



## PEPBOYS Purchase Order Requirements

### 1. Purchase Order Fill Rate\* Non Ship-and-Cancel Suppliers

Supplier Partners are expected to make every effort to meet 100% ordered unit fill rate by the purchase order due date. Any Purchase Order that does not meet PEPBOYS Fill Rate Requirements as stated below is subject to charge.

It is the Supplier's responsibility to notify your Supply Chain Replenishment Manager **within two (2) business days\*\*** that ordered product or quantities cannot be fulfilled within the standards set by the policy below. This will enable us to work together to ensure our retail customer service levels are not compromised.

- 1st receipt against any Purchase Order must be made prior to the PO due date and result in a fill rate of at least 95 % of the ordered units. SKU overages will not be considered in the fill rate.

- 1st receipt against any P.O. must be in compliance with the stated Due Date and **all SKU's must be filled at 95% of the ordered quantity**

- 2nd receipt against the Purchase Order as soon as possible after the original due date, but not more than 15 calendar days from this due date. This 2nd shipment is expected to complete the order to a 100% unit fill rate. SKU overages will not be considered in the fill rate.
- Any SKU not shipped on consecutive purchase orders within a 14-day timeframe will be subject to penalty.
- Shipment of product against a cancelled P.O. is considered a violation of the PEPBOYS Purchase Order Requirement.

\* *Fill rate is defined as the total quantity of all ordered items received divided by the total quantity of all items ordered on the original purchase order. SKU overages are not considered as part of the fill calculation.*

\*\* *Notification of a delayed shipment or back-ordered item will not guarantee an adjustment to the due date or quantity ordered. All compliance regulations will still apply to the original Purchase Order dating and quantity ordered.*

## 2. Purchase Order Fill Rate Ship-and-Cancel Suppliers

Suppliers with COLLECT freight terms will be identified as ship-and-cancel and will not be set for backorders. Ship-and-Cancel suppliers agree to only one attempt at 100 % fill rate by the due date. After the initial receipt any unfilled portions of the purchase order will be immediately cancelled. Any Purchase Order that does not meet PEPBOYS fill rate requirements as stated below is subject to charge.

It is the Supplier's responsibility to notify your Supply Chain Replenishment Manager **within two (2) business days\*** upon identification that ordered product or quantities cannot be fulfilled within the standards set by the policy below. This will enable us to work together to ensure our retail customer service levels are not compromised.

- 1st receipt against any P.O. must be in compliance with the stated Due Date and **all SKU's must be filled at 95% of the ordered quantity.**

- Any unfilled portions of the Purchase Order will be immediately cancelled.
- Any SKU not shipped on consecutive purchase orders within a 14-day timeframe will be subject to a charge.
- Shipment of product against a cancelled P.O. is considered a violation of the Pep Boys Merchandise Supply Chain Requirements.

Note: PEPBOYS reserves the right to determine a supplier's ship-and-cancel status.

## 3. Purchase Order Due Dates/On time Delivery

All PEPBOYS Purchase Orders indicate a Specified Ship Date\*\* and Due Date\*\*\*. Collect shipments should adhere to the "Ship Date". Prepaid Shipments should adhere to the "Due Date".

Any Purchase Order that does not meet PEPBOYS on time requirement as stated below is subject to charge.

- The 1<sup>st</sup> shipment of any Purchase Order shipped prepaid must arrive at PEPBOYS DC by the stated due date.
- The 1<sup>st</sup> shipment of any Purchase Order shipped collect must be available for pick up by the specified ship date.
- The first shipment of any prepaid Purchase Order must not arrive more than 10 days prior to the specified due date.

*\* Notification of a delayed shipment or back-ordered item will not guarantee an adjustment to the due date or quantity ordered. All compliance regulations will still apply to the original Purchase Order dating and quantity ordered.*

*\*\* Ship date is defined, as the date the freight is shipped or available for pick up.*

*\*\*\* Due Date is defined as the date the product should arrive at the PEPBOYS Distribution Center.*

#### **4. Shipping Overages**

Any merchandise shipped over the quantity ordered on the Purchase Order is subject to a charge.

#### **5. Purchase Order Cancellation/ Purchase Order Management**

It is the supplier's responsibility to notify your assigned PEPBOYS Supply Chain Replenishment Manager within three (3) business days that ordered products or quantities cannot be fulfilled within the standards set by this policy.

PEPBOYS will make every attempt to notify you of canceled PO's, however; it is your responsibility to insure no shipments are made against a cancelled P.O. at any time.

For Ship-and-Cancel Vendors only one shipment can be made against a P.O. This includes LTL, U.P.S., etc.

Purchase Orders placed, but never shipped against within 30 days past due date, are subject to cancellation penalties.

PEPBOYS may request open Purchase Order information via email in order to plan for upcoming events. Supplier Partners will be provided 48 hours to respond to all requests. Failure to respond within the 48-hour timeframe will result in a penalty.

Failure to meet due dates may mean a review of your lead-time is required. If the results of your review warrant adjustments to our agreed to lead-time this must be communicated to your assigned PEPBOYS Supply Chain Replenishment Manager immediately upon identification.

Additionally, PEPBOYS operates on a cycle to review lead times. If during our review, adjustments to your lead-time are identified, your assigned Pep Boys Supply Chain Replenishment Manager will notify you accordingly.

An updated copy of all Supplier Compliance Standards and schedule of charges can be found at <http://info.pepboys.com> under the "Supply Chain Info" link.