



Updated
June 2020

Program SLAs, Policies & Procedures for Supplier Direct Fulfillment (SDF)

By agreeing to participate in the Direct Fulfillment Program (“SDF Program”), you agree to these Program Policies & Procedures for Supplier Direct Fulfillment via Commerce Hub (“SDF Program Policies”). These SDF Program Policies outline all required and necessary steps for you to participate in the SDF Program, and are incorporated by reference into your Vendor Master Agreement with Best Buy Purchasing LLC (the “Agreement”) via the Vendor Performance and Operations Standards posted on [Partner Portal](#). Failure to comply with any aspect of these policies and procedures, as determined in Best Buy’s discretion, may result in corrective action up to and including termination of your participation in the SDF Program. Please refer to the Agreement for definitions of capitalized terms not otherwise defined in these SDF Program Policies.

Table of Contents

1. Assortment and Inventory Management

- 1.1 [Assortment Approval](#)
- 1.2 SKU Set Up Expectations
- 1.3 Inventory Management
- 1.4 Product Availability and Backorders

2. Fulfillment Service Levels

- 2.1 Delinquent Orders
- 2.2 Expedited Order Fulfillment

2.3 Peak/Holiday Fulfillment Service Levels

3. Purchase Order Processing

3.1 Order Process

3.2 Backorders/Vendor Delay

3.3 Order Cancellations

3.4 Order Reshipment

3.5 Order Consolidation

3.6 Partial Shipments

3.7 Substitutions

4. Shipping Expectations

4.1 Shipping Methods

4.2 Shipping Documentation

4.3 UPS Account Setting

4.4 Service Levels and Signature Required

4.5 LTL Deliveries

4.6 Packaging

4.7 Branding Standards

4.8 Packing List (Slip) (with example of an approved packing list/slip)

5. Additional Policies and Procedures

5.1 Accounts Payable

5.2 Customer Service Commitment

1. Assortment and Inventory Management

1.1 Assortment Approval

Vendor and Best Buy Merchant will collaborate to select the appropriate assortment for the SDF Program.

1.2 SKU Set Up Expectations

- a. Upon assortment approval, Vendor agrees to obtain access to and complete tutorials for PDM (Product Data Management) found on Best Buy's vendor portal, [Partner Portal](#).
- b. Vendor will utilize GDS (Global Data Synchronization) and the PDM portal for setting up all approved Best Buy SDF SKUs.
- c. Vendor will set up SKUs within 5 business days upon assortment approval from the Best Buy Merchant.

- d. For each SDF SKU, Vendor will provide Best Buy's third party content provider with all applicable hi-resolution images, video (if applicable) and copy within 5 business days of the request for content.
- e. Vendor will confirm that all approved SKUs that are setup will have positive inventory loaded in Commerce Hub at least 2 business days prior to the anticipated launch date (site display date).
- f. SKUs must be available for at least 90 days past the launch date (site display date), unless approved by the Best Buy Merchant.
- g. Vendor must communicate any changes to SKU attributes to the merchant team immediately (including, but not limited to, dimensions, product content and warranty).
- h. Vendor will communicate national promotions at least 4 weeks prior to the effective date.

1.3 Inventory Management

The SDF Program is a supplier-managed inventory program. Vendor will guarantee 100% availability within CommerceHub of all SDF SKUs approved by Best Buy sufficient to fulfill all Best Buy customer purchases (via Best Buy specific allocations) in accordance with these SDF Program Policies. It is Best Buy's expectation that inventory loaded in CommerceHub is 100% allocated ONLY for Best Buy sales. Failure to maintain a consistent level of stock for the active assortment may result in SKU reduction or elimination of the assortment.

1.4 Product Availability and Backorders

Vendor will provide Best Buy with inventory availability via inventory feeds within CommerceHub. Inventory feed files within CommerceHub are captured by Best Buy every 15 minutes, 24 hours a day, 7 days a week. A minimum of 1 full inventory daily update is required, however Best Buy recommends inventory files to be provided by the vendor as often as possible. All SKUs should be flagged as available and only approved SKUs should be transmitted within the inventory feeds. Additionally, Vendor is responsible for zeroing out all Discontinued product inventories and denoting such SKUs as "Discontinued" in the Commerce Hub portal. Notification to your Best Buy Merchant must also be made at the time of discontinuing an item to ensure removal from the active assortment.

Vendor will need to confirm with their Merchant whether or not they will maintain an "On Hand" or "Available" inventory type.

On Hand: Vendor DOES NOT account for open demand in inventory feeds passed to Best Buy. (Best Buy then accounts for open demand and deducts from Vendor’s inventory feed.)

Available: Vendor DOES account for open demand in inventory feeds passed to Best Buy. (Best Buy then does not account for open demand.)

2. Fulfillment Service Levels

All new Vendors, when shipping parcel packages, will begin with a 2 business day processing time calculation message on www.bestbuy.com for each of their SKUs. Vendors are required to ship all orders within 2 business days of receiving the purchase order.

After the earlier of 30 days or 200 orders, Best Buy will review fulfillment-level processing time performance, looking at an average time from “order create” to “first carrier scan”. Best Buy will adjust processing time values based on how many business days it takes for the vendor to process 98% of orders. Failure to meet the 1-2 business day service level may result in reduction or elimination of the SDF product assortment. Best Buy reserves the rights to change lead-time messaging at any time.

Calculating Fulfillment Processing Time: The fulfillment window begins on the first full business day the Vendor has the order and ends when the order receives its first carrier scan. The fulfillment window excludes the first business day that the order is transmitted in Commerce Hub, as shown below.

2 Business Day Delinquency Chart												
Week 1								Week 2				
		Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu
Day Order Received	Mon	0	S	S	D	D	D	D	D	D	D	D
	Tue	-	0	S	S	D	D	D	D	D	D	D
	Wed	-	-	0	S	S	D	D	D	D	D	D
	Thu	-	-	-	0	S	-	-	S	D	D	D
	Fri	-	-	-	-	0	-	-	S	S	D	D
	Sat	-	-	-	-	-	0	-	S	S	S	D
	Sun	-	-	-	-	-	-	0	S	S	S	D
Days Until an Order Turns Delinquent												
0	Day order is available in Commerce Hub											
S	Shipping day with no delinquency											
D	Order is considered delinquent on this day											

2.1 Delinquent Orders

An order is considered delinquent when the line items on the order cannot be ship confirmed in Commerce Hub by the end of the 2nd business day. Vendor facing reporting is available on CommerceHub's OrderStream dashboard, titled Order Exceptions. For any reporting questions, please contact: CommerceHub Customer Support <customersupport@commercehub.com>

2.2 Expedited Order Fulfillment

Vendor will ship orders based on the SCAC (Standard Carrier Alpha Code) transmitted on the purchase order. This may include any of the following service codes, but limited to:

- UPS Mail Innovations
- UPS Ground
- UPS Next Day Air
- UPS 2nd Day Air
- Signature Required (for any of above service levels)

LTL (Less than Truckload) Home Delivery

2.3 Peak/Holiday Fulfillment Service Levels

a. During peak times, Best Buy will communicate revised shipping cut-off times to the Vendor. Vendors who are able to meet expedited fulfillment timeframes, and still meet the Service Level requirements, will be able to participate in our holiday guarantee, which will change the on-site messaging of SDF product SKUs. Vendor acknowledges that in changing the on-site messaging during peak times, Vendor is confirming its ability to accommodate increased order volume without negatively impacting fulfillment Service Level expectations, resulting in nega.

b. During holiday time periods, Best Buy may sponsor upgraded shipping programs to ensure customers receive their purchases in time for holiday gifting. Best Buy will communicate upgrades to shipping service levels on the purchase order. In exception cases, Vendors may be asked to manually change the shipping service to ensure timely delivery. Upgrades will be managed internally by Best Buy, will be processed at Best Buy's expense, and updated level of service will be reflected on the PO.

c. Vendor will notify Best Buy as soon as Vendor is aware of anything that may cause an interruption in service (warehouse closures, moves, holiday closures, inclement weather, etc.). The Vendor should notify Best Buy via the SDF Compliance Inbox, SDF_Compliance@bestbuy.com, a minimum of three weeks in advance for planned interruptions. For unexpected interruptions, please notify Best Buy ASAP. Vendor will feed a "zero" for inventory during interruptions in service. Best Buy may also take action to adjust

customer lead-times or disable Vendor's SDF Product assortment during an interruption in service.

3. Purchase Order Processing

3.1 Order Process

Customers will make payment directly to Best Buy. Best Buy will electronically submit a purchase order to the Vendor that contains the customer's shipping address, the product UPC, and quantity to be shipped via Commerce Hub. Vendor will fulfill each SDF purchase order by shipping such product to the designated shipping address, which may be one of Best Buy's facilities, the customer's home or another street mailing address. Each purchase order will have only one "Ship To" address and one shipping service level type designated. A purchase order may consist of a single line item for a single unit, a single line for multiple units or multiple line items with multiple units. Best Buy transmits purchase orders to Vendor in near real time 365 days per year.

3.2 Backorders / Vendor Delay

Vendor must update the status of any order to "Backordered" in the Commerce Hub interface for any SDF product *not* currently in Vendor's inventory. These orders need to be moved to a "backordered" status in Commerce Hub *prior* to the expiration of the 2-day SLA.

Vendors are also required to zero out inventory the same day for any SKU in a backorder status. If an order for SDF product that is currently out of stock can be fulfilled within 14 calendar days from the expected delivery date (customer promise date), it may remain in backorder status. If an order cannot be fulfilled in that time period, it must be canceled by the Vendor in Commerce Hub.

The Vendor will be responsible for updating Vendor's inventory feed, changing order statuses in Commerce Hub, and updating Best Buy regarding any cancelled or discontinued statuses on all orders impacted.

3.3 Order Cancellations

A shipped cancelled order: In the event a cancelled order is shipped, neither the customer nor Best Buy will have responsibility to Vendor for payment of such order.

Customer Order Refusal: Vendor is responsible for notifying Best Buy of any refused product orders within 3 business days of the customer's delivery refusal.

Vendor or Best Buy-initiated order Cancellation: In the event an order cannot be filled, the Vendor may cancel an order through Commerce Hub. On occasion, Best Buy may initiate an order cancellation in its sole discretion for reasons such as a customer request, fraud or lack of a physical address. Best Buy will initiate cancellations for customer orders not fulfilled within 14 calendar days from the expected delivery date (customer promise date). In such case, Vendor must confirm within 24 hours whether or not the Vendor was able to cancel the order prior to shipment. Shipments which are successfully stopped must be cancelled by Vendor in the Commerce Hub interface.

3.4 Order Reshipment

In cases of non-conforming, lost or damaged orders rejected by the customer, Best Buy will submit a new purchase order to satisfy a customer re-shipment request. Vendor will re-ship based on the new purchase order.

3.5 Order Consolidation

Vendors should use commercially reasonable efforts to consolidate all components of an accepted purchase order into one shipment to be delivered to the same designated shipping address.

3.6 Partial Shipments

Partial shipments on quantities within a line item are allowed. Vendors must ship available product and backorder or cancel remaining lines as outlined above.

3.7 Product Substitutions On Orders

Vendor may not make product substitutions. When products are not available, the vendor must follow the process outlined above.

4. Shipping Expectations

4.1 Shipping Methods

Vendor must conform to carrier and shipping methods specified on the corresponding purchase order. Best Buy's current carriers are UPS for parcel shipments and Pilot for LTL shipments. Use of non-approved carriers is forbidden. Best Buy will not reimburse Vendor for shipments made with a non-approved carrier. For all expedited and express orders, Vendor will

use best efforts to ship items within one (1) business day of receiving Best Buy's purchase order. Vendor is responsible for all costs incurred by Best Buy due to the Vendor's failure to use the carrier and service level indicated on the purchase order. Any manual purchase order shipping method overrides will be requested by Best Buy in writing.

4.2 Shipping Documentation

The "Ship To" address may be any residential or business address within the contiguous United States plus Hawaii and Alaska. APO/FPO and PO Box addresses are not supported for SDF, and all orders are blocked by Best Buy. If, however, Vendor receives an order with an APO/FPO or PO Box address, please contact your Best Buy Order Management partner for resolution.

4.3 UPS Account Setting

Best Buy will provide Vendor with a Best Buy prepaid UPS account number to use for all Best Buy shipments. All UPS accounts will be setup based on Best Buy's criteria, which includes the following:

- Account will be set to Prepaid, with Best Buy as Shipper of Record
- UPS labels must print Best Buy Product Returns Center (PRC) address as return address
- The Best Buy purchase order number must be included in the UPS or Pilot reference field

Note: Vendor will provide a sample of Vendor's UPS label for review by Best Buy prior to launch in order to ensure the account is set up correctly.

4.4 Service Levels and Signature Required

Shipping methods may include Ground, 2nd Day Air, Next Day Air, and Signature Required. The shipping method will be designated by the SCAC (Standard Carrier Alpha Code) contained on the purchase order.

Where order value or risk of theft is high, Best Buy may request Vendor to ship with "Signature Required". This service level will be indicated on the SCAC code. Vendor will ship the item(s) as required by the applicable purchase order and send Best Buy confirmation through the appropriate SCAC code. SCAC codes will be configured during initial Commerce Hub set up and testing.

4.5 LTL Deliveries

Vendor will coordinate all LTL shipments with a Best Buy approved carrier through that carrier's pick-up and scheduling processes. Vendor will submit an ASN (Advance Ship Notice) to Best Buy once the Product ships. For LTL deliveries, Vendor will comply with Best Buy's shipping multiplier requirements as outlined below. Where Vendor is unable to meet these requirements, the Vendor must notify Best Buy's Order Management team for assessment of shipping cost variations. The multiplier below defines how many products can be ordered per delivery charge and only applies to items that are on the same purchase order being shipped to the same address.

# of Units	Delivery Charge
1-3	1 x LTL Charge
4-7	2 x LTL Charge
8-10	3 x LTL Charge
11-9999	9999 x LTL Charge

4.6 Packaging

Vendor will package Product(s) in a manner that prevents in-transit product damage. All packaging must meet the International Safe Transit Association (ISTA) testing standards. Guidelines can be found at https://ista.org/responsible_packaging_by_desig.php. Damage rates are monitored throughout the year. Excessive damage rates may result in one or more SDF Product SKUs being removed from the assortment until appropriate package adjustments are made. Packages will not be upgraded to a higher level of shipping service due to insufficient packaging. For any item being overboxed, the contents of the overbox shall be consumed to at least 75% capacity by the physical item being shipped.

4.7 Branding Standards

Vendor will comply with all Best Buy branding standards for all products shipped via the SDF Program. Best Buy must approve all branded documents prior to use. All inserts, including rebates, must receive prior written approval from Best Buy.

4.8 Packing List (Slip)

Vendor will include a Bestbuy.com branded packing list in every shipment. For multiple carton shipments, a copy of the packing list should be included with each carton and/or the ship label must identify the number of cartons associated with the purchase order. Approved packing lists can be downloaded from Commerce Hub. Internally-driven and customized vendor packing slips must be approved by Best Buy *prior* to launch.

5. Additional Policies and Procedures

5.1 Accounts Payable

Best Buy will reconcile SDF financials per the invoice transaction processed through Commerce Hub. Vendor will include only one order and location per invoice; however, if an order results in multiple shipments, Vendor may invoice each shipment separately.

Invoice cost per UPC should equal current cost less deals. DFI Allowance deals should be included in the net cost of the item. Extended cost must be calculated on the invoice. Special handling charges, service fees, etc. must be approved by Best Buy prior to submission. Vendor will submit invoices within 24 hours of shipment. If you receive a purchase order that reflects an incorrect cost, please reach out to your Best Buy Merchant regarding the cost correction.

5.2 Customer Service Commitment

a. Vendor acknowledges it is shipping directly to Best Buy's customers and agrees to support the customer experience as outlined in this document. Best Buy will manage the customer relationship. Vendor may not contact the customer by phone or email for any reason. Customers should be referred to Best Buy Customer Service Team (1-888-BestBuy or help@bestbuy.com). Any Vendor inquiries related to orders should be addressed with the Vendor's Order Management Operations contact, or, if unknown, sent to the Best Buy Order Management Team.

b. Vendor is expected to respond to order inquiries and requests within one (1) business day. Inquiries may include:

- Parts/warranty service
- Order cancellation requests
- Change of address requests: Help customers correct address errors
- Return notifications: Process undelivered returns; request return receipt confirmations
- Order inquiries: Any other general customer inquiries about an SDF product order