

VENDOR SUPPLY CHAIN SCORECARD

The overall Supply Chain Grade is based on the following 7 categories: Received as Ordered, Compliance, Accuracy, PO Lead Time, Days Routed per Week, Shipment Creation, and PO First Available Day for Pickup. The scorecard is updated on a monthly basis and will be emailed to the appropriate contacts within your organization. Each of the 7 supply chain categories are defined and outlined below:

RECEIVED AS ORDERED-

- Defined- Our vendors ability to fill our orders complete and as ordered greatly impacts the level of service we are able to provide our customers and allows us to maximize our inventory, productivity and sales performance.
- Goal- Kohl's expectation is that our vendors ship 100% complete and as ordered during the ship window.
- Calculation- Received as ordered is calculated by comparing the total units received at the style level compared to the total units ordered by style. This measurement excludes entire PO's that have been completely canceled. Only PO's that have had receipts against them are considered.

COMPLIANCE-

- Defined- Kohl's Compliance Program is designed to notify our vendors of non-compliance issues in a timely manner and to recoup expense associated to correcting each error prior to releasing to our stores. We take a pro-active approach to resolving non-compliance issues by providing assistance to vendors in interpreting our requirements and partnering together to correct each issue.
- Goal- Our goal is to work closely with each vendor to minimize/eliminate non-compliance related chargebacks.
- Calculation- Compliance performance is measured as a percent to total cost receipts. This compliance measurement is calculated by dividing your total compliance charges by your total cost receipts.

ACCURACY-

- Defined- To maintain inventory integrity in our stores, it's critical that our vendors ASN/Packlist accurately reflect the physical contents of each carton. Spot Check Audits are performed on all inbound shipments and "Fail" if the error rate within the cartons checked exceeds 4%. Reasons for failed audits include picking, ticketing, and carton labeling errors (UCC 128).
- Goal- Our goal is for our vendors to achieve an audit failure rate of less than 1%.
- Calculation- Vendor Accuracy is measured by dividing the number of "failed-audit" related compliance violations by the total number of receivers in which an audit(s) was performed.

PO LEAD TIME-

- Defined- When the DC Splits/Store Allocations on a PO are released in relation to the Start Ship Date. Shorter lead times allow the buying offices the ability to maximize allocations.
- Goal- To minimize lead time to be one week prior to the Start Ship Date.
- Calculation- Total average days from the point we release a DC Split/Store Allocation to the Start Ship Date.

DAYS ROUTED PER WEEK-

- Defined- Kohl's discourages routing more than once per week and expect our vendors ship only once per DC on each Purchase Order. Multiple shipments increase Transportation and DC/Store handling expense.
- Goal- Our goal is for vendors to ship one time to each Kohl's DC within the original ship window.
- Calculation- The Days Routed Per Week measurement is based on the average number TMS routing entries by DC per Purchase Order.

TMS SHIPMENT CREATION –

- Defined- The date when the PO/shipment is created in Kohl's TMS routing system.
- Goal- To have shipments created 5 days prior to the purchase order start ship date to optimize carrier utilization and reduce transportation costs
- Calculation- Points are awarded for the number of days prior to the start ship that the shipment is created.

PO FIRST AVAILABLE DAY FOR PICKUP-

- Defined- In an effort to cut as much time out of the supply chain as possible Kohl's would like to have the ability to pick up each load as early in the ship window as possible.
- Goal- Freight is available for pick up on the Start Ship date. (Optimal score is "0", meaning freight was ready on the start ship date.)
- Calculation- Using the Start Ship Date as a starting point average the number of days listed as the first available date in TMS.

Category Weighting and Point System

<i>Supply Chain Category</i>	<i>Optimal Score</i>	<i>Scoring Range</i>	<i>Point Range*</i>
Received as Ordered (1)	25	100% - 75%	25.0 – 0.5
Compliance (2)	15	0.00% - 0.34%	15.0 – 3.2
Accuracy (3)	15	0.0% - 6.0%	15.0 – 0.5
Lead Time (4)	10	7-14	10.0 – 2.0
Days Routed per Week (5)	10	1 – 2.4	10.0 – 1.0
Shipment Creation (6)	15	-5 - 0	15.0 – 3.0
First Available Day (7)	10	0 – 2.9	10.0 – 0.5

Note: Any calculation deviations on the scorecard are due to rounding.