



SUPPLIER & CARRIER GUIDELINES for PREPAID/LTL SHIPMENTS

Collaboration between suppliers and their carriers is an integral part of ensuring our supply chain is operating at the highest level of effectiveness. The following guidelines have been outlined to assist Prepaid LTL Suppliers meet compliance requirements related to the On Time portion of OTIF compliance and all components of Appointment Integrity compliance.

Choosing an LTL carrier:

Tendering freight with a CVS Preferred LTL Carrier offers several benefits:

- They move a large volume of CVS freight therefore minimizing trailer consolidation time. They're also the only carriers allowed to drop trailers at CVS locations.
- They work closely with the Supply Chain Performance team and are familiar with requirements of compliance programs. Preferred carrier representatives will consult with suppliers to ensure timely deliveries
- LTL Preferred carriers are exempt from Appointment Integrity charges
 - Preferred Carrier exemption DOES NOT apply to OTIF charges

A list of preferred carriers and contact information can be found in the CVS Routing Guide <https://cvssuppliers.com/document-library/supply-chain-performance>

Determining pickup dates for Prepaid LTL shipments:

- The key to on-time LTL deliveries is determining a pickup date that ensures your freight will reach the delivering terminal no later than 4 business days before the PO STA date. Utilize the following guidelines:
 - Obtain the transit time from your carrier(s) for each of the CVS locations
 - Add 4 business days to the transit time (to account for trailer consolidation time)

Arrange for pickup according to the above formula (transit time plus four business days). Exclude weekends and any holiday closure dates from the calculation (your internal closure dates, carrier closures, and CVS DC closures).

Example - STA is Wednesday 9/4/24, transit time is 2 business days:

1. Subtract 2 business days from STA = Friday 8/30/24 (omit 9/2/24 Labor Day holiday)
 2. Subtract 4 business days from the above date = Monday 8/26/24
 3. Arrange for pickup on Monday 8/26/24.
 4. ETA at the carrier delivering terminal = Wednesday 8/28/24 (4 business days prior STA, omitting 9/2 holiday)
 5. This leaves sufficient time for trailer consolidation and allows the carrier to submit for a delivery appointment and enter a requested delivery date that falls on the STA date or up to 4 business days before STA (8/28-9/4)
- DO NOT include holiday closure dates in the above calculation
 - Check with your carrier about operating hours around holidays and omit these days from the calculation
 - Refer to the DC Holiday Closures dates and omit these days from the calculation <https://cvssuppliers.com/document-library/supply-chain-performance>
 - OTIF exemptions are NOT granted for late deliveries due to holiday closures
 - Be cognizant of STA date ranges when consolidating multiple POs for the same pickup date

If concerned about insufficient lead time (PO create date and STA date), or to address possible late/incomplete shipments outside of your control, consult with the CVS Supply Planner. If you don't know who this is, forward the following information to supplychainperformance@cvshealth.com

- Supplier Name
- CVS 5 digit vendor number
- A CVS item number and/or PO number

Addressing noncompliance

Whether shipping with a Preferred Carrier or not, Prepaid shippers are responsible for their carrier's performance:

- ✓ ALL shipments are subject to potential OTIF (On Time In Full) charges (including shipments with preferred carriers)
- ✓ Suppliers shipping with a NON-LTL Preferred carrier are subject to potential noncompliance charges related to the Appointment Integrity compliance program.

Historical appointment data is available in the Traverse portal, the same portal utilized to manage OTIF, Small Parcel and ASN compliance.

Reviewing appointment data allows you to identify exactly where/when noncompliance occurred. Refer to *SOP-Obtain & Interpret Appointment Data* located <https://cvssuppliers.com/document-library/supply-chain-performance>

If you don't already have a Traverse account, forward the following information to supplychainperformance@cvshealth.com

- Supplier Name
- CVS 5 digit pay vendor number
- Full contact name
- Email address

Carrier Accountability:

All carriers are required to utilize the CVS online scheduling system (Manhattan).

Working closely with our Preferred Carriers ensures they understand our compliance programs and our delivery expectations:

- Freight will be picked up on the same business day that arrangements are made (next business day for late afternoon arrangements)
- Once freight arrives at the delivering terminal it will immediately be placed on a consolidation trailer
- Carriers SHOULD NOT split POs from an individual pickup onto multiple trailers/appointments (all pallets should delivery on the same trailer)
 - POs shipped complete on a single pickup should be associated with one appointment only

The ON-TIME portion of OTIF compliance (On Time / In Full) is based on the CARRIER'S REQUESTED DELIVERY DATE. This date should represent when the freight is available to be dropped at the DC location.

- Carriers SHOULD NOT enter request dates based on DC appointment availability and/or DC capacity.
 - The Requested Delivery Date should solely reflect when the freight is available to be dropped at the DC location
 - When rescheduling for a reason outside of the carrier's control (weather delays), the carrier should enter detailed comments
- Carriers SHOULD NOT trap freight waiting for full trailers
 - A requested delivery date should be submitted no more than 48 business hrs after trailer consolidation begins
 - If volume is consistently low for certain CVS locations, CVS will accept partial trailers HOWEVER carriers should utilize smaller trailers for these locations
 - The Request Date should be no more than 2 business days after the appointment is created
 - LTL Carriers are allowed/encouraged to request next delivery.
 - Carriers should NOT request same day deliveries
- Carriers are required to enter ALL POs into the scheduling system
 - PO additions/deletions must be submitted with 24hr notice if approved appointments
 - CVS DCs have the right to refuse appointment requests and deliveries if PO numbers and case counts are not consistent with scheduling information
- Though suppliers utilizing Preferred LTL Carriers are exempt from Appointment Integrity charges, Preferred carriers are expected to adhere to CVS scheduling guidelines:
 - Arrivals AFTER 30 minutes of the approved appointment date/time are considered late. This includes LTL drop trailers
 - Rescheduling requests and appointment Cancellations must be submitted with at least 24hrs notice of the approved appointment date/time. Exceptions would be weather or some type of disaster
- Carriers are responsible for retrieving and providing PODs to suppliers upon request:
 - When trailers are dropped in the yard, drivers must check in at the receiving window, provide all paperwork and wait to obtain a copy of the paperwork signed "STC"
 - Terminal schedules need to periodically review appointments in the scheduling system to see if trailers have been Checked Out indicating the trailer is empty and ready to be picked up
 - At time of trailer pickup, drivers need to obtain all available POD paperwork at the receiving window and ensure PODs are available for distribution upon request
 - CVS DCs are not responsible for providing PODs. Suppliers must request PODs directly from the carriers.