



May 23, 2008

Dear Valued Supplier:

Our ultimate goal continues to be to significantly reduce and improve the overall cost of processing unsaleables and returns for both the supplier and CVS Pharmacy. Working together we can achieve this objective.

Beginning in 2001 CVS Pharmacy formed a long term relationship with Carolina Logistic Services to process all Front Store Unsaleables and Return Goods. In our continuing effort to improve the Reverse Logistics Processes, CVS Pharmacy has updated the attached policy which will be **effective July 1, 2008**. Also included are an updated Merchandise Credit Request Handling Fee and Return Authorization Policy for returns from CVS Pharmacy Distribution Centers along with a recommended Item and Case Package criteria document.

CVS Pharmacy fully embraces the concepts and cost components outlined in the original Joint Industry Report on Product Reclamation Centers (JIR) sponsored by the FMI, GMA, NACDS and benchmark data from our trade channel. We fully believe that the product reclamation process should provide an incentive for both CVS Pharmacy and our supplier partners to work together to reduce damages and returns and to fairly allocate the cost of the process based on each party's responsibility in the process.

Since 2001 CVS Pharmacy has absorbed all increases in processing fees, cost of freight, cost to handle hazardous product, increased landfill fees and cost to destroy product. With that, CVS Pharmacy has decided to increase handling rates on damaged, product withdrawal and Merchandise Credit Request (product from CVS DC's) returns.

We ask that you review this revised policy and return a signed copy along with the Return Option Agreement within 30 days of receipt. **FAILURE TO RETURN THIS POLICY WILL BE CONSTRUED AS ACCEPTANCE OF OPTION 1 – DONATION OF PRODUCT. DEDUCTION WILL BE THE DEFAULT PAYMENT TYPE.**

If you should have any questions, please contact **Cathy Petrarca, Manager, Reverse Logistics**  
Email – [capetrarca@cvs.com](mailto:capetrarca@cvs.com) , Phone (401)770-3110

Thank you for your prompt response to this policy.

Sincerely,

Michael Bloom  
Sr. Vice President  
Merchandising

Leo Hartnett  
Vice President  
Inventory Management

I have read and understand the CVS Pharmacy Unsaleable and Return Goods Policy dated May 23, 2008. I will adhere to the policy set forth by CVS Pharmacy with regard to the processing of unsaleables and returns goods.

**Failure to return this form will result in CVS Pharmacy applying its own Unsaleables and Return Goods Policy of Donate and Deduct.**

Please indicate on the following pages which option your company agrees to participate in and return pages 5-7 along with this signed sheet via email or hard copy.

Return to:  
CVS Pharmacy  
One CVS Drive  
Woonsocket, RI 02895  
Attn.: Cathy Petrarca  
Manager, Reverse Logistics  
Email; ReturnGoodsMail@cvs.com

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Company Name

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Contact Person Name Phone#

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Signature Date

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Print Name

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Email Address

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**Summary of Changes since last Policy issuance in July 2003:**

- Automatic donation of **all** product (unsaleable and product withdrawal) amounting to under \$100 per period, per center location.
- Any discrepancies need to be reported within 120 days of receipt. Any discrepancies after that timeframe will not be honored.
- A new alternative is available for disposition of product withdrawal merchandise – CLS Asset Recovery Program
- **There are increases in the attached handling rates on Damaged, Product Withdrawal and (MCR)-Merchandise Credit Request returns.**

- **Current Rates**

Donate -	\$0.34/piece	
Destroy -	\$0.34	
Return To Supplier (Open RA provided) -	\$0.40	CVS pays freight
Return To Supplier (No Open RA) -	\$0.44	CVS pays freight
Return To Supplier ( No Open RA - Supplier Pick-Up) -	\$0.44	
Product Withdrawal/Supplier Recall -	\$0.28	CVS pays freight

- **New Rates**

Donate -	\$0.36/piece	
Destroy -	\$0.42	
Return To Supplier (Open RA provided) -	\$0.44	CVS pays freight
Return To Supplier (No Open RA) -	\$0.47	CVS pays freight
Return To Supplier (No Open RA-Supplier Pick Up) -	\$0.45	
Product Withdrawal/Supplier Recall -	\$0.33	CVS pays freight
Hazardous Material Fee for Non-Returnable Product -	\$0.33	

- CVS Pharmacy has implemented a store and DC level Hazardous product program to ensure that the environment is protected and we are in compliance with all federal and state laws related to the disposal of Hazardous product. **As part of this program a new handling fee will be applied to all hazardous products which are not normally returned-see page# 9 for rate. If the product is returnable to the supplier there is no additional fee.**
- CVS Pharmacy will periodically review damage allowances and adjustable rate policies of suppliers to determine if rates are consistent with actual damages. CVS Pharmacy reserves the right to challenge any discrepancies.

## **Handling of Hazardous Products for ARP and Allowance Suppliers**

Due to heightened awareness by Congress and increased emphasis on environmental sustainability, CVS Pharmacy has implemented a store and DC level Hazardous Product Program. This program was designed to ensure that the environment is protected and we are in compliance with all federal and state laws related to the disposal of Hazardous product.

### **CVS Pharmacy defines hazardous waste in regulatory terms:**

Hazardous waste is waste that exhibits at least one of four characteristics:

FLAMMABLE, CORROSIVE, REACTIVE or TOXIC

When a hazardous item is no longer saleable, **it can not be disposed of locally.**

Product categories impacted by the above:

Cosmetics, Fragrances, Hair Care, Hair Color, Household, Seasonal, Shaving Needs, Skin Care, Oral Hygiene, Bulb & Wire, Ethnic Hair Care, Batteries, Deodorants, Seasonal Fall & Winter, Suncare, Cigars/Tobacco/Accessories, Nicotine Replacement, First Aid, Home Diagnostics, As Seen On TV, Film, Dollar Deals, Foot Care, Travel, Eye Care, Top of Checkout, Home Health Care, Healthy Skin Care, Family Planning, Stationery

Clean Harbors has been selected as CVS Pharmacy's Hazardous Waste Hauler to ensure all non-viable hazardous products are disposed of properly at store level.

As part of this program a new handling fee will be applied to all hazardous products which are not normally returned. The fee for this is \$0.33 per piece and will be deducted monthly. The supplier will be notified by invoice from Carolina Logistics Services of the total number of units processed and the total cost to process each item.

CVS Pharmacy encourages its suppliers to complete the Material Data Safety Sheet (MSDS) as part of the new item set up and data synchronization process.

**Return Option –Damages Agreement 3<sup>rd</sup> Party Processor**

Select one of the options below

Supplier Name \_\_\_\_\_  
CVS Pharmacy Supplier Number(s) \_\_\_\_\_  
Completed By \_\_\_\_\_  
Date \_\_\_\_\_

**Option I**

**Supplier authorizes all damaged product to be DONATED to America's Second Harvest or DESTROYED.**

America's Second Harvest to pay freight.

Total cost to DONATE is \$0.36 per piece \_\_\_\_\_  
Total cost to DESTROY is \$0.42 per piece \_\_\_\_\_  
Payment method: Deduct

**Email Address for copy of invoice** \_\_\_\_\_

**Option II**

**Supplier requires all damaged products be RETURNED. An OPEN Return Authorization will be provided.**

Supplier will issue an Open Return Authorization for all unsaleable merchandise processed.  
CVS Pharmacy to pay freight.

Total cost to have product returned with open Return Authorization is  
\$0.44 per piece  
Payment Method: Deduct

**Open Return Authorization Number** \_\_\_\_\_  
Contact Name \_\_\_\_\_  
Ship to Address \_\_\_\_\_  
Phone \_\_\_\_\_

**Email Address for copy of invoice** \_\_\_\_\_

Supplier Name \_\_\_\_\_  
CVS Pharmacy Supplier Number(s) \_\_\_\_\_  
Completed By \_\_\_\_\_  
Date \_\_\_\_\_

**Option III**

**Supplier requires all damaged products be RETURNED.**  
Supplier will issue a Return Authorization within 21 days of the invoice date. **If a Return Authorization and ship to address is not received within 21 days of the invoice date, product will be donated to America's Second Harvest.**  
CVS Pharmacy to pay freight.

Total cost to have product returned is \$0.47 per piece  
Payment Method: Deduct

**Contact for Return Authorization**  
Contact Name \_\_\_\_\_  
Ship to Address \_\_\_\_\_  
Phone \_\_\_\_\_

**Email Address for copy of invoice** \_\_\_\_\_

**Option IV**

**Supplier will review and PICK UP DAMAGED PRODUCT at CLS Centers.**  
The damaged product will be sorted and held for 21 days after the invoice date. During this time the supplier may make an appointment to review their product. **If items are not reviewed within 21 days of the invoice date, product will be donated to America's Second Harvest. Supplier is responsible for freight on pick up.**

Total cost to have product reviewed/picked up is \$0.45 per piece  
Payment Method: Deduct

**Contact for Review/Pick Up**  
Contact Name \_\_\_\_\_  
Phone \_\_\_\_\_

**Email Address for copy of invoice** \_\_\_\_\_

**NOTE**

**CVS Pharmacy will not honor shortage claims for product scanned and processed by any other third party reclamation company other than Carolina Logistics. Carolina Logistics will work with our suppliers if they wish to conduct post audits once the product has been processed and prior to shipping by Carolina Logistics.**  
**On – site post audits results have yielded a .2% error rate when comparing Carolina Logistics scan information to secondary 3<sup>rd</sup> party scan information.**

**Return Option - PRODUCT WITHDRAWALS / VENDOR RECALL**

Supplier Name \_\_\_\_\_  
CVS Pharmacy Supplier Number(s) \_\_\_\_\_  
Completed By \_\_\_\_\_  
Date \_\_\_\_\_

**Option I**

**Supplier requires all product to be Returned.**  
Supplier will issue a Return Authorization within 21 days of the invoice date. **If a Return Authorization and ship to address is not received within 21 days of the invoice date, product will be disposed of.**  
CVS Pharmacy to pay freight.

Total cost to have product returned is \$0.33 per piece \_\_\_\_\_  
Payment method: Deduct

Contact Name \_\_\_\_\_  
Phone \_\_\_\_\_

**Email Address for copy of invoice** \_\_\_\_\_

**Please see new alternative on next page regarding CLS Asset Recovery Program.**



## **CLS Asset Recovery Program**

A new alternative to product returns is now available to CVS Pharmacy suppliers. Product Withdrawal returns, such as promotional, discontinued and seasonal items returned to Carolina Logistics Services (CLS) for processing can now be liquidated on your behalf by CLS.

This asset recovery program has proven to provide suppliers with many cost-saving advantages. CLS provides suppliers with a "1st Touch Advantage" eliminating unnecessary transportation, receiving, repackaging and back-end handling costs.

### **Program Summary**

- CLS will market merchandise on your behalf from CLS Returned Goods Centers
  - Eliminates suppliers receiving, processing, or storing returned goods
  - Reduces the burden of selling and tracking (Bio-Terrorism) product liquidated from supplier warehouses
- Increased Revenue Opportunities
  - Selling product further upstream yields fewer damages making items more desirable for sale
  - CLS Liquidation Services team has proven success in increasing revenue recovery by 10-20% or more using their B2Bid.com Private Auction site and network of 650 registered buyers
- Financial settlement is handled by CLS before product is released
- Supplier receives 90% of all sale proceeds via CLS check every two weeks with payment summary information
- Recovery target ranges can be pre-determined by the supplier or supplier may elect to make final approval of bids/offers received
- Actual recovery is influenced by product condition, category and secondary market conditions
- Geographic and channel sale restrictions, if any, (domestic, international, channels) may also be determined by the supplier

### **CLS 1<sup>st</sup> Touch Advantage – BENEFITS**

- Most controlled returns or product withdrawals take 90 - 120 days to complete
- Supplier returns can be pre-sold to buyers while product is being processed
- Suppliers gain a minimum 50 day advantage in cycle time over current process
- CLS will utilize either direct sales to qualified buyers or place inventory on B2Bid.com – CLS' Private Auction exchange to drive premium price

### **Program Details**

- Suppliers who accept the Liquidation option will continue to receive electronic invoices and item detail from each processing location
- Suppliers will be assigned a product sales representative from the CLS Liquidation Services department who will be coordinating all product sales
- Product designated for liquidation where suppliers does not approve the sale for whatever reason must be shipped from the CLS Returned Goods Center within 15 days of notification. Additional storage fees will apply at a rate of \$1.50 per day, per pallet of product after that period.

For more information please contact your CLS Asset Recovery Representative, Mike Granger at (336) 770-3457.

**Summary of Handling Charges for  
Processing Unsaleables and Returns**

**DONATE**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.15	\$0.36

**DESTROY**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.21	\$0.42

**RETURN TO SUPPLIER (Open RA Provided)-CVS Pharmacy to pay freight**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.23	\$0.44

**RETURN TO SUPPLIER (No Open RA Provided) –CVS Pharmacy to pay freight**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.26	\$0.47

**SUPPLIER TO ARRANGE for PICK UP OF PRODUCT at each CLS LOCATION-  
Supplier to pay freight**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.24	\$0.45

**PROCESSING PRODUCT WITHDRAWALS – CVS Pharmacy to pay freight**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.12	\$0.33

**HAZARDOUS MATERIAL FEE for NON RETURNABLE PRODUCT**

Pre Damage (DPC)	Post	RCC Handling Charge	Total Cost per Piece
\$0.09	\$0.12	\$0.12	\$0.33

### CVS Pharmacy Unsaleable Merchandise Policy Detail

CVS Pharmacy's processes all of its unsaleable and returns through Carolina Logistic Services (CLS). These facilities are located in the following cities/states:

Anniston, AL	Taunton, MA
Fullerton, CA	Allentown, PA
Lakeland, FL	Garland, TX
Atlanta, GA	Houston, TX
Fishers, IN	Abingdon, VA
Ft Wayne, IN	Fredericksburg, VA

CVS Pharmacy recognizes that the process of handling unsaleable products is a shared responsibility of manufacturers and retailers. We will apply the "generally accepted presumption for unsaleable responsibility" (GAPUR) as described in the Joint Industry Report on Product Reclamation Centers (JIR). Also in the spirit of the JIR, we will comply with the responsibilities of the distributor as follows:

- Billing only for damage, which is the agreed responsibility of the manufacturer. CVS Pharmacy will not bill for case cuts and empty packages.
- Operating the most efficient, low cost reclaim center(s) possible.
- Seeking only to recover reasonable offsets for operating expenses, and not to generate a profit.

For all unsaleable products determined to be the responsibility of our supplier partners, CVS Pharmacy will use the following rate structure to invoice for compensation for the products and the costs of handling:

- Price Basis – CVS Pharmacy will use its current book cost on file before discounts and allowances as the basis for product compensation.
- Pre-Damage Handling (DPH)- CVS Pharmacy will use the category Direct Product Cost (DPC) rate of \$0.09 per consumer unit (package). This is based on a review of our different product categories and the handling of them and is consistent with the fees outlined in the JIR.
- Post -Damage Handling – CVS Pharmacy will use the rate for average-cost operators for Store-identified Damage as stated in the JIR. That rate is \$0.12 per consumer unit (package).
- Reclamation Center Handling (RCC) - CVS Pharmacy will use a weighted average rate across all product classes as described in the JIR for the disposition options of Donate, Destroy, Return to Supplier and Supplier Pick Up. **These are the only disposition options available. The RCC rate is as follows:**

**Donate** - \$0.15 per consumer unit / **Destroy** - \$0.21 per consumer unit

#### **Return to Supplier or Hold for Supplier Pick Up**

- If an OPEN RETURN AUTHORIZATION NUMBER is provided the RCC will be \$0.23 per consumer unit (package).
- If no Open Return Authorization is provided and you require your product to be returned the RCC will be \$0.26 per consumer unit (package) and \$0.24 per consumer unit for Suppliers who wish to arrange for pick up of product.
- **The above is subject to a minimum amount equal to list price and a maximum amount not to exceed 130% of list price.**

### CVS Pharmacy Unsaleable Merchandise Policy Detail -continued

- For Suppliers who require their unsaleable product be returned to them, **if an Open Return Authorization is not provided a Return Authorization and Ship to Address need to be provided within 21 days of the invoice date or your product will be deducted and donated to America's Second Harvest.**
- For our Suppliers who wish to review their product at the CLS centers, the product is sorted and held for 21 days after the date of invoice from CLS. During this time, the Supplier may make an appointment to review their product. **If the items are not reviewed within 21 days of the notification, your product will be deducted and donated to America's Second Harvest.**
- **In striving to keep the reclamation process an efficient and cost effective system, CVS Pharmacy has instructed CLS not to hold product amounting to under \$100 per CLS location, per period (a period equals one month). The product will be deducted and donated to America's Second Harvest.**
- The reclamation centers are designed to be flow through facilities and can only accommodate the storage of limited amounts of product. **If the supplier's product is to be held over 30 days, pallet storage fees will be charged in addition to any other fees and deducted at the rate of \$25.00 per pallet per location for each month.**
- For Suppliers who wish to have their product Donated and or Destroyed, you will receive one monthly invoice detailing the items processed for all locations.

### Unsaleable Merchandise Return Authorization Process

The following process will apply if you **do not** provide CVS Pharmacy with an OPEN RETURN AUTHORIZATION.

- Review Invoice copy that is emailed directly by CLS on behalf of CVS Pharmacy.
- Place call to (401) 770-4594, fax (401) 770-3881 or email the CVS Pharmacy On-Site Coordinator and provide Return Authorization Number, Ship to address and Phone Number of location that product is being shipped to. **It is the Supplier's responsibility to communicate the RA and ship to address to either CLS Coordinator or CVS Pharmacy.**
- CLS will then generate a packing list that will include the Return Authorization Number and all pertinent invoice information.
- The packing list will be forwarded to the appropriate CLS returned goods center once per week.
- The returned goods center will include the packing list with all shipments back to suppliers. This will virtually eliminate the need to track and reconcile RA's for all parties.
- A deduction will be taken off the next available remittance to be made to the supplier.
- Any discrepancies need to be reported within 120 days of receipt of debit memo. Anything after 120 days will not be honored.
- The product will be shipped within two weeks of a Return Authorization being received at CLS.

## CVS Pharmacy Product Withdrawal/Vendor Recall Merchandise Policy Detail

CVS Pharmacy is committed to expediting the return of discontinued or withdrawn merchandise to our Suppliers as quickly and efficiently as possible. In return we ask our Suppliers to process our requests as quickly as possible by conforming to the following guidelines:

- Merchandise Value - CVS Pharmacy expects full value at current book cost for all merchandise included in the return. It is not our policy to reduce the value of the merchandise by cash discounts or allowances.
- Handling Charges - A handling fee of \$0.33 per consumer unit will be assessed for each consumer unit included in the return.
- Payment - CVS Pharmacy will deduct off the next available remittance to be made to the Supplier.
- Any discrepancies need to be reported within 120 days of receipt of debit memo. Anything after 120 days will not be honored.

### Product Withdrawal Return Authorization Process

- A Return Authorization Number, Ship to Address and phone number of location product is being shipped to must be provided upfront to CVS Pharmacy along with any special instructions for return.
- If a Return Authorization Number is not provided upfront, you will have 21 days after the initial request for Return Authorization has been made to provide one. If a Return Authorization is not provided within the timeframe stated above, a pallet storage fee of \$25.00 per month, per pallet, per location will added to your invoice. **After 30 days, if a Return Authorization Number is still not provided, CVS Pharmacy will deduct for the full amount of product processed and will instruct CLS to dispose of all product unless prior communication to CVS Pharmacy has occurred.**
- CLS will generate a packing list that will include the Return Authorization Number and all pertinent Product Withdrawal invoice information. .
- CLS will include the packing list with all shipments back to suppliers.
- **In striving to keep the reclamation process an efficient and cost effective system, CVS Pharmacy has instructed CLS not to hold product amounting to under \$100 per CLS location, per period (a period equals one month). The product will be deducted and disposed of.**
- All Product Withdrawal Returns from Carolina Logistics (CLS) will be invoiced monthly, rather than at the completion of the Product Withdrawal Return Period.

## Carolina Logistics Locations

Each Carolina Logistic Services (CLS) location is operated Monday through Friday. We encourage suppliers to visit these locations to review their product and the steps that CLS takes to ensure efficient processes. Please contact the locations directly to schedule an appointment.

### Location

#### **CLS Allentown, PA - #324**

206 Cascade Drive  
Allentown, PA 18109  
**Manager: Amanda Snyder**  
[Amanda.Snyder@inmar.com](mailto:Amanda.Snyder@inmar.com)  
**Phone: (610) 266-3134**  
CVS DC – Lumberton, NJ

#### **CLS Ft. Wayne , IN -#325**

2425 American Way  
Ft. Wayne, IN 46809  
**Manager: Bryan Knippen**  
[brian.knippen@inmar.com](mailto:brian.knippen@inmar.com)  
**Phone: (260) 478-8400**  
CVS DC – Novi, MI

#### **CLS Atlanta, GA -#326**

6049 Fulton Industrial Blvd.  
Atlanta, GA 30336  
**Manager: Scott Frost**  
[scott.frost@inmar.com](mailto:scott.frost@inmar.com)  
**Phone: ((404) 344-8821**  
CVS DC – North Augusta, SC

#### **CLS Abingdon, VA -#327**

18450 Dennison Dr.  
Abingdon, VA 24211  
**Manager: Joe Miller**  
[joe.miller@inmar.com](mailto:joe.miller@inmar.com)  
**Phone: (276) 676-0683**  
CVS DC – Knoxville, TN

#### **CLS Anniston, AL -#328**

1535 Hillyer Robinson Pkwy  
Anniston, AL 36207  
**Manager: Steve Graham**  
[Steve.Graham@inmar.com](mailto:Steve.Graham@inmar.com)  
**Phone: (256) 835-6500**  
CVS DC – Bessemer, AL

#### **CLS Houston, TX #835**

9015 Spikewood Drive  
Houston, TX 77078  
**Manager: Troy Bevil**  
[Troy.Bevil@inmar.com](mailto:Troy.Bevil@inmar.com)  
**Phone: (713) 491-9700**  
CVS DC – Conroe, TX

#### **CLS Fredericksburg, VA -#329**

3475 Lee Hill Drive  
Fredericksburg, VA 22408  
**Manager: Harlis Davis**  
[Harlis.Davis@inmar.com](mailto:Harlis.Davis@inmar.com)  
**Phone: (540) 361-1361**  
CVS DC – Fredericksburg, VA  
Somerset, PA

#### **CLS Taunton, MA -#330**

350 Myles Standish Blvd.  
Taunton, MA 02780  
**Manager: Frank McGovern**  
[frank.mcgovern@inmar.com](mailto:frank.mcgovern@inmar.com)  
**Phone: (508) 821-4896**  
CVS DC – Woonsocket, RI

#### **CLS Lakeland, FL -# 731**

Lakeland, FL 33805  
**Manager: Stephen Kaecher**  
[Stephen.kaecher@inmar.com](mailto:Stephen.kaecher@inmar.com)  
**Phone: (863) 603- 7222**  
CVS DC– Orlando & Vero Beach, FL

#### **CLS Garland, TX -# 732**

2745 Miller Park Road North  
Garland, TX 75042  
**Manager: John Hammermeister**  
[john.hammermeister@inmar.com](mailto:john.hammermeister@inmar.com)  
**Phone: (972) 485- 4429**  
CVS DC – Ennis, TX

#### **CLS Fullerton, CA -# 833**

701 S. Sally Place, Unit A  
Fullerton, CA 92831  
**Manager: David Obert**  
[david.obert@inmar.com](mailto:david.obert@inmar.com)  
**Phone: (714) 738 - 1589**  
CVS DC – LaHabra, CA

#### **CLS Fishers, IN -# 834**

11955 Cumberland Road  
Fisher, IN 46038  
**Manager: Troy Swope**  
[Troy.Swope@inmar.com](mailto:Troy.Swope@inmar.com)  
**Phone: (317) 570-7040**  
CVS DC – Indianapolis, IN

## CVS Pharmacy Merchandise Credit Request (MCR) Handling Fee Policy and Return Authorization Process from DC's

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- A handling fee of \$0.12 per consumer unit will be assessed for returns of Outdated, Discontinued and Overstocked items that are held at our fifteen Distribution centers through our MCR process, unless a fixed percent of sales allowance has been agreed to by CVS Pharmacy. **This fee per consumer unit is less than the Joint Industry Report (JIR) average costs for warehouse processing of between \$0.126 (low) and \$0.170 (high) and supports the streamlined process of assigning costs appropriately throughout the Supply Chain.**
- CVS Pharmacy's process for requesting Return Authorizations on MCR's for product held in CVS Pharmacy Distribution Centers is an electronic request via a weekly Excel Spreadsheet. The spreadsheet will contain the MCR's currently awaiting Return Authorization on returns for your company along with anything that has shipped the prior week. Return Authorizations for these full case returns need to be provided to the appropriate Item Associate (IA) noted on the file within two weeks of receipt. As CVS Pharmacy receives the Return Authorizations for these outstanding MCR's, the MCR number will fall off the next weekly file issued. Please provide the following to the IA

Return Authorization Number

Ship to Address

Contact Name

Phone Number of location receiving product

## **Packaging Criteria**

The Following is a summary of CVS Pharmacy's item and case packaging criteria. A supplier's ability to supply items within these criteria will help ensure safe and successful distribution through the CVS Pharmacy supply chain.

### **Item Dimension Accuracy**

- The Supplier Must Supply Accurate Item and Case Weight/Dimensions as Part of New Item Set Up/Introduction
- The Supplier is Responsible for Communicating Item/Case/Pallet Configuration Changes During the Products' Life at CVS Pharmacy

### **Item Criteria**

- Items to be Distributed in Pieces/Eaches or Inner Packs Should Safely Fit into a CVS Pharmacy Tote, the Standard Size of which is 19"L x 13.50"W x 8.50"H
- Items to be Distributed in Pieces/Eaches or Inner Packs Should be Packaged to Avoid Damage/Leakage for Tote Travel (Items that Present Known Problems Include; Flip Top Lids, Trigger Bottles, Glass and Porcelain Breakage, and excessive Item Weight)
- The Supplier is Responsible to Ensure Their Items are Appropriately Packaged to be Distributed in a Tote (Selling Units Shrink Wrapped, Safety Seals, Proper Torque on Bottle Tops)

### **Inner Pack Criteria**

- CVS Pharmacy Prefers No Inner Packs
- When Inner Packs are Needed, Inners that are Easily Accessible for Piece Picking and Pricing are Preferred
- Inner Packs that Allow for Easy Access and Minimize Risk of Damage When Preparing for Production are also Preferred (Open Sleeves, Bands and Corrugated Sleeves are Preferred over Shrink/Stretch Wrapped Inners)

### **Case Criteria**

- Maximum Case Dimensions: 28"H x 20"W x 30"L
- Minimum Case Dimensions: 3"H x 8"W x 8"L
- Cases/Display Should Not Exceed 50 Pounds - Exceptions to this rule should be communicated to CVS Pharmacy Logistics Planning-Alisa Tomasetti at (401) 770 – 5595 [AHTomasetti@cvs.com](mailto:AHTomasetti@cvs.com)
- Case/Displays Should be a Minimum of 3 pounds.

### **Pallet Criteria**

- Must Ship on 48x40 Four-Way Hardwood Pallets
- Pallet Height Should Not Exceed 48 Inches (including the pallet)
- No Merchandise Overhang on Any Side of Pallet
- Appropriate Pallet Protection Should Also be Provided, Particularly if Merchandise is Not in Cardboard Cases (Pallet Corners, Slip Sheets, Cross Stacking Ti/Hi, Shrink/Stretch Wrap)

### **Questions or Help**

Any Questions regarding Item, Inner Pack, Case, or Pallet Criteria Should be Directed to:

Logistics Planning – Alisa Tomasetti      (401) 770 – 5595      [AHTomasetti@cvs.com](mailto:AHTomasetti@cvs.com)