can have a maximum of 30 digits.
- Invoice date must be the date the merchandise was shipped or service performed.

5.6 FREIGHT CHARGES

- Freight charges should not be included on invoices
- Shipments should be coordinated through the Logistics Department and only preferred couriers utilized.
- An authorized CVS employee must approve freight charges. Any charges over \$25.00 require a copy of the freight bill. This should be attached to the invoice to expedite processing.

5.7 PAYMENT TERMS

- Only original invoices will be processed. CVS will not accept invoice copies, faxed invoices, work orders, packing slips or statements.
- Payment terms offered to CVS must be equivalent to the “most” favorable terms offered to any other customers.
- CVS generation of a payment, and subsequent mailing of a check or executing a bank funds transfer, will occur on the date due as calculated above, and will satisfactorily discharge CVS’s performance of payment within stated payment terms.
- So-called “cash in bank” payment terms used by some suppliers are not recognized, nor accommodated within CVS payment systems.
- The Accounts Payable Manager must approve changes in supplier terms.
- CVS regards all cash discounts offered as earned. This also applies when the supplier’s account is in a debit balance and will not be considered for repayment.
- CVS does not pay finance charges or interest charges.

5.8 DEDUCTIONS

General Information – All Supplier Types:

CVS deducts from supplier payment for the following transaction types:

- Supplier credit memos
- Receiving damages
- Billing errors (pricing)
- Prior year audit deductions

5.9 TAXES

All invoices will be reviewed by the TAX Department to determine appropriateness of tax.

5.10 POST AUDITS

All suppliers will be subject to a review of all invoices paid in the current year plus three prior years. Discrepancies will be deducted from the next remittance and supporting documentation will be forwarded. Duplicate invoice payments will be exempt from this time period and may be set up for deduction at any time.

5.11 DEBIT BALANCES

CVS requests repayment for funds owed CVS that are in debit balance. Payment is due within 30 days of CVS notification to the supplier. If payment is not made, an interest charge will be assessed.

5.12 SUPPLIER CORRESPONDENCE

Our Accounts Payable department will handle all inquiries. They can be contacted at (401) 765-1500, extension 2620 and follow the menu.

- Deduction inquiry – contact required within 90 days of deduction on a payment is mandatory. Clearing stating the nature of the supplier dispute, and your requested action regarding the deduction is essential.
- Open invoice inquiry – notification of an unpaid invoice is required within 6 months of the original invoice date. Supplier to supply a copy of the original invoice, marked as a “Duplicate”, and a signed delivery receipt constituting proof of delivery to CVS, before Correspondence associates can initiate the authorization to pay process.
- Payment status - Limit requests to invoices over 20 days past the due date.
- Discrepancies under \$50.00 will not be researched.
- Overdue invoices will not be researched unless they are 20 days overdue based upon
- Correspondence for deductions should be brought to CVS’s attention immediately for resolution.

5.13 DISPUTED ITEMS

Disputed items should be forwarded to the appropriate area within CVS. The supplier may obtain an updated list of area of responsibility by contacting their day-to-day AP contact.

5.14 STOP PAYMENTS

Suppliers may request a stop payment and re-issue only if the check has not been cashed after 14 days from issuance date. All stop payment requests must be made in writing to CVS. If CVS determines that the supplier has cashed a check, then a \$25 fee will be charged. Once a stop payment request has been made to our bank, CVS will not be able to reverse the transaction.

5.15 SUPPLIER HOLDS

Authorized CVS personnel will place suppliers on hold when the account is in question. The hold will not be released by A/P until authorization is received.

6.0 IDENTIFYING INFORMATION & FORMS

6.1 TRADE REFERENCES

Cardinal Health

7000 Cardinal Place
Dublin, OH 43017
Dave Joy
Manager – New Accounts
(614) 553-3172 Telephone
(614) 652-7616 Fax
Please fax request for credit reference

PepsiCo National Group Credit Manager

5340 Legacy Drive
Plano, TX 75024
Brandi Bradshaw
(800) 789-2626 Telephone

Teva Pharmaceutical

1090 Horsham Road
PO Box 1090
North Wales, PA 19454-1090
Ed Tokmajian
(215) 641-6982 Telephone
(215) 591-8805 Fax
Please fax request for credit reference

6.2 BANK REFERENCE

Key Bank

Commercial Credit Inquiry Group
P.O. Box 9950
Canton, OH 44711-0950
Account Number - 190991900456
(330) 489-5394 Telephone
(330) 489-5440 Fax

6.3 HOTEL REFERENCE

Omni Hotel - Providence

One West Exchange Street
Providence, RI
John Carter
(401) 598-8000 Telephone

Providence Marriott

Charles & Orms Street
Providence, RI 02904
Amanda Conway
(401) 553-0410 Telephone (401) 421-8006 Fax



6.4 IDENTIFYING INFORMATION

Federal Tax ID – Pharmacy	05-0340626
Federal Tax ID – Corporate	05-0494040
D&B Number – Woonsocket Prescription Center	06-231-2574
D&B Number – Caremark RX Inc	80-441-4852
D&B Number – CVS Health Corporation	00-133-8912
D&B Number – CVS Pharmacy, Inc	17-672-9788

Incorporated November 7, 1969 in Rhode Island
Type of Business - Retail/ Sales (Drug Chain)

Larry Merlo: President & CEO
Dave Denton: EVP & CFO

6.5 KEY BANK AUTHORIZATION

CVS/Health “CVS” authorizes KeyBank to provide banking information per the authorization request below.

I authorize _____ to receive the below information.

- Date Opened
- Type of Account
- Average Balance

<u>CVS Authorized Signer</u>	<u>Phone number</u>	<u>Signature/Date</u>
Tracy L. Smith, Assistant Treasurer or	(401) 770-5097	_____
Judy Beauregard, Director or	(401) 770-3515	_____
Matthew Iannetta, Director AP	(401) 770-1640	_____



6.6 WAREHOUSE LOCATIONS (With Federal Tax Identification #)

Knoxville, TN

10008 Parkside Dr.
Knoxville, TN 37919
06-1630381

North Smithfield, RI

150 Industrial Dr.
N. Smithfield, RI 02896
05-0340626

Fredericksburg VA

500 / 501 Landsdowne Rd
Fredericksburg, VA 22408
05-0501913

LaHabra, CA

777 S. Harbor Blvd
La Habra, CA 90631
05-0340626

North Augusta, SC

111 Revco Rd.
N. Augusta, SC 29841
06-1630379

Ennis, TX

700 CVS Drive
Ennis, TX 75119
05-0340626

Patterson, CA

2400 Keystone Pacific Pkwy
Patterson, CA 95363
94-1059121

Honolulu, HI

2270 Hoonee Place
Honolulu, HI 96819
94-1059121-Closed

Somerset, PA

322 Revco Rd.
Somerset, PA 15501
06-1630373

Bessemer AL

2600 Morgan Rd.
Bessemer, AL 35023
05-0501914

Lumberton, NJ

1 Berry Dr.; PO Box 560
Lumberton, NJ 08048
05-0340626

Orlando, FL

8525 Exchange Dr.
Orlando, FL 32809
20-0998041

Woonsocket, RI

108 Mason St.
Woonsocket, RI 02895
05-0340626

Indianapolis, IN

7590 Empire Dr.
Indianapolis, IN 46219
06-1630375

Conroe, TX

301 S Trade Center Blvd
Conroe, TX 77385
05-0340626

Novi MI

43800 Genmar Dr.
Novi, MI 48375
06-1630378

Woonsocket, RI

400 Founders Dr.
Woonsocket, RI 02895
05-0340626

Vero, FL

2577 98th St
Vero Beach, FL 32966
20-0998055

Ontario, CA

CVS Bulk
1060 N. Wineville Ave
Ontario, CA 91764
94-1059121

Phoenix, AZ

125 South 67th Ave
Suite 105
Phoenix, AZ 85043
05-0340626

Chemung, NY

FS/OTC
1 CVS Drive
Waverly, NY 14825
05-0501917

Chemung, NY

RX/Cig
White Wagon Rd @ Route 17
Chemung, NY 14825
05-0501917

Kapolei, HI

1025 Opakapaka
Kapolei, HI 96707
94-1059121

Navarro, FL

9400 N.W. 104 Street
Medley, FL 33478
20-0998055



6.7 SUPPLIER FINANCIAL EVALUATION FORM

Date of Request: _____

Supplier Name: _____

Address: _____

City _____ State _____ Zip _____

Phone #: _____

Fax #: _____

Contact Person: _____

Trade References (3):

Company Name: _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Phone _____

Company Name: _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Phone _____

Company Name: _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Phone _____

Bank Reference:

Bank Name: _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Phone _____

Account Number _____

Federal or Tax _____

Type of Business Circle One:

Corporation Partnership Sole Proprietor LLC Other: _____

Dunn and Bradstreet:

Number _____

Related Companies and Subsidiaries: ___ Yes, If Yes complete below ___ No

Company Name: _____

Address _____

City _____ State _____ Zip _____

Contact Name _____ Phone _____

Years in Business _____ yrs

Officers: _____

Supplier Financial Evaluation Form (Page 2)

Corporate parent _____

Subsidiaries _____

Principle executives/owners:

- President _____
- CFO _____
- Owners _____

Financial reports available and attached? y/n ()

Previous debit balance write-offs? y/n ()

Finance Statement Review:

- Short-term liabilities covered by available cash sources? y/n ()
- Generating positive cash flow from operations? y/n ()
- Positive profit trend ? y/n ()
- Review any available financial or industry reports on the web that could reveal the true longevity of the company:
 - Source: _____
Notes: _____
 - Source: _____
Notes: _____
 - Source: _____
Notes: _____

Report to Category Management if the supplier is at risk.

Recommended Action:

- Approve ()
- Hold All Payments ()
- Hold Payments () \$ _____
- Do Not Use Supplier ()
- Reason: _____

Other Notes:

6.8 SUPPLIER HOLD / RELEASE PROCEDURES

Supplier Hold / Release Procedures

Objective:

To establish and maintain control of the supplier hold process.

Business Rules:

It is important to detail the explanation for the requests pertaining to supplier holds and releases. This documentation will expedite supplier correspondences and improve efficiencies. It will also provide an audit trail to assist in the reconciliation of supplier accounts.

Supplier Hold/Release:

Holding payments is a payment option in the People Soft Accounts Payable application. This payment option is in the Location Tab within Maintain Suppliers. In the payment control screen “Hold Payments” can be checked off.

Procedures:

1. Payments to supplier should be placed on hold.
2. Payment hold request form is completed. All information must be completed.
 - Supplier Number
 - Supplier Name
 - Supplier Address
 - Action to be taken
 - Explanation for hold
3. Print name of requesting individual.
4. Request form approved by Category Manager or Department Manager.
5. Approved form is forwarded to the Accounts Payable Quality Control Department. The supplier hold /release form can be forwarded via e-mail. The form should be sent to the originator’s manager for approval and forwarded to AP Control for processing.
6. AP Quality Control reviews request form for completeness and approval. If the form is not complete the AP Quality Control will return request to the originator.
7. The appropriate action is taken.
8. Request form is filed in AP Quality Control for easy retrieval and audit purposes.

Note: The same procedure will be followed for a payment release request.



6.9 ACH OPEN LETTER

CVS

**One CVS Drive
Woonsocket, RI 02895**

March 15, 2010

Dear Valued Supplier:

CVS has the capability to transmit supplier payments electronically. All payments will be made directly to your bank via an ACH transaction (next day payment). CVS will transmit the EDI/EFT 820 in a Corporate Trade Exchange (CTX) format, which is the payment and remittance bundled together. The supplier's bank will be responsible for forwarding the EDI 820 remittance advice to the supplier along with the notification that funds were received.

Back up for all deductions will be mailed to the correspondence address that is listed on the ACH form or sent by EDI812 for EDI capable vendors.

In order to be eligible for ACH payments, the following requirements need to be met:

- Supplier must be currently transmitting invoices to CVS via EDI, excluding non-merchandise
- Supplier provides new or better payment terms to CVS to remain mail float neutral
- Supplier volume is over the established threshold to benefit the ACH process

Benefits to the supplier

- There are no "lost" checks
- No additional mail time
- ACH payment and remit information will be sent directly to supplier's bank.
- By providing CVS with a correspondence address, all invoice deductions and supplier mailings will go directly to the supplier rather than a lock box. Thus reducing missing back up documentation

If you are interested in receiving your payments via ACH, please fill out the attached form on this web page and return to the contact listed on the form. Please list all of your PO supplier numbers and your current and new supplier terms. Upon completion, CVS will review and initiate contact as to when you will receive your payments via ACH.

If you have specific questions regarding the 820 remittance file, please see our website at www.cvssuppliers.com or contact our EDI email EDIAPMailbox@cvs.com with any specific questions regarding the ACH and the 820 remittance.



6.10 ACH PAYMENT ADD OR ACCOUNT CHANGE REQUEST

The following information is required for CVS Health to initiate ACH payments or change existing ACH payment bank routing-account information. The *Release of Information* section must be completed and authorized by an officer of your company recognized by your bank to release confirmation of the information provided by your company. Cash in bank terms are not recognized by CVS Health and all payment terms are from receipt of product into our distribution center or retail store.

CVS Supplier Name _____

CVS Supplier # _____ Federal Tax ID# _____

Payment Terms: Current _____ New _____

CHECK REMITTANCES

CORRESPONDENCE INFORMATION

Old Remittance Address:

Contact Name _____

Remit Name _____

E-Mail Address _____

Address Line 1 _____

Address Line 1 _____

Address Line 2 _____

Address Line 2 _____

City _____

City _____

State _____ Zip Code _____

State _____ Zip Code _____

Telephone # _____

Telephone # _____

ACH ELECTRONIC PAYMENTS

Old Account/Bank Information:

New Account/Bank Information:

Bank Name _____

Bank Name _____

Bank Address _____

Bank Address _____

Address Line 2 _____

Address Line 2 _____

City _____

City _____

State _____ Zip Code _____

State _____ Zip Code _____

Routing/ABA # _____

Routing/ABA # _____

Account # _____

Account # _____

Payee Name _____

Payee Name _____

Payee Address _____

Payee Address _____

Requester's Name _____

Requester's Title _____

Requester's Telephone Number _____

Requester's E-mail Address _____

CVS APPROVALS

CVS AP Manager _____ Date _____

ACH Payment Add or Account Change Request (Page 2)



Bank Name _____

Address Line 1 _____

Address Line 2 _____

City _____

State _____ Zip Code _____

Cash Management/Credit Relationship Officer _____

Phone Number _____

Fax Number _____

Email Address _____

Bank to Complete:

To Whom It May Concern:

CVS Health has obtained authorization as referenced below (*Release of Information*) from an officer of _____ to confirm the information provided on Page 1 of this request under the *New Account/Bank Information* section for the purpose of validating that CVS funds transmitted to this account will be credited to the proper CVS supplier. Please complete the following:

The information supplied is correct (); or is not correct () *check one*

Confirming Bank Employee Name _____

Your Title _____

Your Telephone Number _____

Supplier to Complete

Release of Information

I hereby authorize (New Bank) _____ to release information confirming the ownership of the above referenced New Account/Bank Information to CVS Health for the purpose of validating the authenticity of this request to direct funds to this banking institution on behalf of (CVS Supplier Name) _____.

Officer Name _____ Officer Signature _____

Officer Title _____ Date _____



International ACH Transaction Rules

In connection with certain processing requirements for electronic supplier payments that are sent to a financial institution outside of the United States, CVS Health Corporation needs to know whether our payments to you are being forwarded from a United States financial institution to a financial institution in another country.

The particular rules are referred to as “International ACH Transaction (IAT) rules” and are pursuant to requirements of the Office of Foreign Assets Control.

In order for CVS Health Corporation to comply with the IAT rules and the applicable United States laws, you are requested to complete the “IAT Payee Affirmation Statement” below and return it with the ACH application. Failure to complete and promptly return the Affirmation Statement will make you ineligible to receive payments electronically.

IAT Payee Affirmation Statement

I represent that I have all requisite power, authority and capacity to execute this IAT Payee Affirmation Statement on behalf of my business. In addition, I acknowledge that electronic payments to the designated account for my business must comply with the provisions of United States law, as well as the requirements of the Office of Foreign Assets Control (OFAC).

Please check one of the following:

_____ I affirm that, regarding electronic payments that CVS Health Corporation may remit to the financial institution for credit to the account that I have designated, the entire payment amount **is not** subject to being transferred to a foreign bank account.

_____ I affirm that, regarding electronic payments that CVS Health Corporation may remit to the financial institution for credit to the account that I have designated, the entire payment amount **is** subject to being transferred to a foreign bank account. I understand that any payments that may be remitted to my business in the future may be labeled with “IAT” as the standard entry class. I also understand that CVS Health Corporation may elect to remit future payments to my business in any manner that it deems necessary to comply with the IAT rules.

Please note that by signing this IAT Payee Affirmation Statement, you agree to notify CVS Health Corporation promptly in the event that the selection above is no longer correct.

Signature

Date

Print Name and Title



6.12 eSETTLEMENT SECURITY AUTHORIZATION FORM

CVS Health– eSettlement Payment & Invoice Information Application Security Authorization Form

As a CVS supplier, you can access payment and information on your invoices through an application called *eSettlement*. To ensure the security of this site, CVS maintains stringent policies and standards related to access rights. Please provide us with the information requested below. CVS will not grant access rights *eSettlement* until a fully completed form is returned and approved.

CVS Health requires a signature acknowledging acceptance of the agreement terms contained in this document governing access by and use of the information contained through the *eSettlement* application by your company and its representatives, and providing confirmation that the list of users is authorized to access *eSettlement* on your behalf. CVS Health also requires each of your representatives as listed to agree to those terms and condition by their signature on this document.

This form should be used for the initial set-up of access and all subsequent changes by re-submitting this form with updated information and approvals.

Company Name:	
CVS Remit Supplier #:	

CVS Supplier # is a five digit, numeric or alpha/numeric character code starting with a 1, 2 or 3. Supplier # is found on any payment remittance advice from CVS.

CVS Health Access Acknowledgement and Terms of Use

In accepting CVS Health *eSettlement* access, you agree on behalf of your organization to the following terms and conditions:

1. Any and all information, data, applications and computer infrastructure, which you are exposed to, either unintentionally or intentionally, are the property of CVS Health and considered confidential. At no point in time during, or after your access has been revoked, will you discuss this with any individuals or organizations without written authorization from CVS Health General Counsel.
2. An ID and password will be assigned to the person(s) noted below. This ID and its password are for this person only and as such, not to be shared with any other individuals in, or outside of your organization.
3. Access restrictions are granted based on CVS accounts payable department and your company’s executive approving your representatives’ access.
4. All downloading of information other than as available within the application must be authorized in advance.



- 5. Probing CVS Health internal network servers and routers is forbidden.
- 6. Unauthorized access to CVS Health internal network servers and routers is forbidden.
- 7. Failure to comply with these requirements could result in the following:
 - a. Voiding of all CVS Health contractual obligations.
 - b. Loss of remote access privileges.
 - c. Criminal and/or Civil Action against you and your organization.

The table below lists individuals within your organization or through a factored relationship that will access *eSettlement*. These individuals will *eSettlement* application on behalf of your organization. These individuals will be able to inquire on the status of your invoices and to retrieve your payment information.

ImageSilo Access	User Name (Last/First)	Phone #	Ext	Email Address	User Signature in Agreement to CVS Health Access Acknowledgement and Terms of Use
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					
<input type="checkbox"/>					

Supplier Acknowledgement and Acceptance:

Access Approved & Terms of Use Accepted By: _____
 (Please print – name & title)

Signature: _____ Date: _____

Credit Manager Email address: _____

Phone #: _____

Please fax completed and signed form to your Accounts Payable Representative

****CVS Health Use Only ****

Approved By: _____ Date: _____

AP Control Entry Date: _____



6.13 NEW SUPPLIER INFORMATION FORM & INSTRUCTIONS

<http://www.cvssuppliers.com/sites/suppliers.sub.cvsc.addventures.com/files/WarehouseSupplierForm.xls>

<http://www.cvssuppliers.com/sites/suppliers.sub.cvsc.addventures.com/files/DSDSupplierForm.xls>