Supply Chain Performance Program Instructions

VERSION #	REVISION CHANGES HISTORY
01	**Document created and published 07/06/2018**
02	*Administrative changes made throughout* **Section II. Supply Chain Performance Program Description, Subsection a. On Time and In Full –** Added examples of weekly and monthly reporting available to vendors and provided definitions of fields
03	*Administrative changes made throughout* Removed all mention of STA program from document as program was discontinued effective in July 2018. **Section II. Supply Chain Performance Program Description** Added Small parcel program to CVS Supply Chain Performance Program Summary Table **Subsection A. On Time and In Full ("OTIF")** Updated description for OTIF invoice offsets on check remittance effective week ending 10/10/2020 Updated contact e-mail for vendors seeking access to collect load management vendor portal **Subsection B. Delivery Appointment Integrity (formerly On-Time)** Updated description for AI invoice offsets on check remittance Updated CVS Preferred Carriers- Added SAIA to *National LTL*, Removed NEMF & SAIA from *Regional LTL Carriers* **Subsection C. Packing List and Bill of Lading** Updated description for PL/BL invoice offsets on check remittance **Subsection D. Small Parcel** Added section for new Small Parcel program
04	**Section II**. Supply Chain Performance Program Description: Updated the Appointment Integrity penalty rates Added a section for ASN Program **Section II.A** On Time and In Full ("OTIF") Removed section on Application of PBC Added section on OTIF Penalty Calculation Removed section on Monthly PBC Performance Summary **Section II.B** Delivery Appointment Integrity Updated Appointment Integrity penalty rates **Section II.E** ASN Compliance Added section of ASN Program **Section III.** Supply Chain Performance Disputes Updated dispute window from 90 days to 45 days
05	Revisions and enhancements made throughout, and subject matter has been reorganized **Revision Change History** – moved to last page Additions/enhancements include and appear in the following order: • **SCP Deduction Coding section** – added reference table listing deduction codes as they appear on payment remittances

	• **Payment Offsets Managed by Other Groups section** – added link to Vendor Contact list
	• **Charge Notifications for OTIF, ASN, and SP section**:
	  ○ Subsection II – addition of Rule Numbers table applicable to Weekly Compliance Summary
	  ○ Subsection III – addition of OTIF PO Detail Monthly Reporting
	• **Reference Materials and Resources (new section)**:
	  ○ Subsection II – addition of Collect Routing Calculator
	  ○ Subsection II – addition of Syncrofy portal
	  ○ Subsection IV – addition of 856 856 ASN Spec Guide
	  ○ Subsection V (E) – addition of SOP for Obtaining & Interpreting Appt Details within Traverse portal
	• **ASN Compliance Program section** – enhanced compliance details for all noncompliance parameters
	• **Obtaining Charge Details for OTIF,, ASN, & Small Parcel Charges section**:
	  ○ Subsections I & II - added step by step instructions for obtaining and interpreting charge details for all three programs and enhanced information for all Exclude Reasons found on the OTIF Charge Support reports
	  ○ Subsection III – appointment details transitioned from eAppointment to Traverse
	  ○ Subsection IV - added reference tables containing list of CVS's required information for PLs & BOLs
	• **Supply Chain Performance Noncompliance Disputes section**:
	  ○ Subsection II - addition of ASN noncompliance dispute process
	  ○ Subsection II (A & B) - addition of detailed information pertaining to dispute comments and supporting documents for OTIF, Small Parcel, and ASN noncompliance disputes

06	**Small Parcel Compliance** – beginning May19, 2025, the maximum number of cases allowed to ship via *Collect* small parcel ground has been reduced from 30cs to 15cs bringing it inline with Prepaid small parcel/ground policy

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Introduction

CVS Health is committed to becoming the nation's most trusted health and wellness destination. To do so, we are focused on ensuring our supply chain is operating at the highest level of effectiveness and efficiency to provide our customers and patients with a superior shopping experience. Our Supply Chain Performance Compliance Programs are a critical component to achieving our customer service objectives and remaining competitive in the industry.

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Supply Chain Performance Program Descriptions

The following is a comprehensive snapshot of the CVS Supply Chain Performance Compliance Programs. Each program is described in further detail in the sections that follow.

Performance Metric	Definition	Penalty
On Time and In Full (OTIF)	Measure of ability to deliver product in accordance with the original STA date and consistent with original purchase order (PO) item/quantities	Percent of non-compliant PO cost based on performance tier per PO
Appointment Integrity (AI)	Measure of ability to honor warehouse delivery appointment(s). Failure triggered by one of the following events (*do not include weekends or holidays)*: 1) Arrival beyond 30 minutes of scheduled appointment 2) Cancellation or Reschedule request with less than 24 hours prior to approved appointment, or 3) Failure to arrive for scheduled appointment (i.e. No Show and Rescheduled/Cancelled after appointment date/time)	Chargeable penalties are per occurrence 1) $100 2) $275 3) $500
Bill of Lading	Missing or Inaccurate Bill of Lading	$100 per load
Packing List	Missing or Inaccurate Packing List	$100 per load
Small Parcel (SP)	Measure of adherence with case limits for small parcel/ground deliveries into the CVS distribution network: 1) Collect and Prepaid Delivery: 15 Cases	$5 per case over the limit, up to $150
Advance Ship Notice (ASN)	<u>Missing ASNs</u> (includes either of the following scenarios) i. Vendor failed to send an ASN with warehouse shipment/delivery by one calendar day prior to the receipt of inventory ii. Vendor fails to send an ASN in a readable format (997 Rejection) iii. Vendor fails to provide the business-critical segments. <u>Late ASNs</u> i. Vendor failed to send an ASN by one calendar day prior to the receipt of inventory. <u>Inaccurate ASNs</u> i. Vendor sent an ASN in a readable format however all of CVS technical specifications were not met.	<u>Missing ASN or ASN Rejection (997)</u> $100 Per PO <u>Late ASN</u> $75 per PO <u>Inaccurate ASN (824)</u> $50 per PO

Supply Chain Performance Deduction Coding

Penalties under the CVS Supply Chain Performance Programs are assessed as offsets or deductions against future invoice payments. The following is a listing of all deduction codes utilized to classify Supply Chain Performance deductions. When a vendor receives a supply chain performance deduction, these codes can be found on their payment remittance.

Compliance Program	Code	Expense offset referenced on payment remittance	Example
OTIF	Begins with "SCP" Ends with "OT"	SCP, followed by charge #, ending with OT	SCP1234567OT
Small Parcel	Begins with "SCP" Ends with "SP"	SCP, followed by charge #, ending with SP	SCP1234567SP
ASN	Begins with "SCP" Ends with "AS"	SCP, followed by charge #, ending with AS	SCP1234567AS
Appointment Integrity	Begins with "AI"	AI, followed by vendor #, followed by month, ending with year	AI12345MAY2023
Packing List	Begins with "L"	L, followed by ticket #, followed by DC Code, ending with PO #	L12345CH12345
Bill of Lading	Begins with "M"	M, followed by ticket #, followed by DC Code, ending with PO #	M12345NA1234567

Payment Offsets Managed by Other Groups

Please note the Supply Chain Performance team does not manage any offsets or deductions outside of the table above. Vendors seeking information about deductions not listed above should follow these steps in finding the appropriate CVS contact:

- Click on the following link: https://cvssuppliers.com/document-library/finance.
- Download the document entitled Vendor Contact List.
- Click on the *Deduction Guide Reference* tab.
- Scroll down to locate the deduction code (i.e. Invoice # Beginning with "DSB").
- Click on the hyperlink in the *Department* or *Contact Name* column.

Charge Notification for OTIF, ASN and SP

Vendors are strongly encouraged to investigate charges upon receipt of the Weekly Compliance Summary, distributed after charges have been transmitted in Traverse. The dispute deadline for OTIF, ASN, and SP charges is 45 days from the transmitted date.

CVS utilizes an online portal to facilitate three of our Supply Chain Performance programs: On Time and In Full Performance (OTIF), Advanced Ship Notice (ASN) and Small Parcel (SP) programs. The portal is managed by a third party, Traverse Systems. *As such, any monitoring and tracking of performance data and submission of disputes should be handled in the Traverse Portal for these programs.*

To obtain portal access, reach out to supplychainperformance@cvshealth.com and provide the following information in the body of your e-mail:

- Supplier Name
- Contact Name
- CVS 5-digit vendor number* (all applicable numbers)
- Contact Email Address**

**Vendor numbers are established at the item category level (i.e., skin care, cosmetics). If you are a vendor servicing multiple categories, you likely have multiple vendor numbers. When requesting portal access, please be sure to include a listing of all your vendor numbers to ensure you have visibility to all your data.*

***Access is established at the individual user level and includes visibility to data for all applicable vendor numbers. Some user accounts are given administrator privileges and as such can create new users and assign access to vendor numbers. Prior to reaching out to our team, please check with any current users at your organization as they may be able to create an account for you and provide the appropriate privileges to your vendor number(s).*

Please note, users are required to log into the portal at least once every 90 days otherwise their accounts will be automatically inactivated, and they will lose their access to the portal.

Charges for OTIF, ASN, and Small Parcel noncompliance are visible (within 1 business day of charge creation) with access to the Traverse portal.

Charge notifications are distributed by Traverse via email in the form of weekly pdf summaries (OTIF Summary & Compliance Summary) and a monthly Excel report (OTIF PO Monthly Detail).

I. The Weekly OTIF Summary:

The OTIF summary is distributed the first or second business day of each week, within 5 business days of PO analysis and is exclusive to OTIF analysis results. The list contains all POs analyzed within the date range noted in the report header, ***including POs placed on exemptions and POs where the charges were already deemed invalid prior to reporting. A PO within these 2 scenarios will show as noncompliant on the OTIF Summary but will not generate an OTIF charge.***

CVS - Weekly OTIF Summary

Data in Report is for POs Reviewed for OTIF 1/3/2025 - 1/9/2025

Important note about OTIF analysis v approval timing

Due to differences in the timing of when POs are analyzed for OTIF and OTIF charges are approved for processing, there may be times where a PO is listed on the most current Weekly OTIF Summary and will appear on the following week's Weekly Compliance Summary.

Questions can be sent to SupplyChainPerformance@CVSHealth.com.

PO Vendor: **Pay Vendor:**

OTIF Effectiveness Calculation

Total Invoice Cost

Received On Time

Overall OTIF Effectiveness **80.0%**

PO #	STA Date	First On Time Receipt	Order Units	Units Recvd On Time	Purchase Order Cost	Received On Time Cost	OTIF Effectiveness
	12/20/2024	12/27/2024	864	864			100.0%
	12/20/2024	12/30/2024	1,728	1,728			100.0%
	12/20/2024	12/24/2024	864	864			100.0%
	12/13/2024	No OT recpt	864	0			0.0%
			4,320	**3,456**			**80.0%**

II. The Weekly Compliance Summary:

The Compliance Summary is distributed the first or second business day of each week and within 5 business days of charge creation. Included in this summary are charge numbers, charge reasons, and charge amounts for OTIF, Small Parcel and ASN. If POs analyzed the prior week did not generate a charge, a Weekly Compliance Summary will not be distributed.

CVS

Important note about OTIF analysis v approval timing

WEEKLY COMPLIANCE SUMMARY

Issues below have been identified and recorded 7 days ending 1/9/2025.

Due to differences in the timing of when POs are analyzed for OTIF and OTIF charges are approved for processing, there may be times where a PO is listed on the most current Weekly Compliance Summary and will appear on the previous week's Weekly OTIF Summary.

Questions can be sent to SupplyChainPerformance@CVSHealth.com.

PO VENDOR NUMBER
VENDOR NAME
PAY VENDOR NUMBER

Charge Date	Rule #	Charge #	Rule Description	PO #	Charge Amount
1/5/2025	3041		OTIF non-compliance < 85%		
1/8/2025	2100		Small Parcel Shipment		
1/8/2025	2100		Small Parcel Shipment		
	Total	3			

Rule Number	Compliance Program Description
3040	OTIF Non-Compliance <95%
3041	OTIF Non-Compliance <85%
2100	Small Parcel/Ground (# of cases exceeds limit)
ASNMISS	ASN Missing
ASN997	ASN Rejection
ASNLATE	ASN Late
ASN824	ASN Inaccurate

The Weekly Summary reports are archived in the Traverse portal for one year and obtainable utilizing the following steps:

1. Click on "Vendor Tools"
2. Find Scheduled Reports
3. Us the drop-down arrow in "Report Name" parameter
4. Choose either "CVS – Weekly Compliance Summary – DX" or "CVS – Weekly OTIF Summary – DX"

III. OTIF PO Detail Monthly Reporting:

The Monthly OTIF PO Detail reports are distributed within 14 business days after the previous fiscal month. The report contains OTIF analysis results for all POs analyzed in the previous month.

- The data includes POs approved for OTIF exemptions, identifiable by the absence of a charge number or charge amount.
- The data does not reflect the results of disputes resolved or reversed.
    - The report reflects original charges only. In instances where a charge was disputed and reversed (full or partial reversal), the charge number and full charge amount will remain on the report.

Report Columns and Definitions

Column Header	Definition	Column Header	Definition
FISCAL_MONTH_NBR	Fiscal year/month	DC	CVS Distribution Center
PAY_VENDOR_NBR	Accts Payable Vendor number	DC_NAME	CVS Distribution Name
PAY_VENDOR_NAME	Accts Payable Vendor name	ORDER_UNITS	Original Order Units
VENDOR_NBR	PO/Category Vendor number	ORDER_COST	Original Order Cost
VENDOR_NAME	PO/Category Vendor name	RAO_UNITS	Received as Ordered Units
CAT_NBR	Category Number	RAO_COST	Received as Ordered Cost
CAT_DSC	Category Description	ONTIME_RAO_UNITS	OnTime Received as Ordered Units
PO_NBR	Purchase Order numbers	ONTIME_RAO_COST	OnTime Received as Ordered Cost
CHARGE_NUM	Charge (SCP) Number	CHARGE_AMT	Charge Amount
DIAGNOSTIC	Evaluation of the PO	RAO_UNIT_FILL_RATE	Received as Ordered Unit Fill Rate
PO_CREATE_DT	Date the PO was created	ONTIME_RAO_UNIT_FILL_RATE	OnTime Received as Ordered Unit Fill Rate
STA_DT	Ship to Arrive date	RAO_COST_FILL_RATE	Received as Ordered Cost Fill Rate
		ONTIME_RAO_COST_FILL_RATE	OnTime Received as Ordered Cost Fill Rate

Diagnostics	Definitions
ON TIME - IN FULL	PO was OTIF Compliant
ON TIME - NOT FULL	PO was On Time, but was not received In Full to original Item/Quantities ordered
LATE - IN FULL	PO was Late, but received In Full
LATE - NOT FULL	PO was both Late and not received In Full to original Item/Quantities ordered

IV. Charge Notifications and Obtaining Backup for Appointment Integrity Compliance

Appointment Integrity (AI) violations are aggregated monthly. All violations with appointment dates that fall within a single month are consolidated into a monthly AI report and distributed via email within two weeks from the last business day of the previous month.

The email distribution list is pulled from the Traverse compliance portal* and includes only 'active' portal accounts.

- If your Traverse account automatically inactivates due to 90+ days of inactivity, you will not receive the report until your account is reactivated.
- Keep your account active and log into Traverse periodically or at least once every 90 days.
- If your account is inactivated, you'll need to request reactivation. Email supplychainperformance@cvshealth.com and provide the email address associated with your Username.

Refer to **Reference Materials and Resources section for more information.*

V. Charge Notification and Obtaining Backup for Bill of Lading and Packing List Compliance.

Upon receipt of an expense/deduction offset, email supplychainperformance@cvshealth.com to request backup. Include the deduction as it is referenced on the payment remittance (refer to Deduction Coding table in previous section)

Reference Materials and Resources

I. Traverse Systems Portal

CVS utilizes an online portal to facilitate three of our Supply Chain Performance programs: On Time and In Full Performance (OTIF), Advanced Ship Notice (ASN) and Small Parcel (SP) programs. The portal is managed by a third party, Traverse Systems. As such, any monitoring and tracking of performance data and submission of disputes should be handled in the Traverse Portal for these programs.
To obtain portal access, reach out to supplychainperformance@cvshealth.com and provide the following information in the body of your e-mail:

- Supplier Name
- Contact Name
- CVS 5-digit vendor number* (all applicable numbers)
- Contact Email Address**

**Vendor numbers are established at the item category level (i.e. skin care, cosmetics). If you are a vendor servicing multiple categories, you likely have multiple vendor numbers. When requesting portal access, please be sure to include a listing of all your vendor numbers to ensure you have visibility to all your data.*
***Access is established at the individual user level and includes visibility to data for all applicable vendor numbers. Some user accounts are given administrator privileges and as such can create new users and assign access to vendor numbers. Prior to reaching out to our team, please check with any current users at your organization as they may be able to create an account for you and provide the appropriate privileges to your vendor number(s).*

Please note, users are required to log into the portal at least once every 90 days otherwise their accounts will be automatically inactivated, and they will lose their access to the portal.

With access to the Traverse portal, informational and educational resources are available:
Click on the Learning Center tool bar, choose Information and Documents, and refer to the applicable sections (Newsletters and Communications, General, OTIF, ASN, Small Parcel, Appointment Inquiry, Portal Help Documents).

II. Collect Routing Calculator Tool for use by suppliers with Collect freight terms (CVS managed freight).

The calculator is available in the MercuryGate portal. Contact any one of the following contacts for assistance

Destination State	Region	Contact
CT, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV	cvsEast	cvsEast@cvshealth.com
IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, SD, WI	cvsMidwest	cvsMidwest@cvshealth.com
AL, AR, FL, GA, LA, MS, NC, OK, PR, SC, TN, TX	cvsSouth	cvsSouth@cvshealth.com
AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY	cvsWest	cvsWest@cvshealth.com

III. Syncrofy Portal

Vendors have the option to obtain access to the Syncrofy Portal. This portal is useful for reviewing ASN documents and investigating ASN compliance discrepancies. For access, send a request to EDI_ASN_Onboarding@CVSHealth.com. Please include your 5-digit CVS vendor number and/or ISA/GS ID (examples: SUPPLIER_12345, SUPPLIER2_34567 or ZZ/123456789, 12/987654321) in the body of your email.

IV. 856 ASN Specification Guide

Outlines all the CVS ASN requirements.

https://cvssuppliers.com/sites/launch/files/2024-06/CVS_EDI856_Spec_202406.pdf

V. CVSsuppliers.com Website

The following is a list of reference materials available on **https://cvssuppliers.com/document-library/supply-chain-performance** which you may find useful in managing your performance in the programs discussed within this document.

A. DC Holiday Closure Dates

Outlines the DC holiday schedule and planned closures at each CVS distribution center. Vendors may find this useful in coordinating prepaid freight pickup and determining routing entry dates for collect/CVS managed freight.

B. CVS Routing Guide Instructions

Outlines the requirements for deliveries into the CVS distribution center network.

C. Supplier and Carrier Guidelines for Prepaid LTL Shipments

Contains best practices for managing carrier performance to ensure adherence to OTIF and Appointment Integrity requirements.

D. AI Dispute Template

Required for submitting AI disputes and provides dispute instructions

E. SOP-Obtain and Interpret Appointment Data within Traverse Portal

Relevant for reviewing OTIF and Appointment Integrity chargebacks.

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On Time and In Full ("OTIF") Compliance Program

- The OTIF program is designed to ensure performance excellence in two supply chain performance metrics:
- On-Time according to the original PO Ship to Arrive (STA) date.
  - STA date changes are not captured in the Traverse portal and are not utilized for OTIF analysis.
- In-Full receipts consistent with the original PO items and quantities ordered.
  - Item and/or quantity changes are not captured in the Traverse portal and are not utilized for OTIF analysis.

See below for outline of requirements for On-Time and In-Full.

I. OTIF- Charge Analysis Timing

- Any merchandise deliveries/receipts that fall within the five-day receipt window (*business* days/exclude weekends and CVS DC Holiday Closures*) are evaluated for OTIF.
- POs are evaluated for OTIF 10 *calendar* days from the first receipt day (includes the first receipt day, weekends and CVS DC Holiday Closures*).

May - June 2025						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
18	19	20	21	22	23	24
				day 1 rcpt window	day 2 rcpt window	
25	26	27	28	29	30	31
	DC Holiday Closure (Memorial Day)	day 3 rcpt window	day 4 rcpt window	day 5 rcpt window		OTIF Assessment Day
1	2	3	4	5	6	7
Portal Visibility Day						

- Receipt dates 1-5 are part of the "initial receipt window". Receipts occurring on these days are evaluated for OTIF
- OTIF Assessment Day – OTIF analysis is executed *10 calendar days* from the 1st receipt date (includes the 1st receipt date, weekends & CVS DC Holidays*)
- Portal Visibility Day - Charges (if applicable) are available to view in the Traverse Portal *one calendar day* after the OTIF assessment day

**Refer to Reference Materials and Resources for DC Holiday Closure dates*

II. OTIF - On Time Requirements

The On Time requirements for the OTIF program vary based on vendor freight terms and ship mode:

a. Prepaid or Vendor Managed (LTL & TL)
b. Collect or CVS Managed (LTL & TL)
c. Backhaul (CVS Managed for prepaid vendors)
d. Small Parcel Ground (includes both Prepaid and Collect)

This section will provide compliance parameters and examples for all four modules.

Please note, On Time assessments are completed based on Original Purchase Order STA (ship to arrive) dates. Changes made to STA dates are not considered when analyzing merchandise receipts for OTIF.

A. On Time requirements for Prepaid or Vendor Managed (TL & LTL)

Merchandise delivered under prepaid or vendor managed terms must meet the following On Time requirements:

1. Merchandise arrives on the PO STA date or any of the 4 business days prior to PO STA date, *or*
2. The carrier's requested delivery date falls on the PO STA date or any of the 4 business days prior to PO STA date.
    a. The requested delivery date is captured in the CVS scheduling system and is submitted by the carrier or vendor. This date represents when the merchandise is available to deliver to the corresponding DC.
    b. Appointment details are available with access to Traverse (refer to Reference Materials and Resources for Traverse access and the SOP for obtaining appointment details)
    c. For more information about scheduling refer to the CVS Routing Guide Instructions (refer to Reference Materials and Resources).

The following are illustrative examples to demonstrate the application of these program parameters.

Example 1 Compliant – Trailer Arrive date falls 4 business days before STA (omitting 5/26 holiday)

Example 2 Compliant – The First Requested Delivery Date falls 2 business day before STA (omitting 5/26 holiday). *If the Fist Appointment falls after the STA, compliance is based on the First Requested Delivery Date.*

Compliance Examples	STA	First Requested Delivery Date	First Appointment	Second Requested Delivery Date	Second Appointment	Trailer Arrive
#1	**5/28/2025**	5/21/2025	5/21/2025	N/A	N/A	***5/21/2025*** *compliance indicator*
#2	**5/28/2025**	***5/23/2025*** *compliance indicator*	***5/29/2025*** *compliance indicator*	5/30/2025	6/2/2025	6/2/2025

Example 1 Non-compliant – Requested Delivery Date falls after the STA date.

Example 2 Non-compliant– The Second Requested Delivery Date falls after the STA date. *If the Fist Appointment falls on the STA date or earlier, compliance is based on the new Requested Delivery Date*

Non-Compliance Examples	STA	First Requested Delivery Date	First Appointment	Second Requested Delivery Date	Second Appointment	Trailer Arrive
#1	**10/28/2025**	***10/29/2025*** *non-compliance indicator*	11/4/2025	N/A	N/A	11/4/2025
#2	**10/28/2025**	10/28/2025	10/28/2025	***10/31/2025*** *non-compliance indicator*	10/31/2025	10/31/2025

B. On Time requirements for On Collect/CVS Managed Freight (TL & LTL)

The following section provides the parameters for the On Time portion of OTIF for CVS Managed Freight. This includes:

1. Collect vendors with 100% CVS managed freight
2. Prepaid vendors participating in the CPU/backhaul program

The following is a fundamental outline of the OTIF requirements as they relate to routing entry compliance. *Vendors will need to download the CVS Routing Guide Instructions to obtain:*

- *Collect Freight Handling Instructions including comprehensive guidance for routing entries*
- *The guide to utilize the Collect Routing Calculator tool*

- *refer to the Reference Materials and Resources section for obtaining the CVS Routing Guide Instructions*

The On-Time portion of OTIF compliance for Collect vendors is evaluated based on the MercuryGate Routing portal entries by the supplier.

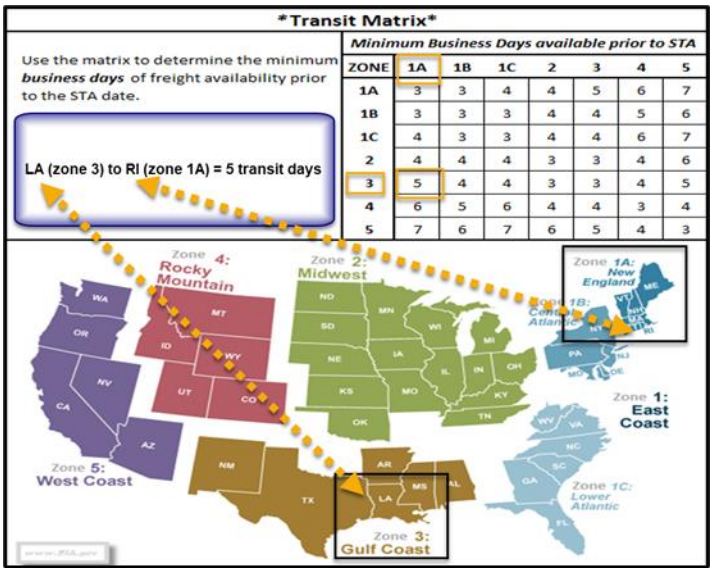
The MercuryGate routing requirements for Collect vendors consists of 2 components:

1. A Shipment Ready Date that allows for the required number of business transit days (per the Transit Matrix) prior to the PO STA date.
2. A Portal Entry Date that falls no less than 4 business days before the Shipment Ready Date. The days prior to the Shipment Ready Date allow for the Transportation team to effectively route POs

If BOTH dates meet the requirements, the PO is immediately considered compliant for the On-Time portion of OTIF. Any incidents occurring after routing entry are not held against suppliers' compliance metrics (i.e. late pickups, requested delivery dates and delivery arrivals after the STA date).

1) Determining the Shipment Ready Date (or Early Pickup Date in MercuryGate):

Obtain the required number of Transit Business Days from the Transit Matrix located in the CVS Routing Guide Instructions (refer to Reference Materials and Resources).



ZONE	1A	1B	1C	2	3	4	5
1A	3	3	4	4	5	6	7
1B	3	3	3	4	4	5	6
1C	4	3	3	4	4	6	7
2	4	4	4	3	3	4	6
3	5	4	4	3	3	4	5
4	6	5	6	4	4	3	4
5	7	6	7	6	5	4	3

The required number of transit days is determined by the Ship-From and Ship-To states.

In this example, the shipping lane is LA (zone 3) to RI (zone 1A).

Zones 3 and 1A intersect on 5 business transit days.

- From the STA date, count the number of business days equal to the Transit Days
  - Counting backward, not including the STA date, weekends, or DC holiday closures*
- The Shipment Ready date must fall on this date or earlier.

Example: PO STA Date is **2/14/25** and transit days is **5** business days

- **2/07/25** is a compliant Shipment Ready date, it falls on the **5th** business day before STA to account for required 5-day transit

Feb 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15

2) Determining the Routing Request Date (or Routing Create Date in MercuryGate):

The Routing Request Date must fall 4 business days or more before the Shipment Ready Date
From the Shipment Ready Date count 4 business days backward

*DC holiday closure dates, refer to Reference Materials and Resources.

Example: STA is 2/14/25, Shipment Ready Date is **2/07/25**

- **2/03/25** is a compliant Routing Request Date, it falls on the 4th business day before the Shipment Ready Date

Feb 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15

Example of Non-Compliant Routing Dates where a holiday fell within the business day calculations:
STA = 5/30/25, Transit days = 5 business days, DC Holiday closure date = 5/26/25

May 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

The above dates are NON-compliant. The Shipment Ready Date does not take the 5/26/25 Holiday into account.

May 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

The above dates are Compliant

An extra business day must be added when a DC Holiday closure date falls within the routing date calculations.

Compliant dates would be:

Routing Create Date = Monday **5/16/25** *(falls 4 business days before the Shipment Ready Date)*

Shipment Ready Date = Thursday **5/22/25** (falls 6 business days before the STA date, adding an extra day to account for the DC Holiday closure of 5/26/25)

Collect Routing Calculator - To assist in ensuring compliant routing entry dates the Transportation Team rolled out a Collect Routing Calculator in December 2023. Information can be obtained in the CVS Routing Instructions (refer to Reference Materials and Resources).

Two Important Notes about the Routing Calculator:

1. *The Calculator is not applicable to CVS managed freight under the prepaid CPU/Backhaul partnership. Instructions for prepaid CPU/Backhaul are outlined after this section.*
2. *The Calculator does not account for DC Holiday Closure dates. Please read the instructions in the Routing Guide carefully.*

C. On Time requirements for CPU/Backhaul (CVS Managed for Prepaid Vendors)

The MercuryGate Routing requirements for Prepaid CPU/Backhaul freight managed by CVS consists of one component:

1. A Shipment Ready Date that falls 4 business days (or earlier) before the PO STA date.
    a. The 4 business day rule for the Routing Request date does not apply to CPU/Backhaul routing entries.

Determining the Shipment Ready Date (or Early Pickup Date in MercuryGate) for CPU/Backhaul:

- From the STA date, count 4 business days
    - counting backward, not including the STA date, weekends, or DC holiday closures (refer to Reference Materials and Resources).
- The Shipment Ready date must fall on this date or earlier.

Example for a CPU routing: PO STA Date is **2/14/25**

- **2/10/25** is a Compliant Shipment Ready Date, it falls on the **4th** business day before STA

Feb 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15

Example of a Non-Compliant Shipment Ready Date where a holiday falls within the 4-business day calculation:

STA = 5/30/25, DC Holiday closure date = 5/26/25

May 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

The below Shipment Ready Date is Compliant

May 2025 calendar example						
Su	Mo	Tu	We	Th	Fr	Sa
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

An extra business day must be added when a DC Holiday closure date falls within the routing date calculations.

A compliant Shipment Ready Date would be 5/23/25 which falls 5 business days before the STA date, adding an extra day to the 4-day rule to account for the DC Holiday closure of 5/26/25

D. On Time requirements for Small Parcel (Prepaid and Collect)

On-Time compliance for small parcel/ground shipments is measured against the delivery date. The delivery date* must fall on the PO STA Date or the 4 business days before the PO STA date.

**The delivery date is captured in the scheduling system and noted in the Requested Delivery Date field on the appointment details. Appointment details are available with access to Traverse (refer to Reference Materials and Resources for Traverse access and the SOP for obtaining appointment details).*

The following are illustrative examples to demonstrate the application of these program parameters.

Compliance Examples	STA	Delivery Date
#1	5/28/2025	*5/28/2025 compliance indicator*
#2	5/28/2025	*5/21/2025 compliance indicator*

Example #1 Compliant

Delivery date falls on the STA date

Example #2 Compliant

Delivery date falls 5 business days before the STA date to account for the DC Holiday closure date (5/26) which must be omitted from the 4-business day count.

Non-Compliance Examples	STA	Delivery Date
#1	10/28/2025	*10/29/2025 non-compliance indicator*
#2	10/28/2025	*10/21/2025 non-compliance indicator*

Example #1 Non-compliant

Delivery date falls after STA

Example #2 Non-compliant

Delivery date falls more than 4 business days before STA

Collect small parcel/ground shipments will appear in the Traverse portal with "Prepaid" Bill Type because collect/ground POs are not routed through the MercuryGate routing portal. Only POs entered in the CVS MercuryGate routing portal are identified as "Collect" in the Traverse portal.

The following is a summary of compliance parameters for the On-Time portion of OTIF.

Vendor Managed Freight - Prepaid (LTL & TL)	CVS Managed Freight - Collect Portal Entry Requirements	CVS Managed Freight - Prepaid CPU Portal Entry Requirements	Small Parcel Ground - Prepaid and Collect
Trailer arrives on PO STA or up to 4 business days before STA	Routing Request Date - falls no less than 4 business days before Shipment Ready Date	Routing Request Date - NA	Delivery date falls within the 5-day compliance window
Carrier's requested delivery date falls on PO STA or up to 4 business days before STA	Shipment Ready Date - falls no less than the number of business transit days (per the Transit Matrix) before the STA date.	Shipment Ready Date - falls no less than 4 business days before the STA date (Transit Matrix not applicable)	Actual deivery falls on the PO STA date or up to 4 business days before PO STA

III. OTIF – In Full (Fill Rate) Requirements

Once a PO meets the On Time portion of OTIF it is then analyzed for fill rate or In Full.

- In Full is met when all originally ordered items and quantities are received within the On Time receipt window which consists of the initial receipt date and the following 4 business days.
    a. Items/quantities showing zero receipts within the On Time receipt window may have been received outside of the compliance window.
- In Full compliance is measured at the SKU level against the <u>original items and quantities ordered regardless of vendor freight terms or ship mode</u>.
  Fill rate must be 95% or greater.

The following is an In-Full analysis example:

In the following example, the purchase order was delivered within On Time compliance however did not meet the In Full parameters.

SKU	Item Cost	Order Quantity	Order Cost	On Time Rec Quantity	On Time Rec Cost	OTIF %
1	$10.00	100	$1,000	90	$900	90%
2	$15.00	50	$750	45	$675	90%
3	$25.00	50	$1,250	45	$1,125	90%
4	$10.00	50	$500	35	$350	70%
Total		**250**	**$3,500**	**215**	**$3,050**	**87%**

Note: remaining quantities may have been received more than 4 business days after the On-Time receipt window

IV. OTIF- Charge Calculation

OTIF penalties are applicable to any PO with an OTIF rating below 95%. OTIF ratings are calculated as the following:

Compliant Cost of Purchase Order / Total Purchase Order Cost = OTIF Rating

Compliant cost of the purchase order is equal to the cost value of merchandise delivered on time.

OTIF penalties are calculated as follows:

Non-Compliant Cost of the Purchase Order * Penalty Rate = OTIF Charge

The non-compliant purchase order cost is equal to the cost value of merchandise not delivered on time:

- Merchandise not delivered (i.e. not filled)
- Merchandise delivered late (not meeting the on time requirements)

The penalty rate will be benchmarked against the OTIF performance of each individual PO according to the below schedule.

Tier	Top Threshold	Bottom Threshold	Penalty
1	100%	95%	0.0%
2	94%	85%	1.5%
3	84%	0%	5.0%

The minimum charge amount is $5.00. Charges calculated at less than $5.00 will be rounded up to $5.00.

OTIF Calculation Examples

PO	Order Cost	On Time Rec Cost	Non-Compliant Cost	OTIF %	Penalty Rate	Penalty
1	$ 3,500	$ 3,375	$ 125	96%	0.0%	$ -
2	$ 3,500	$ 3,050	$ 450	87%	1.5%	$ 6.75
3	$ 3,500	$ -	$ 3,500	0%	5.0%	$ 175.00

<u>PO #1: Delivered On Time, Filled greater than 95%</u>
On time Received Cost / Order Cost = OTIF %:
$3,375/ $3,500 = 96%
Penalty Tier 1 – 0.0% or Exempt from Penalties

<u>PO #2: Delivered On Time, Filled less than 95%</u>
On time Received Cost / Order Cost = OTIF %:
$3,050 / $3,500 = 87%
Penalty Tier 2 – 1.5% Penalties
Non-Compliant Cost X Penalty Tier = OTIF Penalty:
$450 X 1.5% = $6.75

Note: When a purchase order is delivered on time, but has fill rate less than 95%*, the charge will be equal to either 1.5% or 5% of the non-compliant item cost.

** Items/quantities on original purchase order were not delivered or delivered outside the five day receipt window.*

PO #3: Delivered Late
On time Received Cost / Order Cost = OTIF %:
$0 / $3,500 = 0%
Penalty Tier 3 – 5.0% Penalties
Non-Compliant Cost X Penalty Tier = OTIF Penalty:
$3,500 X 5.0% = $175.00

Note: When a purchase order is delivered late, the charge will always be equal to 5% of the total purchase order cost.

ASN Compliance Program

The purpose of the ASN program is to ensure accurate ASN transmissions, otherwise known as EDI document number 856, accompanying distribution Center purchase order deliveries into the CVS DC network. Accurate ASN transmissions are the gate way to precise, real-time DC capacity planning, proactive inventory and ordering management through advanced notification of ordered v shipped discrepancies, and promotes expedient, exact, receipt reconciliation and payment invoicing.

Each ASN sent to CVS must meet the following requirements to adhere to this program:

1. All warehouse shipments/deliveries must be accompanied by an ASN received no later than one calendar day prior to the receipt of goods, *and*
2. All ASNs transmitted to CVS must be in a readable format containing all mandatory elements in accordance with the CVS technical specifications found at:
    a. 856 ASN Specification Guide (refer to Reference Materials and Resources)

Nonadherence will result in ASN chargebacks for the following noncompliant parameters:

1. ASN Missing – includes any of the following scenarios:
    a. Failure to send an ASN with warehouse shipment/delivery no later than one calendar day prior to the receipt of goods, *or*
    b. Failure to send an ASN in a readable format (997 Rejection)
    c. Failure to provide the business-critical segments (824 Application Advice) as follows:
        i. BOL (Bill of Lading) number
        ii. Valid warehouse code
        iii. Valid vendor number
        iv. SSCC bar codes
        v. CVS SKU number
        vi. Case Pack
2. ASN Rejection (997 rejection) – failure to send ASN in readable format
3. ASN Late – failure to send ASN no later than one calendar day prior to the receipt of goods.
    a. Best practice – send the ASN when the truck leaves the dock and ensure accurate shipping details account for any final PO adjustments.
4. ASN Inaccurate – failure to meet one or more of the CVS business rules as non-business critical 824 application advice (refer to 856 ASN Specification in the Reference Materials and Resources section)

CVS is administering compliance analysis in partnership with Syncrofy*, a third-party service provider. Syncrofy's role includes:

- Analyze and measure ASN compliance as related to timely and readable ASN receipts.
- Analyze and measure ASN compliance as related to adherence with the CVS ASN Specification Guide
- Provides a platform for vendors to review shipment details and investigate discrepancies.

*For access to Syncrofy refer to the Reference Materials and Resources section.

Obtaining Charge Details for OTIF, ASN, and Small Parcel Charges

This section revisits charge notifications and outlines how to investigate and interpret noncompliance charges.

It's important to note that an OTIF, ASN, and SP expense offset will appear on a payment remittance beginning with SCP followed by the charge number, and ending with OT, AS, or SP (i. e. SCP#######OT). Utilizing the charge number, charge details can be obtained in the Traverse portal. However, we strongly encourage you to obtain access to the Traverse portal shortly after onboarding with CVS to receive the Weekly Compliance Summaries. It is equally important to request access to new vendor numbers as soon as they are created.

The Weekly Compliance Summary reports contain charge information for OTIF, ASN, and Small Parcel. The summaries are distributed via email within 5 business days of charge transmission on the first business day of each week. Once charges are transmitted, disputes must be submitted within 45 days. Waiting for the deduction to appear on your payment remittance may result in missing the dispute deadline.

CVS

Important note about OTIF analysis v approval timing

WEEKLY COMPLIANCE SUMMARY

Issues below have been identified and recorded 7 days ending 1/9/2025.

Due to differences in the timing of when POs are analyzed for OTIF and OTIF charges are approved for processing, there may be times where a PO is listed on the most current Weekly Compliance Summary and will appear on the previous week's Weekly OTIF Summary.

Questions can be sent to SupplyChainPerformance@CVSHealth.com.

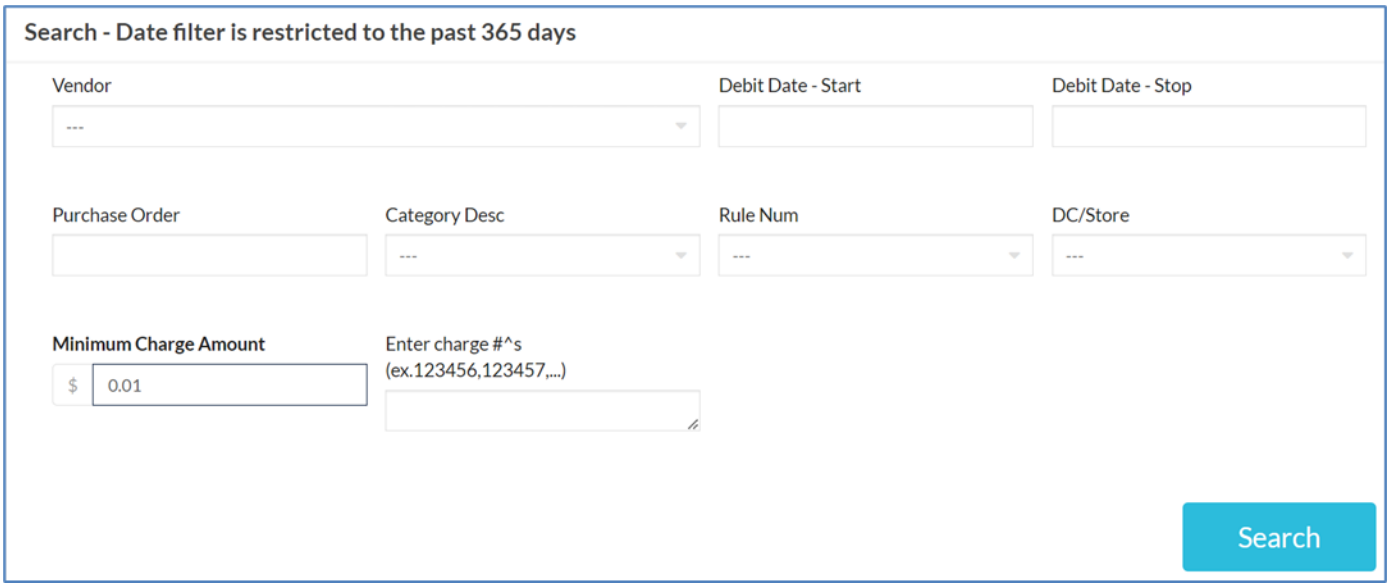
PO VENDOR NUMBER
VENDOR NAME
PAY VENDOR NUMBER

Charge Date	Rule #	Charge #	Rule Description	PO #	Charge Amount
1/5/2025	3041		OTIF non-compliance < 85%		
1/8/2025	2100		Small Parcel Shipment		
1/8/2025	2100		Small Parcel Shipment		
	Total	3			

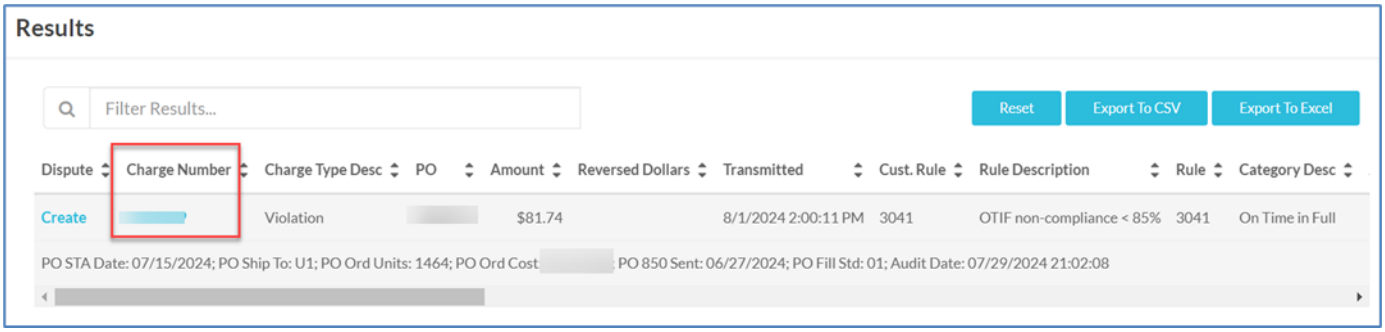
Rule Number	Compliance Program Description
3040	OTIF Non-Compliance <95%
3041	OTIF Non-Compliance <85%
2100	Small Parcel/Ground (# of cases exceeds limit)
ASNMISS	ASN Missing
ASN997	ASN Rejection
ASNLATE	ASN Late
ASN824	ASN Inaccurate

Vendors can efficiently obtain backup and investigate charges in the Traverse portal by completing the following steps:

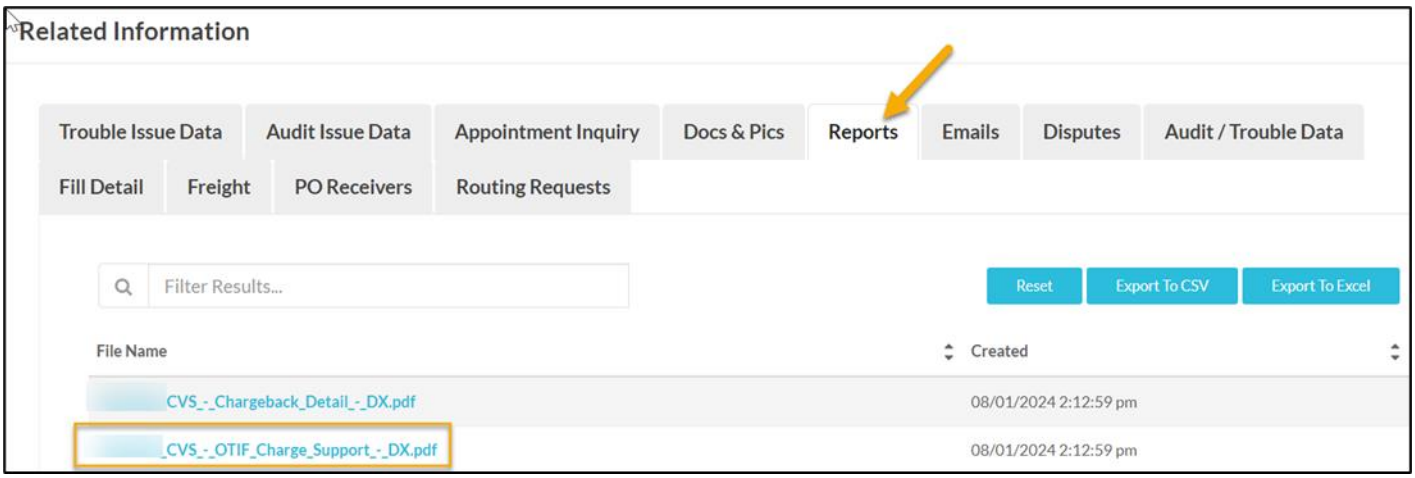
- Log into the Traverse portal using this hyperlink: https://auth.traversesystems.com
- Click on "Vendor Tools" along the lefthand side toolbar then click "Find Charges" in the dropdown menu.
- Enter search parameter (i.e. PO #, Charge #)
  - The charge number is obtainable on the Weekly Compliance Summary
  - Please note, when referring to the deduction on the payment remittance, enter just the 7-digit charge number in the search field.



❖ Click on charge number hyperlink to open the Charge Detail Screen



❖ Scroll down to the Related Information section, click on the Report tab and click the hyperlink for the OTIF Charge Support



I. OTIF Charge Investigation/Interpretation

OTIF charges have two main components, *not On Time* and *not In Full*. Reviewing the OTIF Charge Support Report, as outlined above, is the most efficient way to determine the reason for an OTIF charge.

A. In Full Investigation

The In Full portion of OTIF compliance is the same for all freight bill types and shipment modes. The Exclude Reason section is normally blank.

If all line items on the OTIF Charge Support are either blank or have a "Y" in the "On Time?" column, the charge is associated with the In-Full portion of OTIF

CVS - OTIF Charge Support for Chargeback:

OTIF Non-Compliance

PO Number: Create Date: 5/22/2023 PO STA Date : 5/12/2023 PO Bill Type: Pre-Paid

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 94% Penalty Tier: >= 85 & < 95% **Charge Amt: $5.00** Received On Time Order Cost: PO Cost: $1,335.64

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5390923		44	44			Y	Qualified	$0.00	
5390923		48	48			Y	Qualified	$0.00	
5390923		528	528			Y	Qualified	$0.00	
Appointment Sub-Total		**620**	**620**					**$0.00**	

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
		28	0		$0.00		Not Received		
Appointment Sub-Total		**28**	**0**	**$85.12**	**$0.00**			**$85.12**	

Items and quantities ordered v shipped:

- Adjusted Recv Units depicts only quantities received within the On-Time receipt window (1st receipt date and the following 4 business days after 1st receipt).

- In-Full analysis may not reflect actual shipped quantities.
  - Portions of the PO may have been received more than 4 business days after the initial receipt date (i.e. multiple cases shipped small parcel ground may have multiple delivery dates resulting in delayed receipts)
  - There is no correlation with In-Full analysis results and AP final invoice payments.

- In-Full compliance is measured against the originally ordered items and quantities

PO adjustments made after initial PO creation are not captured in Traverse and are not utilized for OTIF analysis. In-Full compliance parameters apply to all freight terms and modes of transportation. POs shipped complete to the original PO creation can be disputed in Traverse. The dispute process is covered in later sections.

B. On Time Investigation

The On Time portion of OTIF varies based on freight bill type and/or ship mode.

If all line items on the OTIF Chargeback Support are either blank or have a "N" in the "On Time?" column, the charge is associated with the On-Time portion of OTIF

CVS - OTIF Charge Support for Chargeback:

OTIF Non-Compliance

PO Number: Create Date: 7/29/2024 PO STA Date : 7/15/2024 PO Bill Type: Pre-Paid

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 0% Penalty Tier: < 85% **Charge Amt: $81.74** Received On Time Order Cost: $0.00 PO Cost:

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5627194		1,080	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
5627194		384	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
Appointment Sub-Total		**1,464**	**0**	**$1,634.88**	**$0.00**			**$1,634.88**	

On-Time compliance measurements are unique to the individual mode of transportation and identified in the Exclude Reason field of the Charge Support Report.

1) Exclude Reason OT1 – Prepaid Not On Time In Full Applicable to

- Prepaid and Collect small parcel ground shipments
- Prepaid TL and LTL shipments

Small parcel/ground shipments (prepaid or collect*) – noncompliance occurs when the delivery date, captured within the scheduling system, falls after the PO STA or more than 4 business days before STA. Review the carrier tracking document to confirm the systemic delivery date matches the actual delivery date. Valid disputes, covered in later sections, can be submitted in Traverse.

**The PO Bill Type on the OTIF Charge Support for Collect small parcel/ground shipments will be noted as Pre-Paid because collect ground shipments are not entered in the Mercury Gate routing portal. Only POs routed in Mercury Gate will indicate a Collect PO Bill Type.*

Prepaid LTL and TL shipments – noncompliance occurs when the delivery appointment in which the PO was received against, had a Requested Delivery Date that fell after PO STA Date or more than 4 business days before STA.

CVS - OTIF Charge Support for Chargeback:

OTIF Non-Compliance

PO Number: Create Date: 4/14/2024 PO STA Date : 4/1/2024 PO Bill Type: Pre-Paid

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 0% Penalty Tier: < 85% Charge Amt: $405.18 Received On Time Order Cost: $0.00 PO Cost: $8,103.60

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5579079		336	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
5579079		264	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
5579079		696	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
5579079		144	0		$0.00	N	Disqualified		OT1 - Prepaid not On Time In Full
Appointment Sub-Total		**1,440**	**0**	**$8,103.60**	**$0.00**			**$8,103.60**	

Appointment information resides within the Appointment Inquiry tab in Traverse (refer to the SOP for obtaining appointment data within Traverse in the Reference Materials and Resources section).

The next three Exclude Reasons are applicable to On Time noncompliance associated with MercuryGate routing entries for freight managed by CVS; Collect and Prepaid/CPU. Comprehensive routing instructions are outlined in the CVS Routing Guide Instructions (refer to Reference Materials and Resources).

2) Exclude Reason OT3 – Collect not routed on time

Collect Not Routed On Time occurs when the Shipment Ready date, entered into MercuryGate by the supplier, falls less than 4 business days after the Routing Request Date.

In this example the Shipment Ready date falls only one business day after the Routing Request date

CVS - OTIF Charge Support for Chargeback: 6432925

OTIF Non-Compliance

The Shipment Ready date must fall no less than 4 business days after the Routing Request Date (12/12/24)

PO Number: Create Date: 1/13/2025 PO STA Date : 1/2/2025 PO Bill Type: Collect

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 0% Penalty Tier: < 85% Charge Amt: Received On Time Order Cost: $0.00 PO Cost:

Routing Request Date: 12/6/2024 Shipment Ready: 12/9/2024 Origin Locaton: Origin State: WI Origin Zone: 2 Transit Days: 3

Dest State: IN Dest Zone 2

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5726661		300	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
5726661		600	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
5726661		850	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
5726661		825	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
5726661		900	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
5726661		200	0		$0.00	N	Disqualified		OT3 - Collect not routed on time
Routing Request Sub-Total		**3,675**	**0**		**$0.00**				

3) *Exclude Reasons OT4 – Collect transit time failure*

Collect Transit Time Failure occurs when the Shipment Ready date does not allow for enough business days before the PO STA date to accommodate the number of Transit Days.

In this example, the total Transit Days is 7. The Shipment Ready date falls 6 business days before the PO STA Date.

The Shipment Ready date must fall no less than the number of business Transit Days before the STA date (11/12/24 falls 3 business days before STA)

CVS - OTIF Charge Support for Chargeback:

OTIF Non-Compliance

PO Number: Create Date: 12/13/2024 PO STA Date : 11/15/2024 PO Bill Type: Collect

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 0% Penalty Tier: < 85% **Charge Amt:** Received On Time Order Cost: $0.00 PO Cost:

Routing Request Date: 11/6/2024 Shipment Ready: 11/13/2024 Origin Locaton: Origin State: NJ Origin Zone: 1B Transit Days: 3

Dest State: RI Dest Zone 1A

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5712037		504	0		$0.00	N	Disqualified		OT4 - Collect transit time failure
5712037		762	0		$0.00	N	Disqualified		OT4 - Collect transit time failure
5712037		168	0		$0.00	N	Disqualified		OT4 - Collect transit time failure
5712037		1,190	0		$0.00	N	Disqualified		OT4 - Collect transit time failure
Routing Request Sub-Total		**2,624**	**0**		**$0.00**				

4) *Exclude Reasons OT5 – CPU/Backhaul transit time failure* (applicable to prepaid customer pickup shipments managed by CVS)

CPU/Backhaul transit time failure occurs when the Shipment Ready date falls less than 4 business days before the PO STA date. The Transit Matrix/Days are not applicable to prepaid-CPU/Backhaul compliance.

In this example the Shipment Ready date falls 3 business days before the PO STA date

The Shipment Ready date must fall no less than 4 business days before the STA date. (3/20/24 falls 4 business days before STA)

CVS - OTIF Charge Support for Chargeback:

OTIF Non-Compliance

PO Number: Create Date: 4/7/2024 PO STA Date : 3/26/2024 PO Bill Type: Collect

OTIF % > 95%: EXEMPT OTIF % >=85% & < 95%: 1.5% of Non Compliant OTIF % < 85%: 5.0% of Non Compliant

OTIF % PO: 0% Penalty Tier: < 85% **Charge Amt:** Received On Time Order Cost: $0.00 PO Cost:

Routing Request Date: 3/15/2024 Shipment Ready: 3/21/2024 Origin Locaton: CPU Origin State: PA Origin Zone: 1B Transit Days: 3

Dest State: NJ Dest Zone 1B

CVS Receiver Number	SKU	Order Units	Adjusted Recv Units	Order Cost	Received On Time Cost	On Time?	Receiver Status	Non Compliant Cost	Exclude Reason
5575634		360	0		$0.00	N	Disqualified		OT5 - CPU/Backhaul transit time failure
5575634		360	0		$0.00	N	Disqualified		OT5 - CPU/Backhaul transit time failure
Routing Request Sub-Total		**720**	**0**		**$0.00**				

II. ASN Charge Investigation/Interpretation

ASNs are the digital representation of your inbound deliveries. The accuracy and timeliness of your ASN details ensures accurate and timely receipts and invoice payments and ensures your product is in stock and in stores.

ASN accuracy:
ASN data must be consistent with original PO (document 850) and PO changes (document 860). Data elements (case counts, case pack, labels, expiration dates, etc) must be accurate and align with master data in STIBO.

Summary of ASN program requirements:

1. ASNMISS (ASN missing) – could encompass any one of the following noncompliant parameters:
    a. ASN arrived after the calendar day prior to the receipt of inventory.
    b. ASN was not sent in a readable format
    c. ASN was missing one or more of the following business-critical segments
        i. BOL number
        ii. Valid warehouse code
        iii. Valid vendor number
        iv. SSCC bar codes
        v. CVS SKU number
        vi. Case pack
2. ASN997 (ASN rejection) – ASN was not in a readable format
3. ASNLATE (ASN late) – ASN received after the calendar day prior to the receipt of inventory
4. ASN824 (ASN inaccurate) – ASN received in readable format however one or more of the CVS business rules were not met (refer to 856 ASN Specification Guide in Reference Materials & Resources section)

EDI notifications for nonreadable / loadable ASNs – upon receipt of ASNs, CVS will issue an EDI 997 (Functional Acknowledgment) which may contain rejection notifications. Suppliers should work with their EDI department or EDI provider to resolve the errors in a timely manner. Discrepancies and missing acknowledgments should be handled by reaching out to edi_asn_onboarding@cvshealth.com . To avoid penalties, correction must be received by the calendar day prior to the scheduled appointment.

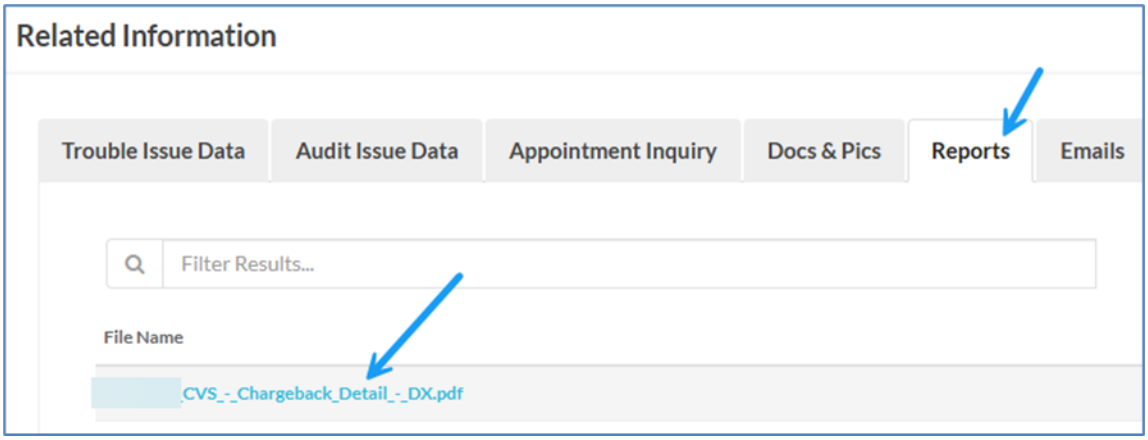
EDI notifications for ASNs that do not meet the CVS ASN technical specifications – CVS will send an EDI 824 (Application Advice) for all ASNs received not meeting the CVS ASN technical specifications. Suppliers should work with their EDI department or EDI provider to resolve the errors in a timely manner. To avoid penalties, corrected ASNs must be resent and received by one calendar day prior to the receipt of inventory.

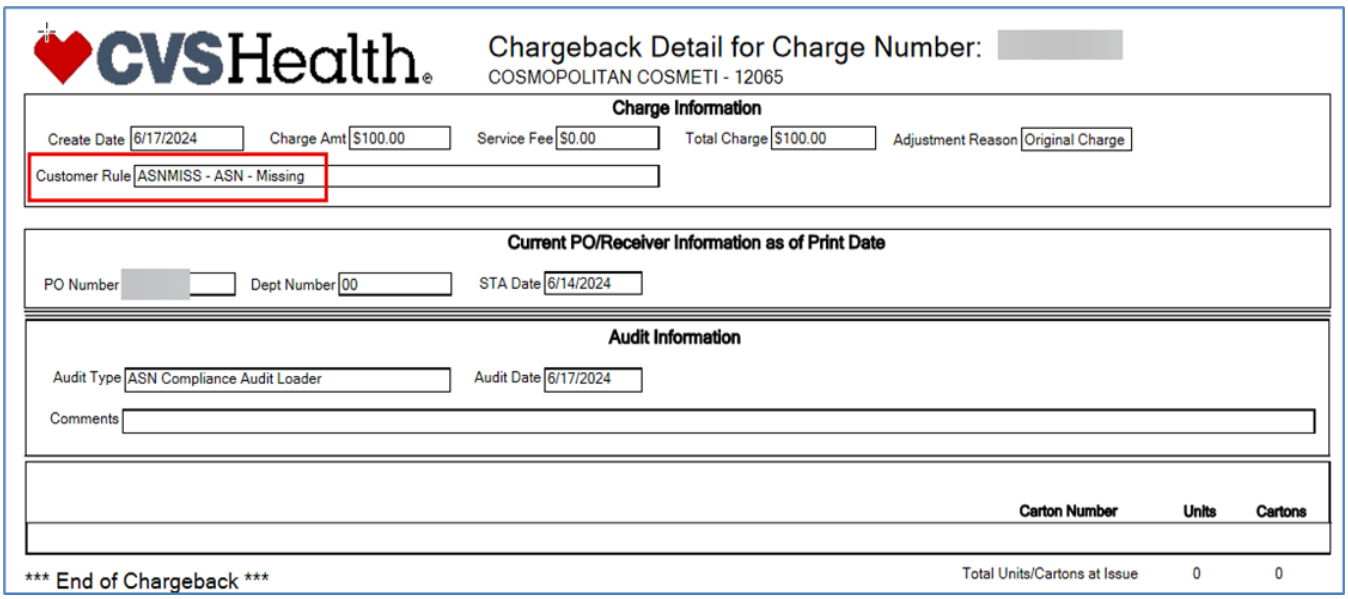
ASN charge calculation:

- Charges are calculated per PO
    - an ASN containing 5 POs with ASN Rejections via 997 will generate a charge of $500 ($100 for each PO).
- A single PO might incur multiple ASN charges only under the following rules:

- ASN 824
- ASN LATE

Charge details are available in the Traverse portal:
Find Charges, click on charge hyperlink, scroll down to Related Information, open Reports tab, double click on CVS Chargeback Detail hyperlink.





The reason for the charge is provided in "Customer Rule" field and confirmation can be obtained as follows:

- Review data in Syncrofy and/or consult with your EDI department*
- Obtain and review two documents:
  - Raw EDI 856 ASN data
  - Raw EDI 997 Acknowledgment.

**EDI department may include a VAN, 3PL, or EDI Provider if not maintained by the supplier company*

III. Appointment Integrity (AI) Compliance Program

The Appointment Integrity compliance program is designed to track and identify opportunities related to a carriers' ability to honor distribution center delivery appointment(s). The appointment process is facilitated through the Manhattan Scheduling system. This on-line application is mainly utilized by carriers to schedule delivery appointments into the CVS Distribution Centers. AI compliance is measured using the data obtained from the scheduling system.

Appointment Integrity Requirements

Vendors with prepaid freight terms should note they are responsible for the performance of their carriers. The Supply Chain Performance team recommends discussing performance opportunities with their carriers in the event the vendor is being assessed any penalties under this program.

The Appointment Integrity compliance program is not applicable to vendors utilizing a preferred LTL carrier (including CH Robinson LTL consolidation program) or loads managed by CVS (Collect, Prepaid CPU/Backhaul). Details of the preferred carrier program and a list of CVS Preferred LTL Carriers is available in the CVS Routing Guide Instructions (refer to Reference Materials and Resources).

For prepaid vendors managing their own freight and *not* utilizing a preferred LTL carrier, penalties under this program are triggered by any one of the following events:

I. Arrival beyond 30 minutes of scheduled appointment time
   a. Live-unload is measured to the Check-In time
   b. Drop trailers are measured to the Trailer Arrive time
II. Cancellation or Reschedule request occurring with less than 24 hours' notice prior to delivery
   a. Do not include holidays, weekends or other DC closure date
III. Failure to arrive for scheduled appointment
   a. No Show
   b. Rescheduled/Cancelled After Appointment Date/Time

Appointment Integrity Charge Calculation

Violation Type	Penalty
Late arrival / beyond 30 minutes of appointment time	$100
Cancelled / Reschedule with less than 24 hours' notice	$275
Failure to arrive / No Show / Rescheduled after appointment date/time	$500

Appointment Integrity expense offsets are calculated monthly. Penalties are assessed per violation, meaning a single appointment can generate multiple violations/chargebacks.

A single PO could generate multiple penalties, across multiple months, because:

- A single appointment number may have multiple violations (i.e. No Show & Late) on different appointment dates, or
- the PO may have been added to multiple appointments.

If a single appointment contains several POs associated with your pay vendor number, only one of those POs will be subject to penalties against that appointment.

Appointment Integrity Charge Investigation

Suppliers have visibility to appointment details with access to the Traverse portal utilizing the Appointment Inquiry vendor tool. The appointment details identify the exact date/time for each violation. The details can be exported to Excel and must be provided when submitting disputes. For access to the Traverse portal and the SOP for obtaining appointment data within Traverse, refer to the Reference Materials and Resources section.

In order to maintain access to the Traverse portal, user accounts must be in "Active" status. "Active" status is maintained by periodically logging into the Traverse portal within a 90 period. If your account is inactivated, you will not be able to log into Traverse and you will no longer receive the monthly AI file. Contact supplychainperformance@cvshealth.com for reactivation.

IV. Packing List and Bill of Landing Compliance Program

The Packing List and Bill of Lading program is designed to track and identify opportunities related to inaccurate or missing shipping documents. Infractions identified during the receiving process are noted on a Vendor Compliance Reporting form and filed at the respective distribution center.

Packing List Requirements	
1.	**SHIP FROM:** Complete Name & Address of Shipper
2.	**SHIP TO:** Complete DC Address
3.	**DATE SHIPPED:**
4.	**PURCHASE ORDER NUMBER(S):** Include ALL PO numbers
6.	**CVS ITEM NUMBER(S):**
7.	**ITEM INFORMATION:** Per item number
a.	Packages: Quantity & Type (Cases and Pieces)
b.	Case Pack
c.	Item Description

Bill of Lading Requirements	Bill of Lading Requirements
1. **SHIP FROM:** Complete Name & Address of Shipper	**11. FREIGHT BILLING INSTRUCTIONS:** Collect ONLY
2. **SHIP TO:** Complete DC Address	The following instructions are to be noted:
3. **DATE SHIPPED:**	Send Freight Bills for Payment To:
4. **PURCHASE ORDER NUMBER(S):** Include ALL PO numbers	Freight Payment Coordinator
5. **PURCHASE ORDER INFORMATION:**	CVS Health
a. Packages: Quantity & Type (e.g., Units, Cartons)	MC 5035
b. Handling Unit: Quantity & Type (e.g., Units, Pallet)	One CVS Drive
c. Weight	Woonsocket, Rhode Island 02895
Note: If density is required to properly describe merchandise, show accurate density.	**12. FREIGHT BILLING INSTRUCTIONS:** Prepaid ONLY
8. **CARRIER NAME:**	The following instructions are to be noted:
9. **SHIPPING INFORMATION:**	"Shipper responsible for All Assessorial Fees."
a. Shipment Cube	**13. SPECIAL DELIVERY INSTRUCTIONS:** Indicate any delivery instructions received including the name of the authorizing individual
b. Commodity Description [Reference: National Motor Freight Classification (NMFC) tariff]	**14. AIR FREIGHT INSTRUCTIONS:** Collect ONLY
c. NMFC Commodity Class	When the supplier is verbally requested to ship via air freight using collect freight terms, the supplier must record the CVS person authorizing air freight, department and the purchase order number.
Note: If applicable, include the density and value of product.	**15. EXCLUSIVE USE/RUSH/EXPEDITED SERVICE:** Collect ONLY
10. FREIGHT PAYMENT TERMS: "Prepaid" or "Collect" ONLY do not use "prepaid & add" or any such verbiage	When an "exclusive use", "expedited service", or "rush" shipment is requested, the supplier must obtain and record the CVS individual name, department and the purchase order number.

Packing List and Bill of Lading Charge Notifications:
Charge notifications appear on payment remittances beginning with L, for packing list violations and M, for BOL violations (see examples below). Deduction backup is available for 12 months from the payment remittance date and can be obtained by emailing supplychainperformance@cvshealth.com The SCP team will forward the backup request to the DC on your behalf and the DC will provide a copy of the Vendor Compliance Reporting form along with applicable supporting documentation.

Requests for backup must include the deduction as it is referenced on the payment remittance.

Deduction examples and DC code reference guide

Examples: L12345CH1234567 & M12345CH1234567
L= packing list / M = Bill of Lading, Ticket # on DC form, DC code, PO #

DC Codes

DC Code	Distribution Center Locations	DC Code	Distribution Center Locations
CH	Chemung (Waverly), NY	NJ	Lumberton, NJ
CO	Conroe, TX	NA	Beech Island, SC (formerly N. Augusta)
EN	Ennis, TX	NO	Novi, MI
FR	Fredericksburg, VA	OR	Orlando, FL
HA	Kapolei, HI	PA	Patterson, CA
IN	Indianapolis, IN	SO	Somerset, PA
KN	Knoxville, TN	VE	Vero Beach, FL
LH	La Habra, CA	WO	Woonsocket, RI (includes N. Smithfield, RI)

Packing List and Bill of Lading Charge Calculation:

- The non-compliance fee is $100 per incident/per appointment.
- If an appointment contains several Purchase Orders for the same supplier and multiple Purchase Orders are found to be noncompliant, the total PL and/or BOL charge per supplier/per appointment will not exceed $200.
- A single Purchase Order can incur two $100 fees if noncompliance is applicable to both the Packing List and the Bill of Lading.

Deductions for inaccurate or missing packing lists and/or bill of ladings are not eligible for disputes. Our distribution centers have been given very thorough instructions regarding the assessment of packing lists and bills of lading. Each violation tagged as non-compliant has undergone thorough review and the Supply Chain Performance team is confident in each violation identified. We encourage vendors to review the Packing List and Bill of Lading guidelines in the CVS Routing Guide Instructions (refer to Reference Materials and Resources) and work closely with their carriers to ensure packing lists and bill of ladings are included with your loads and are accurate.

V. Small Parcel Compliance (case quantity limit for ground shipments)

The purpose of the Small Parcel Program is to help reduce the number of small parcel/ground shipments into our distribution network. Small parcel/ground deliveries are more costly and take longer to receive, thereby increasing the time for the product to be available to ship to our stores to support our customers.

As part of the implementation of this program, CVS has restricted the number of cases permitted for small parcel/ground deliveries throughout the distribution network (see below).

This includes but is not limited to shipping with UPS Ground or FedEx Express. Cases delivered in excess of the limit will be subject to expense offset deductions between $5 and $150. Any cases consolidated into a master case will be counted individually towards the case limit (the case count is based on the number of cases received, not including master shipping carton).

Summary of Program Requirements:

- Applicable to all front store, small parcel/ground deliveries into the CVS Distribution Network
    - Excludes Pharmacy and Direct to Store Delivery
- Case Limits*:
    - Collect and Prepaid Freight Terms: 15 cases per PO**
- Payment Offsets
    - Vendors will receive expense offset deductions for each carton received over the aforementioned case limits calculated at $5 per case, up to a of maximum $150

**Cases consolidated and shipped in master shipping cartons will be counted individually against the case limit*
***Additional requirements for both prepaid and collect small parcel/ground shipments are outlined in the CVS Routing Guide Instructions (refer to Reference Materials and Resources)*

Small Parcel Charge Investigation

The Small Parcel program violations are administered in the CVS Supply Chain Performance Portal powered by Traverse Systems (refer to Reference Materials and Recourses for access).

Vendors with access to the portal will be notified of violations by:

- Reviewing the Weekly Compliance Summary distributed via e-mail, and
- Accessing the 'Chargeback Detail' report within Traverse.
    - From the Traverse Home page, open Vendor Tools, Find Charges
    - Search by desired parameter
    - Click on Charge Number hyperlink.

Scroll down and open the Reports tab

In this example the freight terms are Prepaid with a 15-case limit. Total receipt was 25 cases (10cs in excess of the limit). 10cs x $5 = $50 charge.

CVSHealth. Chargeback Detail for Charge Number:

Charge Information

Create Date 5/22/2024 | Charge Amt $50.00 | Service Fee $0.00 | Total Charge $50.00

Customer Rule 2100 - Small Parcel Shipment

Current PO/Receiver Information as of Print Date

PO Number | Dept Number 78 | STA Date 5/16/2024

Audit Information

Audit Type Small Parcel Shipment Audit Loader | Audit Date 5/22/2024

Comments PO Number: , Received Cartons: 25, Audit Cartons: 10

Audit Detail Information

Issue	CVS SKU#	UPC	Item Description	Issue Comments	Carton Number	Units	Cartons
1							

Small parcel shipping mode is identified by the Carrier Name assigned by the distribution center within the scheduling system. POs assigned with the carrier name “ExpressDoorParcel” are identified as small parcel/ground deliveries.

Supply Chain Performance Noncompliance Disputes

Dispute instructions for CVS Supply Chain Performance programs vary based on the program the deduction was assessed under. Please read the instructions carefully and address any questions to the CVS Supply Chain Performance team via SupplyChainPerformance@CVSHealth.com.

Disputes are reviewed on an individual PO/charge basis. CVS reserves the right to deny/dismiss reversal requests based on the information provided by all parties.

Dispute deadlines vary based on the program:

- Appointment Integrity program - The acceptable window to dispute charges is 45 days from payment remittance.
- OTIF (On Time In Full), Small Parcel, and ASN programs - The acceptable window to dispute charges is 45 days from the Traverse transmitted/deduction date.

Note: Deductions related to the Packing List and Bill of Lading Performance Programs are not eligible for dispute. The CVS Distribution Centers have been given explicit instructions with regards to the proper identification and tracking of these violations. Please work with your carriers in the event you are assessed chargebacks related to this program.

Please note, charges are only disputable **once**. The Supply Chain Performance Team will not review disputes multiple times therefore it is imperative to understand the reason why the PO generated a charge, utilize the tools available to investigate the violation, and submit disputes with relevant comments and supporting documentation that effectively substantiates/justifies the dispute.

I. Dispute Requirements for Appointment Integrity (AI)

Appointment Integrity compliance is based solely on your carrier's ability to honor their appointment dates/times. AI and OTIF compliance is measured against unique parameters and are not related in any way.

Appointment Integrity exemptions apply to the following criteria only:

- Suppliers whose freight is managed by CVS (collect and prepaid CPU/Backhaul)
- Suppliers utilizing a CVS Preferred LTL carrier (including CH Robinson LTL Consolidation).
    - A list of carriers is available in the *CVS Routing Guide Instructions* (refer to Reference Materials and Resources).

AI exemptions at the supplier level, for reasons other than the above, are not approved. AI exemptions at the PO level are reviewed on a case-by-case basis.

AI compliance is captured and measured utilizing the data within the Manhattan scheduling system. Appointment information depicting the exact date and time the AI violation occurred can

be obtain utilizing the Appointment Inquiry tool within the Traverse portal. For access to Traverse and the SOP for obtaining and interpreting appointment information refer to the Reference Materials and Resources section.

AI disputes are processed via email to supplychainperformance@cvshealth.com. Disputes are reviewed once and will be denied if the dispute email does not contain the following:

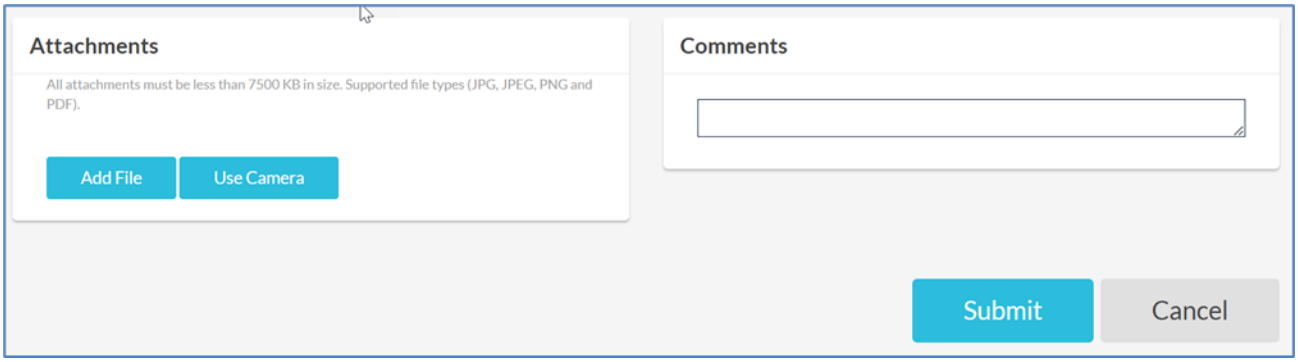
- ✓ One disputed month per email
- ✓ A completed *AI Dispute Template*
  - available on https://cvssuppliers.com/document-library/supply-chain-performance
- ✓ A copy of the monthly Appointment Integrity report
- ✓ A copy of the appointment details obtained from Traverse for each disputed PO
  - PODs and other forms of shipping documents are not applicable.

Prepaid vendors are responsible for penalties due to traffic delays, mechanical breakdowns, late rail issues, capacity issues, carrier rescheduling mix-ups, or similar occurrences. CVS understands these events may be out of the carriers' control; however, MISSED penalties due to such occurrences are not subject to deduction reversal. Please understand such occurrences cause hardships for CVS DCs with respect to receiving inefficiencies and increased costs; it is important to notify the DC as soon as possible if situations of this nature occur.

II. Dispute Requirements for OTIF (On Time and In Full), Small Parcel, and ASN

The dispute process for all three programs is facilitated through the Traverse portal. Disputes are not accepted via email and will not be reviewed after the dispute deadline (more than 45 calendar days after the Traverse Transmitted/Deduction date).

The Traverse portal enables a streamlined process for dispute administration. From the Traverse Home page, open Vendor Tools, choose either Find Charges or Create Disputes and search by charge number. Portal utilization tutorials/instructions are available by accessing the "Learning Center" menu at the top right section of the Traverse portal (select Portal Help Documents).



Disputes are reviewed/resolved once based on the information initially provided with the dispute submittal. Dispute submittals must include a comment that contains the below required information, and attachment(s) that provide relevant supporting documentation related to the reason for the dispute.

A. Dispute Comments

A comment is your opportunity to explain exactly why the charge is being disputed and guide the path of the investigation for a clean resolution in your favor.

- Comments should clearly state why there is a belief that the charge is invalid and offer a streamlined path toward investigation and resolution.
- Comments and supporting documents (or lack of documentation) not relevant to the reason for the charge will result in an *invalid dispute* resolution. For example:
    - Comments that note an incorrect charge reason:
        - "PO delivered On Time" *however* the PO generated a charge associated with the In Full portion of OTIF *and* a Packing List is not attached.
        - "PO was shipped In Full" *however* the charge is associated with the On Time portion of OTIF
        - "PO was received/delivered on time" however the charge is associated with ASN noncompliance (ASN & OTIF are not associated in any way)
    - Comments absent of any relevant information:
        - "Charge is invalid, see attached"
        - "Po was delivered on time and in full"
        - "ASN was sent"

Effectual comments are composed of 3 key pieces of information:

1. The charge type
    a. Not On Time or Not In Full
    b. Small Parcel
    c. Missing, Rejected, Late or Inaccurate ASN
2. The shipping mode
    a. Prepaid or Collect LTL (less than truckload) or TL (truckload)
    b. Small parcel/ground
3. The reason for the dispute
    a. "Charged for not In Full however original items/quantities were shipped, see attached packing list"
    b. "Charged for not On Time for a ground shipment, see attached carrier tracking details which show PO delivered within On Time parameters"
    c. "Received a Small Parcel charge however this was a palletized shipment, see attached BOL"
    d. "Received an ASN Late charge however ASN was corrected and sent prior to PO receipt. See attached raw EDI data"

B. Dispute Attachments

Supporting documents are required. The document type varies depending on the charge type and dispute reason. Documents can be attached to the dispute by clicking *Add File* in the *Attachments* section.

Effectual support documents vary depending on the charge type and the reason for the charge:

1. Packing List* (required for In Full OTIF charge)
2. Bill of Lading* (required for Small Parcel classification error/palletized shipment)
3. POD**
4. Carrier shipment tracking details:
    a. Small parcel/ground - obtained on carrier's website and often referred to as the POD (required for On Time OTIF charges for ground shipments)
    b. TL & LTL – obtained from carrier and provides details such as pickup date, terminal arrival date, appointment date, and delivery date (not to be confused with the POD), required for On Time OTIF charges due to weather/disaster.
5. Email correspondence (required for exemption approvals)
6. EDI raw data (856 ASN data, 997 Acknowledgment) required for ASN charges

*PL & BOL must include all required information outlined in the CVS Routing Guide Instructions (refer to Reference Materials and Resources)
**TL & LTL POD must include CVS PO number, delivery address, receipt date and receiver's signature
**Small parcel/ground POD (aka carrier tracking details) must include CVS PO number, delivery address, delivery date.

Dispute Comment Examples for OTIF Charges			
Charge Reason	**Shipping Mode**	**Dispute Reason**	**Attached Support**
Charged for not On Time	small parcel/ground shipment	PO arrived on the STA date	attached carrier tracking/POD
Received a charge for not shipping In Full	LTL shipment	all ordered items and quantities were shipped on the same pickup date	attached Packing List
Received a Collect Not Routed On Time charge	LTL collect shipment	couldn't enter compliant routing dates because there was a 2 day delay where PO wasn't available in Mercury Gate	attached email with CVS Transportation team confirming the delay
Charged for Collect Transit Time Failure	TL collect shipment	PO was created with a short lead time which didn't allow us to enter compliant routing dates	attached email with the CVS Planner confirming the short lead time and exemption approval
Received a charge for not shipping In Full	for a LTL, TL or Ground shipment	we notified CVS that item(s) were cut due to availability issues (quantities larger than forecasted)	attached written exemption approval from CVS Inventory team with PO & item #s
Received an On Time charge	for a LTL, TL or Ground shipment	CVS asked us to ship as soon as possible	attached written exemption approval from CVS Planner with PO#s & reason for exemption

Dispute Comment Example for Small Parcel Charges			
Charge Reason	**Shipping Mode**	**Dispute Reason**	**Attached Support**
Small Parcel charge	PO was palletized and shipped LTL	delivery mode was misclasified as small parcel ground	a copy of the BOL/POD is attached

Dispute Comment Example for ASN Charges			
Charge Type	**Shipping Mode**	**Dispute Reason**	**Attached Support**
Received a charge for a missing ASN	Any	ASN was sent on xx date	raw data is attached (997 acknowledgment)
Charged for an ASN rejection	Any	Corrected ASN was sent before receipt	raw data is attached (997 acknowledgment)
Charged for a late ASN	Any	ASN was sent on x date and time	raw data is attached (856 ASN)
Received a charge for an inaccurate ASN	Any	Corrected ASN was sent before receipt	raw data is attached (856 ASN)

C. Exemptions

Exemption approvals apply to isolated incidents, outside of the suppliers' control, possibly resulting in noncompliance charge(s). It is the suppliers' responsibility to address challenges with the Supply Planner in a timely manner, obtain exemption approval, and retain approval documentation for future reference.

The most efficient exemption process is executed prior to compliance analysis to avoid noncompliance charges.

Untimely communication of exemption requests will result in an *invalid dispute* resolution.

Disputes submitted with a statement of exemption approval must contain documentation which includes the following:

1. A timely exemption request sent to CVS which includes:
    - Reason for exemption
    - List of applicable PO and/or CVS item numbers
2. Statement from CVS with intent to exempt from noncompliance charges

The Supply Chain Performance team reserves the right to override exemptions approved for reasons outside the above-mentioned criteria. Disputes not containing all required information will result in an *invalid dispute* resolution.