# Table of Contents

I. Introduction/General Information ........................................page 2

II. Company Contacts............................................................page 2

III. Acknowledgement and Agreement.................................page 3

IV. Purchase Order Information.............................................page 4-5

V. Packing Requirements .....................................................page 6-7

VI. Department Tagging Guidelines .....................................page 8-10

VII. Invoice/Packing Slip Requirements...............................page 11

VIII. Shipping Requirements................................................page 12

IX. General Rules...............................................................page 13

X. Merchandise Return Policy............................................page 14

XI. Chargeback Schedule....................................................page 15
INTRODUCTION

South Moon Under has chosen you as a vendor to uphold our customer’s expectation in providing exceptional and high quality product. South Moon Under can only achieve this goal with the cooperation and support of our vendors. Vendors must completely understand this requirement when they accept merchandise orders.

This manual is South Moon Under’s instrument to ensure merchandise is moved in a quick, reliable and cost effective manner from our vendors to our sales floor. Carefully following the guidelines in this document will expedite processing, avoid chargebacks, and help prevent delay of payment or return of goods to the vendor.

If you have additional questions, or inquiries not detailed in this Routing Guide, refer to the below list of contacts and their phone numbers. Please be sure that this Vendor Compliance and Routing Guide is forwarded to the person in your organization that is responsible for shipping orders. Any questions concerning information contained in this guide must be addressed prior to shipment of goods. We value our vendor relationships and look forward to a professional partnership and continued mutual success.

Company Contacts:

<table>
<thead>
<tr>
<th>For Information regarding</th>
<th>Phone numbers</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Office, Berlin MD</td>
<td>410-641-1644</td>
<td></td>
</tr>
<tr>
<td>Buyer Assistant</td>
<td>410-641-1644 ext.110</td>
<td><a href="mailto:pam@southmoonunder.com">pam@southmoonunder.com</a></td>
</tr>
<tr>
<td>Accounting Dept.</td>
<td>410-641-1644 ext.120 &amp; 121</td>
<td><a href="mailto:anneg@southmoonunder.com">anneg@southmoonunder.com</a></td>
</tr>
<tr>
<td>Director of Distribution Ctr.</td>
<td>410-641-1644 ext.145</td>
<td><a href="mailto:crystal@southmoonunder.com">crystal@southmoonunder.com</a></td>
</tr>
<tr>
<td>Return to Vendor Dept</td>
<td>410-641-1644 ext. 143</td>
<td><a href="mailto:srice@southmoonunder.com">srice@southmoonunder.com</a></td>
</tr>
<tr>
<td>Packaging Specifications</td>
<td>410-641-1644 ext. 145</td>
<td><a href="mailto:crystal@southmoonunder.com">crystal@southmoonunder.com</a></td>
</tr>
<tr>
<td>Logistics/Carrier and Rate Info</td>
<td>410-641-1644 ext. 145</td>
<td><a href="mailto:crystal@southmoonunder.com">crystal@southmoonunder.com</a></td>
</tr>
<tr>
<td>Charge Back questions</td>
<td>410-641-1644 ext. 144</td>
<td><a href="mailto:vparks@southmoonunder.com">vparks@southmoonunder.com</a></td>
</tr>
<tr>
<td>Delivery Appointments</td>
<td>410-641-1644 ext. 145</td>
<td><a href="mailto:crystal@southmoonunder.com">crystal@southmoonunder.com</a></td>
</tr>
<tr>
<td>Routing Guide Questions</td>
<td>410-641-1644 ext. 145</td>
<td><a href="mailto:crystal@southmoonunder.com">crystal@southmoonunder.com</a></td>
</tr>
</tbody>
</table>

Quality and Safety: Vendors must make every possible effort to ensure the quality of all merchandise produced for South Moon Under. Products are to meet the Buyers specifications and match approved samples. Merchandise must comply with applicable federal and state regulations for health and safety.

Packaging, Marking and Labeling: All products must meet South Moon Under minimum specifications as outlined in this Routing Guide to ensure smooth and efficient processing at the Distribution Center.

Delivery and Freight Routing: Manufacturers must meet delivery dates specified upon the approved purchase order and select freight delivery as outlined in this Routing Guide. Early and Late deliveries that have not been approved by a Buyer in advance will result in a penalty.

Vendor Violations – See page 15 for chargeback violation chart
Please read South Moon Under Vendor Routing Guide thoroughly and sign and return this Acknowledgement form as indicated below. This certifies that you have read and agree to all terms outlined in this Vendor Compliance and Routing Guide.

Please fill out and sign the below agreement and email/scan the signed document to crystal@southmoonunder.com

Acknowledgement and Agreement

This form must be signed by an officer or persons in the company with merchandise and shipping authority

Company- indicated DBA (please print)

Address (please print)

City State Zip

(Please Print) Director of Distribution /Warehouse contact and phone number

Signature

Title (please print)

Administration Fees:

Any deviation from the routing instruction listed in this document will incur an administrative fee in addition to the processing fees incurred for each violation. (See page 15 for charge back schedule)

All admin and processing fees (otherwise known as chargebacks) contained in this document will be deducted from payment for the merchandise via an invoice deduction. In the case of refusals, South Moon Under may refuse charges with UPS Billing and they will be applied to the shippers UPS invoice or be deducted from the next/future invoice.
Purchase Order Information

Purchase order Guidelines:
The timely and accurate execution of the South Moon Under purchase order is essential in achieving our goal of outstanding customer service and ensuring the product is in our stores in a timely basis.

To achieve this goal:

**South Moon Under has the responsibility to:**
- Maintain the correct vendor and product information (example - pricing terms, lead time, etc.)
- Pay for merchandise based on agreed terms
- Properly document and communicate vendor chargebacks and other compliance issues

**Vendors have the responsibility to:**

We highly value our vendor relationships. We strongly encourage proactive communication with our buyers and staff of any potential issues regarding shipping compliance and routing guidelines addressed in this manual. We recognize everyone has to be able to operate in the most cost effective environment to remain successful.

- Ship product in strict accordance with the schedule set forth in the Purchase Order.
- Confirm the purchase order information with the buyer/s within 3 business days of receiving the order.
- Notify buyer/s of any discrepancies within 3 business days of confirming order
- Vendors must notify buyers of any potential delays in shipments
- Vendor will be responsible for any costs incurred as a result of an incorrect product shipment

The purchase order will designate the ship to location. The purchase order will contain a Start Ship Date and an In-DC (Distribution Center) Cancel Date.

- Unapproved Early and Late shipments will be refused, and round trip freight costs will be deducted from the next invoice. South Moon Under is not responsible for any redelivery charges associated with refused shipments. (see page 15)
- If buyer approves to keep an early or late shipment, the vendor will be charged an administrative fee and a percentage will be deducted from the cost of goods (see page 15)

Should you have any questions concerning these instructions, please refer to the contact list found on Page 2 of this manual under the Contacts Section.

**Vendor Violations – See page 15 for chargeback violation chart**
Packing Requirements:

The accurate and proper packing of merchandise is critical to the efficient processing of merchandise in the South Moon Under’s Distribution Center. Carefully following the guidelines outlined in this section will expedite processing and help prevent delay of payment, chargebacks, or return of goods to the vendor. South Moon Under will not allow any unauthorized freight, insurance, handling, packing or any other miscellaneous charges on merchandise invoices.

Tape/Seal all cartons. No staples allowed on cartons. The Maximum weight is 50lbs per carton. Use sturdy boxes. Fill cartons so that they do not collapse. If necessary, use filler (paper or bubble) so boxes do not collapse. All Shipments must include a packing slip.

1. Carton/Ship Label Information:

All cartons received by South Moon Under must include the following markings:

- Shipping labels affixed to the top of each carton that is plainly visible and list the following information. If the guideline is not followed an Admin. Fee will be added to the most recent invoice.
  - Vendor Name
  - P.O. Number
  - Delivery Tracking #
  - Carton # of total (i.e. 1 of 4, 2 of 4, etc.)
  - Carton weight

- Separate sizes by cardboard or paper division if order is packed in one carton.
- Place detailed packing slip(s) for the same purchase order in a pouch marked “Packing Slip Enclosed” and affix or tape to the top lead carton of the shipment.
  a. Example of what the packing slip should look like and include:

```
<table>
<thead>
<tr>
<th>CUSTOMER NO.</th>
<th>OUR ORDER NO.</th>
<th>HLD ORG</th>
<th>HLD DATE</th>
<th>HLD CONF</th>
<th>START DATE</th>
<th>COMPL DATE</th>
<th>SHIP VIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOU1761</td>
<td>0135151</td>
<td>N</td>
<td>N</td>
<td>04/02/14</td>
<td>03/14/14</td>
<td>UPS Ground</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CUSTOMER P.O.</th>
<th>TERMS</th>
<th>DEPT</th>
<th>REP 1</th>
<th>REP 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>39750</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ITEM</th>
<th>STYLE</th>
<th>CLR</th>
<th>SIZES</th>
<th>PRICE</th>
<th>UNITS</th>
<th>EXTENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OXV26219</td>
<td>JDI</td>
<td></td>
<td></td>
<td>69.00</td>
<td>16</td>
<td>861.00</td>
</tr>
</tbody>
</table>

Vendor Violations – See page 15 for chargeback violation chart
Packing Requirements continued:

1. Carton Information continued:
   - All cartons must be packed and labeled by individual style, size and color; unless purchase order specifies pre-packed. Do not mix styles, sizes or colors within the same carton, unless order is in pre-packs then assorted size range would be allowed.
   - All cartons must be properly labeled and lined with poly liner to ensure merchandise is received in good condition.
   - Weight limit per carton – 50 pounds or less

2. Garment Packing/Product Marking (any article of clothing)
   a) All apparel must contain a label that includes:
      a. Fabric content
      b. Country of origin
      c. Size
      d. RN#
      e. Washing/Care instructions
   b) Pack only one purchase order per carton. (note: does not apply to special orders)
   c) Garments pre-packed should be master poly-bagged together to make up a pre-pack. Example XS-L, 1-2-2-1, color black. The style number, color and size(s) must be on the outside of the bag. Poly-bag does not have to be pre-printed. This information can be written on a small label and placed on outside of poly-bag
   d) Sizes must be easily visible for sorting purposes
   e) Insert a corrugated pad between the items and the top of the master carton to protect against cutting.
   f) Vendor tags/tickets - Follow confirmed purchase order instructions – buyer will indicate.
   g) No pins attached to garments
   h) No cardboard collar form/shaper.
   i) No hangers – If sizes are indicated on/by the hanger, and sizes on the garment are not visible, contact Director of Dist. Ctr. for approval to ship on hangers.
   j) Special Orders – can be attached to bulk order or separately. Notation is needed on packing slip indicating special order.

Vendor Violations – See page 15 for chargeback violation chart
Department Tagging Requirements:

- All vendor tags containing manufacturer’s suggested retail must be removed prior to shipping.

Below you will find our label and fastener guideline for application if requested by South Moon Under.

<table>
<thead>
<tr>
<th>Garment</th>
<th>Tag and Fastener Placement</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Tops/Outerwear/Sweaters/Dresses/Blazers</td>
<td>Tag in the vendor label in the neck of the garment</td>
</tr>
<tr>
<td>Swim Separates</td>
<td>Tag in the vendor label</td>
</tr>
<tr>
<td>All W’s Swim Cover Ups</td>
<td>Tag in the vendor label in the neck of the garment</td>
</tr>
<tr>
<td>All pants/shorts/swim trunks/leggings</td>
<td>Tag in the left seam when wearing, as close to the waistband as possible</td>
</tr>
<tr>
<td>Skirts</td>
<td>Tag in the vendor label in the back of the garment</td>
</tr>
<tr>
<td>Scarves</td>
<td>Tag in vendor label</td>
</tr>
<tr>
<td>Hats</td>
<td>Tag in the vendor label located in the hat</td>
</tr>
<tr>
<td>Bags</td>
<td>Loop fastener and tag around the handle of the bag</td>
</tr>
<tr>
<td>Flip Flops</td>
<td>Loop fastener and tag to connect the pair together</td>
</tr>
<tr>
<td>Belts</td>
<td>Loop fastener and tag around the buckle of the belt</td>
</tr>
</tbody>
</table>

**Jewelry, Hair Accessories and Scarves**

1. The guideline listed below must be followed for all jewelry and hair accessory items:
   a. All jewelry pre-packs should be wrapped in bubble wrap to avoid damages during shipping.
   b. All earrings must be affixed to South Moon Under earring cards by vendor, unless otherwise stated by Buyer. They must be grouped by style and color. Do not pack earrings in individual bags.
   c. Pre-order earring cards through South Moon Under’s Distribution Center –

See below example of how earring should be placed on our earring cards.

![Earring Example](image)

d. All necklaces must have fastener attached, and placed in individual poly-bags. Pre-order Fasteners through South Moon Under’s Distribution Center. (see example below of how to place fasteners on our necklaces)

![Necklace Example](image)

Vendor Violations – See page 15 for chargeback violation chart
Department Tagging Requirements continued:

Jewelry, Hair Accessories and Scarves continued:

e. Make certain no vendor identification hang tags are attached to the various items unless otherwise directed by the buyer.

f. All shipping cartons must be properly labeled.

g. The style numbers and quantity must be on the outside of each pre-packed bag. Poly bag does not have to be pre-printed. This information can be written on a small label and placed on outside of poly-bag or written on the bag with permanent marker.

Apparel:
For only approved vendors, see below examples of where to place your vendor tags.

All Tops, Dresses and Swim Cover-ups:
The vendor tags needs to go through the vendor label located in the neck. If vendor label is not located in the neck then vendor tag can be place in the vendor label location.

All pants/shorts/swim trunks and leggings:
Vendor tags should be affixed in the left seam as show below. (Left seam as if wearing, as close to the waistband as possible)

Women’s Swim:
Vendor tags are to be affixed to the vendor label as show below.

Vendor Violations – See page 15 for chargeback violation chart
Department Tagging Requirements continued:

**Skirts:**
Vendor tags are to be affixed to the vendor label in the garment.

**Hanging Flip flops:**
Loop the fastener around the left and right shoe with vendor tags/tickets affixed to fastener. We want them connected as a set.

**Hats:**
Affix vendor tags to vendor label.

Vendor Violations – See page 15 for chargeback violation chart
Invoice/Packing Slip Requirements

A. The following guidelines must be followed when preparing Invoice/packing slip(s):

1. Each individual purchase order number must be invoiced separately and addressed to South Moon Under, Accounts Payable, 619 Franklin Avenue, Berlin, MD 21811
2. The Vendor is required to include a packing slip with each merchandise shipment received by South Moon Under Distribution Center.
3. A packing slip must be placed in a pouch and placed on the lead carton of each purchase order shipped.
4. Ship to the address specified on South Moon Under’s purchase order.

B. The invoice/packing slip per Purchase order must include the following:

1. Vendor name and address
2. Carton # of total (i.e. 1 of 4, 2 of 4, etc.)
3. South Moon Under P.O
4. Vendor Invoice number
5. Total units sorted in the following order:
   a. Style
   b. Color
   c. Size
6. Total number of cartons in shipment per Purchase Order
7. Weight of each carton in shipment
8. Terms (Invoice only)
9. Individual unit cost per style
10. Total cost extension for each style (Invoice only)
11. Total dollar amount due (Invoice only)
12. Payment due date

Invoices must be mailed to: 619 Franklin Avenue, Berlin, MD 21811 or emailed to anne@southmoonunder.com.

All C.O.D. shipments will be refused upon delivery.

ASN – (advance shipping notification) – South Moon Under would like advance shipping notices. Email to: smuasn@southmoonunder.com.

Vendor Violations – See page 15 for chargeback violation chart
Shipping Requirements:

The guidelines for the delivery of merchandise to our Distribution Center are designed to facilitate the quick and efficient receipt of merchandise while ensuring good dock management and reduced unload time.

The below requirements must be met prior to delivery of merchandise, unless otherwise approved by the Director of Distribution Center. It is the vendor’s responsibility to ensure that ALL these requirements have been fulfilled in order to ensure smooth delivery and avoid chargeback fees.

Ship all orders to: 511B Naylor Mill Road, Salisbury, MD 21801
Ship all samples to: 619 Franklin Avenue, Berlin, MD 21811

(Note: Our Dist. Ctr. will be moving in the fall of 2014. Change of address cards will be mailed)

Carrier Information/Ship via:

All Shipments: F.O.B. Destination, freight collect

UPS Ground collect:
- Less than 600 lbs. & 20 cartons ship UPS Ground Collect.
- Please contact Director of DC for UPS Collect number
- Weight limit per carton – 50 pounds or less
- No Declared Value on inbound shipments
- No Air Shipments

UPS Freight collect:
- Greater than 600 lbs. and/or 20 cartons & less than 4,500 lbs. ship via UPS Freight Collect
- Lift Gate required on all freight deliveries
  - Shoe Orders – contact Director of Distribution for shipping instructions
  - Habitat orders (candles/glassware) over 20 cartons ship via UPS Freight
  - No Declared Value on inbound shipments
- Freight Exceptions – Vendors in Zip code – 91763, 90022, 92614 ship packages via UPS Ground collect.

UPS Freight BOL sample:
ASN – (advance shipping notification) – South Moon Under would like advance shipping notices. Email to: smuasn@southmoonunder.com

Shipping Requirements continued:

International Origin Shipment:
  - All freight must be prepaid by the shipper, including duties and taxes, unless otherwise instructed by the buyer.

General Rules concerning shipments:

- Declared Value – Do not place DV charges on our inbound shipments. South Moon Under will take responsibility for damages or loss while in transit.
- Receiving hours- 07:30AM-03:30PM for freight and ground
- ASN – (advance shipping notification) – South Moon Under would like advance shipping notices. Email to: smuasn@southmoonunder.com

Improper Use of South Moon Under’s UPS Account #: $500.00 per occurrence

Any use of South Moon Under’s UPS account number for shipping to any location other than South Moon Under and its agents is strictly prohibited. Vendors will be charged back for any fees due to improper use of our account in addition to the $500 per occurrence fee.
Merchandise Return Policy

It is South Moon Under’s option to refuse or return merchandise to the vendor if the shipment is received prior to start ship date, or after in DC cancel date.

South Moon Under reserves the right to return merchandise under any of the following conditions:

a. Received prior to “start ship date” or after “In-DC cancel date”
b. Shipped in a way not in strict compliance with this P.O.
c. Arrives not as ordered or sampled.
d. Shipped with fabric, or manufacturing defect, or fit issue (South Moon Under is not responsible for warehousing defective merchandise)
e. Incomplete shipments
f. Substitutions
g. Shipped wrong size scale
h. Overages – will be shipped back to vendor and charged round trip shipping expense

The Vendor shall provide South Moon Under with a return authorization number (RA#). If vendor fails or refuses to provide South Moon Under with such RA# within (7) seven business days after the date of the receipt or notification, the vendor authorizes South Moon Under to dispose of merchandise without payment to the vendor.

All receipts of defective items will be returned to the vendor at full cost, including any duty, taxes and freight expenses.

Non-Compliance Guidelines:

- Merchandise must be prepared and shipped in accordance with the instructions in this guide. Shipments not in conformance with these instructions may be refused and or returned at the vendors cost, and be charged a standard Admin fee according to the schedule found on page 15.

- A vendor non-compliance document will be generated by the Vendor Compliance Manager at the Distribution Center. The document will detail the vendor’s non-compliance to this routing guide for reference.

- Fees contained in this document may be deducted from the current invoice or future invoice.

- Refusal shipping fees will be deducted from the invoice, and or from the shippers UPS account via refusing charges. (will include inbound and return shipping fees)

- Statute of Limitations for Contesting Chargebacks and Shortages – 30 Days

Expenses incurred due to violation of the instructions in this routing guide will be paid by the vendor in the form of charge-backs summarized in the chart on page 15. All charge-backs will be documented and communicated to the vendor in detail. Vendors must respond in writing within thirty (30) days of the charge-back date if there are any questions.

South Moon Under will not address questions on chargeback fees that exceed 30 days from the date that the order was received at the Distribution Center. We will not be held responsible for shortages or chargeback claims that are over 60 days old.
Vendor Violations – See page 15 for chargeback violation chart

South Moon Under Chargeback Schedule:

<table>
<thead>
<tr>
<th>Nature of Violation</th>
<th>Fee</th>
<th>Per Unit/PO</th>
<th>Freight chargeback</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Early &amp; Late refusal</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td>Yes - round trip</td>
</tr>
<tr>
<td>b. Early &amp; Late Received</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td>20% short pay on cost of invoice</td>
</tr>
<tr>
<td>c. Failure to ship earrings on SMU earrings cards or place fasteners as indicated</td>
<td>$0.20 per unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Shipping COD without buyers approval</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td>20% short pay on cost of invoice</td>
</tr>
<tr>
<td>e. Shipping without packing slip</td>
<td>$25.00 Admin fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Shipping via incorrect carrier - unless approved Director of Dist.</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Shipped wrong/incomplete – style/color/size</td>
<td>$50.00 admin fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. Merchandise shipped on hangers - unless approved by Director of Dist.</td>
<td>$25.00 per PO plus $0.75 per unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Mixed SKU’s in carton/not separated</td>
<td>$25.00 per receipt plus $0.25 per unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. Unauthorized use of air freight carrier</td>
<td>$50.00 plus freight expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. Declared Value charges</td>
<td>$50.00 plus freight expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>l. Style Substitution</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>m. Charge Refusals for Domestic and International Shipment</td>
<td>$50.00 Admin Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>n. Unauthorized use UPS Inbound collect #</td>
<td>$500.00 per occurrence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*All applicable fees will be deducted from current or future invoices

Note: In the event of “natural disasters” some of the above chargeback fees will be taken into consideration and may not apply.

Definitions:
- Admin fee – Chargeback or Chargeback fee
- Processing fee- Chargeback or Chargeback fee
- Approved Early and Late– This applies only if the buyer decides to keep the merchandise