

Garnet Hill

CHARGEBACK RATE INCREASE EFFECTIVE MARCH 1ST 2008

The role of Vendor Relations Coordinator was originally created as a commitment to provide support to our vendors, giving them direct contact regarding compliance-specific questions and concerns. This is still our goal and commitment. Since that time, Garnet Hill has added a significant amount of vendors to our family, thus increasing complexity and efforts surrounding vendor compliance issues.

We encourage vendors to utilize our Vendor Relations Coordinator for any questions or concerns. This Coordinator is available to assist you in the understanding of our compliance needs. However, with the growth of our business and vendor base, we are no longer able to complete the following vendor requirements: item labels, sending UCC-128 labels and creating Advanced Ship Notice (ASN's). Non-compliant shipments create numerous issues, such as delays in the receipt of products, lost cartons during the receiving process and delays in receipt of compliant shipments that are consolidated in transportation. The end effect can create backorders which prevent timely deliveries to our customers. Garnet Hill is aware that issues can occur with a shipment, but the delays and the modification of these shipments are timely and costly for our business.

Starting March 1st 2008 compliance charges will increase to \$1,000.00 per infraction, **after the third incident of non-compliance**. Reoccurring infractions will remain at the \$1,000.00. The Vendor Relations Coordinator will communicate to the merchants, inventory planner and vendor when a chargeback is sent to ensure all members understand what was not compliant about the shipment. The Vendor Relations Coordinator will follow through with the vendor in a timely manner to ensure the issues are corrected for future shipments. Please note: it is a very labor intensive task to research each chargeback and invoice the vendor for these errors.

If you have any questions regarding the above policy please contact Tracey Lewis, the Garnet Hill Vendor Relations Coordinator 603.823.5545 Ext. 1724 or via email: tlewis@garnethill.com.