



CVS CARRIER-SUPPLIER PREPAID LTL EXPECTATIONS

Collaboration between suppliers and their carriers is an integral part of ensuring our supply chain is operating at the highest level of effectiveness. To help facilitate that collaboration, the Supply Chain Performance group has developed the following guidelines.

Supply Chain Performance programs:

OTIF (On Time In Full) – beginning with July 2018 STA dates, OTIF replaces the former STA program and incorporates a fill rate component.

- ✓ OT, On Time component*:
 1. Shipment arrives on or before the PO STA date', –or-
 2. Requested delivery appointment that falls on or 4 business days prior to STA

**mirrors the former STA program with one slight change.*

- ✓ IF, In Full (Fill Rate) component:
 1. POs filled to *at least* 95% of the original ordered quantities

Appointment integrity (previously On Time to Appointment) – your carriers' ability to honor approved appointment dates/times

- ✓ Carrier must arrive within 1hr of the scheduled appointment time
- ✓ Cancellations and rescheduling requests must be submitted at least 24hr of approved appointment

For complete details about the OTIF program, refer to the CVS Supply Chain Performance Program Instructions <https://cvssuppliers.com/supply-chain-performance>

Supplier Expectations for Compliance:

CVS Preferred Carriers - consider tendering your freight with a preferred carrier. A list of carriers and contact information can be found in the CVS Routing Guide <http://cvssuppliers.com/logistics>. Preferred carriers move a large volume of CVS freight and are allowed to drop trailers at our DC locations. They are familiar with our supply chain performance programs and their account representative will work with vendors to help ensure timely arrival of your freight. Preferred carriers are exempt from Appointment Integrity (formerly OnTime) charges however they are NOT exempt from OTIF charges.

Note: If you are tendering your freight with CH Robinson Consolidation (not to be confused with CH Robinson), the below guidelines do not apply. Please contact cvcs@chrobinson.com for further information.

Shipping Documents - Refer to the CVS Routing Guide for BOL and Packing List requirements <http://cvssuppliers.com/logistics>

Determining pickup dates:

- Determine a timely pickup date that ensures your freight will reach the delivering terminal no later than 4 business days before the PO STA date:
 - Obtain the transit time from your carrier(s) for each of the CVS locations
 - Add 4 business days to the transit time (this will take into account the trailer consolidation time)
 - Arrange for pickup according to the above formula (transit time plus four business days (exclude weekends and holidays))
 - Example - STA is Friday 8/31/18, transit time is 2 business days:
 1. Subtract 2 business days from STA = Wednesday 8/29
 2. Subtract 4 business days from the above date = Thursday 8/23
 3. Arrange for pickup on Thursday 8/23
 4. ETA at the carrier delivering terminal = Monday 8/27
 5. This leaves sufficient time for trailer consolidation and allows the carrier to request an appointment and delivery on or before the PO STA date
 - Pay attention to the STA date range when consolidating multiple POs for the same pickup date
 - If concerned about insufficient lead time between PO create date and STA date, suppliers should consult with their CVS Supply Planner

Do not include holiday observances into the above calculations.

- Check with your carrier about operating hours around holidays and omit these days from the calculation
- Check the CVS Distribution Center Holiday Calendar and omit these days from the calculation <https://cvssuppliers.com/logistics>
 - Example – STA 11/26/18 (2 day transit)
 - Carrier closed Thanksgiving Day 11/22 and day after 11/23 / CVS closed Thanksgiving day
 - Ideal pickup date would be 11/14/17 (omit 11/22 & 11/23)



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Suppliers should fully understand the carrier expectations. You are accountable for your carrier's performance.

Questions regarding noncompliance need to be addressed with the supplier's transportation team and the supplier's carrier representative. If shipping with a CVS Preferred carrier, contact information is provided in the CVS Routing Guide <http://cvssuppliers.com/logistics>

Carrier expectations for compliance:

- Freight will be picked up on the same business day that arrangements are made (next business days for late afternoon arrangements)
- Once freight arrives at the delivering terminal it should immediately be placed on a consolidation trailer
- Carriers SHOULD NOT split POs from an individual pickup onto multiple trailers/appointments (all pallets should delivery on the same trailer)
 - POs shipped in full on the same pickup should be associated with one appointment only
- Carriers SHOULD NOT trap freight waiting for full trailers
 - Request an appointment as soon as the trailer is available to deliver
 - The Request Date should not be any more than 2 business days after the appointment is created
 - Next day delivery requests are acceptable. DO NOT request same day deliveries
 - If volume is consistently low for certain CVS locations, arrange to drop partial trailers, utilize smaller trailers, or suggest alternate carrier opportunities
- Enter all POs into the scheduling system
 - CVS DCs have the right to refuse appointment requests and deliveries if all PO numbers are not entered into the scheduling system
 - When adding purchase orders to an existing appointment, pay close attention to the PO STA dates (must arrive on or before PO STA)

Addressing noncompliance for OTIF and Appointment Integrity (formerly On Time):

- Consult with your Transportation team to confirm pickup was arranged according to the above calculation (Determining Pickup Dates)
- Review the appointment details using the CVS appointment portal (contact Suzanne.lussier@cvshealth.com if you don't have an active account)
- Using the appointment details, the following issues should be addressed directly with your carrier:
 - If your PO was shipped in full however there are multiple appointments associated with it
 - The appointment was not submitted in a timely manner as listed above in the Carrier Expectations sectionExamples:
 - Scenario #1 - 2 day transit, added 4 business days and arranged for pickup 6 business days before STA, carrier submits the appointment more than 7 days after pickup
 - Refer to the Transaction Date/Time column on the first line of the appointment details. This date should not be more than the total transit days
 - Scenario #2 - 2 day transit, added 4 business days and arranged for pickup 6 business days before STA, carrier submits an appointment 5 days after pickup, however, the request date was more than 2 business days after the appointment create date
 - Refer to the Transaction Date/Time column and the Requested Time column. There should be no more than 2 business days between these dates/times
- Consult with your carrier if any one of the following are listed in the Reason column of the appointment details
 - No Show, Rescheduled w/less than 24hr notice, Rescheduled After Appt Time, Received-Carrier Late, Other Chargeable Occurrence

Notes:

Suppliers are NOT held responsible for late arriving POs if the CVS DCs' initial approved appointment is after the PO STA date and the carrier's request date is on or up to 4 days before STA

Suppliers ARE held responsible if the DC's initial appointment is on or before the PO STA date however the carrier reschedules and the request date is AFTER the STA