



Doing Business with CVS.com
Drop Ship Partners Guide: Terms and
Conditions

(Appendix to Drop Ship Agreement)

Standards contained in the document
go into effect 3/1/2016

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1. Overview

Suppliers that intend to do business with CVS.com as drop shippers will need to comply with the terms and conditions specified in this guide. This guide should be used in conjunction with the terms and conditions detailed in the Drop Ship Agreement, CVS Supplier Policy and other policies listed on www.cvssuppliers.com. Any exceptions to this guide should be requested in writing by emailing DCVendorInquiries@cvscaremark.com. A CVS representative will review the request and reach out to you within 3 business days of receiving the request.

2. Connecting with Commerce Hub

The Supplier agrees to connect with CVS's drop ship partner, Commerce Hub to enable drop shipment. The Supplier will be required to sign an agreement with Commerce Hub and pay the necessary set up and transaction fees as per the attached supplier guide (**Exhibit 1**). The Supplier will be responsible for ensuring integration with Commerce Hub is complete in a timely manner in time for assortment launch.

3. Inventory

The Supplier shall:

- Maintain an in-stock rate of at least 98% at any point in time for products supplied through CVS.com
- Update inventory in Commerce Hub through a feed in the format required by Commerce Hub 7 days a week. The feed must contain ONLY items agreed upon with CVS as being a part of the CVS.com online assortment. The CVS approved items will be communicated to the vendor prior to launch.
 - *Discontinued Items*. Should be identified on the Inventory Summary Report 30 days prior to the discontinuation. The supplier shall remove these discontinued items from the Inventory feed 30 days after notifying CVS.
 - *Out of Stocks*. Supplier shall indicate "0" inventory for items that are out of stock in the feed and provide visibility into dates the items are expected to be back in stock. No item shall be marked out of stock for any reason other than genuine out of stock scenarios

4. Order Fulfillment:

4.1. PO Acknowledgement

CVS orders will be transmitted to Supplier through a PO via Commerce Hub. Supplier shall confirm the PO as follows:

- Browser Based Connection: Supplier shall access orders on a real time basis but at least two times daily 7 days a week (12 pm and 5 pm local time) and acknowledge the PO. PO acknowledgement is defined as supplier downloading the packing slip.
- Standard Connection: PO acknowledgement will be generated systemically and transmitted through Commerce Hub in accordance with the terms of integration.

4.2. Order Shipment or Cancellation:

- Suppliers shall follow a policy to "Fill or Kill at the Order Line Level
- Suppliers shall ensure that the orders/lines are confirmed for shipment or cancelled within **24 hours** of the PO being made available to the vendor through Commerce Hub. In case of shipments, the products must show updated status –pick up by carrier, scans etc within 24 hours of receipt of a PO. Hours of operation apply to all 7 days in a week.
- We have implemented **2 day business shipping** nationwide across our fulfillment channels for all orders. To support this for our drop ship program, our expectation would be:
 - All orders **received by 12 pm EST** (Cut off time) will be required to be **processed and shipped same day**. However, please make every effort where possible to ship orders same day even if received after cut off
 - For example: Orders placed by cut off time Monday will be shipped out by UPS same night (based on UPS pick up time). UPS will deliver this order to customer by Wednesday End of Day. Orders placed by cut off time Thursday will be shipped out by UPS same night (based on UPS pick up time). UPS will deliver this order to customer by Monday End of Day
 - All orders **received after 12 pm EST** will need to be processed and made available to ship by UPS no later than the next scheduled possible pick up (same day or next day)
 - If you are connected through a "Browser" with Commerce Hub, you would be required to ensure that orders are retrieved in a timely manner as often as possible in the day but at a minimum 2 times daily: 12 pm EST and 5 pm EST
 - Package tracking numbers will be made available and uploaded into Commerce Hub daily
 - Supplier shall cancel an order based on a request from the CVS Customer Care team if items have not already been shipped **within 24 hours** of order being received by Supplier

4.3. Order Packaging/Label Requirements:

Supplier will ensure the packaging procedures listed below are followed:

- Select proper box size for the delivery. Use smallest size required to safely transport the items
- Boxes should not have Supplier logos, contact information or promotional materials included
- Ensure that the boxes do not have any labels or information affixed that identifies contents of the package except when required by law
- Pack items with care. Be sure to fill empty space with packing material (green pillow fill; bubble wrap should not be used)
- Ensure that the packing slip is included with the shipment inside the box. The packing slip should meet CVS standards
- All custom packing slips need prior CVS approval.
- Ensure that the correct items are included – match CVS item # in the order with the UPC and item description
- Do not overload a carton. If required use multiple cartons to distribute the weight evenly across cartons. Label with appropriate multi carton decals
- All liquids should be taped and bagged (including laundry detergent)
- All products with removable lids must be taped
- All repellants, insecticides and other similar items MUST be sealed in a zip lock bag
- The following products MUST be bubble wrapped: *Glass, Powdered Make Up, Canned Goods*

4.4. Packing Slip:

- A CVS approved packing slip must be included in every shipment. The packing slip must follow the guidelines in the attached document/guide (**Exhibit 2**). Any exceptions to the packing slip will need to be approved in writing by CVS. For exception approvals please email DCVendorInquiries@cvscaremark.com.

4.5. Freight Terms and Carriers

- CVS and Supplier shall operate under a "Collect Freight Model". Product costs shall exclude freight rates.
- CVS will provide Supplier with a UPS sub account number to be used by supplier for shipment. Supplier shall provide the necessary information required to create the UPS account number by completing UPS Set up Form
- All Suppliers shall ship based on the shipping method specified on the P.O.

5. Returns

In lieu of customer returns and damages, CVS will deduct a 3% allowance at the end of each quarter. In an extenuating circumstance, CVS reserves the right to true up for returns that exceed 3%

6. Web Content

6.1. Item Set up

- Supplier will be responsible for providing timely and accurate information to complete the product set up in CVS PIM systems. This includes all the information required in the consolidated assortment template provided as a part of the Supplier package including UPCs, Dimensions, Item Numbers, etc

6.2. Web Content

- Web Product Content includes the product information including product titles, descriptions, images and other content required to display products online. The web content needs to meet the requirements of a style guide.
- If the Supplier is unable to provide the web content, Supplier needs to communicate this to CVS within 2 days of receiving the request for the content.

6.3 Web Image Requirements

Images must be a standard ".jpg" images on a white background. Up to five images can be shown on the site. Lifestyle images are not acceptable primary images (images that include body part, items in use etc.

7. SKU Maintenance:

7.1. Cost Change Process:

- Cost Changes must be received 90 days prior to the effective date. CVS reserves the right to evaluate all cost increases and make a determination on if these are acceptable. In the event

there is disagreement on costs, CVS will reserve the right to remove the products from CVS.com.

- All cost changes will be sent to **Debra.Armstrong@cvshhealth.com**
- CVS will not be responsible for any invoicing issues caused from a different cost charged by the supplier before the 90 day period.






7.2. Product Content and Other Changes:

- Supplier shall be responsible for providing CVS with current product information including costs, images, product content
- All product content and imaging changes will be communicated to CVS as soon as possible within a week of the Supplier becoming aware of these
- All product changes will be communicated to DCProductionChangeAdmin@cvscaremark.com with the subject line containing the naming convention **Vendor Name_Product Change_Date (Format: 00/00/00)**.

8. Product Recalls:

- Supplier will be responsible for communicating product recalls to CVS as soon as a recall is announced. Supplier shall also ensure that any orders in transit for recalled products are stopped prior to shipment if possible.
- All recalls will be communicated to DCProductionChangeAdmin@cvscaremark.com with the subject line containing the naming convention Vendor Name_Product Recall_Date (Format: 00/00/00). Please provide the following information when communicating recalls:
 - Vendor/Merchant SKU and UPC of affected product(s)
 - Effective date of the recall
 - Detail/Reason of recall including if possible FDA or US Consumer Product Safety Commission URL
 - Item should be discontinued from inventory feed immediately

Exhibits

Exhibit	Details	Attachment
Exhibit 1	Commerce Hub Supplier Guide	 Commerce Hub Introduction to supply
Exhibit 2	Packing Slip Guide	 CVS.com Packing Slip
Exhibit 3	UPS Set Up Form	  UPS account integration.doc UPS New Account Request Form.xls
Exhibit 4	Commerce Hub Set up Form	 CVS - CommerceHub - New Vendor Setup F