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THE NEIMAN MARCUS GROUP

Claims Against Foreign Vendors

Claims are communicated through the [Foreign Buying Office](#) (FBO) who works with the vendor. Documents showing the reason for the chargeback, the research surrounding a discrepancy, and the amount to be charged are sent to the FBO. Any questions or disagreement concerning the claim or the amount must be communicated to the Buyer and the Foreign Buying Office.

Claims can be charged back at first cost or landed cost. First cost is the amount paid to the vendor. Landed cost includes first cost, freight, duty, and broker fees to import the merchandise into the United States. Whether the claim is at first cost or landed cost depends on the situation and is determined by the Buyer.

Vendors may send a check or wire transfer to cover a chargeback or vendors may allow Neiman Marcus/Bergdorf Goodman to deduct claims from payments of their invoices.

The following information explains the types of chargebacks and the procedures for processing each type of claim:

1. **Vendor Allowances:** Vendors may be asked to participate in specific sales of merchandise to customers or employees. Employee sales, usually referred to as 30/30, allow Neiman Marcus/Bergdorf Goodman Associates to buy merchandise at reduced prices. These claims can also be the result of a merchandise markdown. Vendors are asked to participate in the markdown and to sign an agreement for a specific amount.
2. **Over, Short, Damage (OSD):** If merchandise is received and an **overage** is found, and the pieces over are not listed on the vendor's commercial invoice, the Buyer and the Foreign Buying Office will be notified. The Buyer can accept the overage, and the vendor will send a revised invoice including the units over. The buyer can return the overage and the return will be at the vendor's expense. If the vendor does not arrange to pay for returning the overage, the buyer can move the merchandise to salvage.

If an **overage** is found and the merchandise is listed on the vendor's commercial invoice, the buyer has the same options to accept the merchandise, return the merchandise, or move the overage to salvage. If the buyer does not accept the overage, a claim will be opened and the cost of the merchandise will be deducted from the vendor's payment. If the merchandise is returned, it will be at the vendor's expense.

If merchandise is received and a **shortage** is found, the Buyer and the Foreign Buying Office will be notified. If the cartons are damaged, a claim will be filed against the carrier. If the cartons are not damaged, cut, or torn, then it will be assumed that the vendor did not pack the merchandise. A claim will be opened and the vendor charged back for the shortage.

If merchandise is received **damaged**, the Buyer and the Foreign Buying Office will be notified. If the merchandise is packed securely but the cartons are damaged, a claim will be filed against the carrier and the vendor's invoice will be paid. If the cartons are not securely packed according to the [packing guidelines](#), the

vendor will be charged back for the damages.

3. **Advertising:** The Advertising Department works in conjunction with the Buyer to feature merchandise in catalogs and place ads in various media. Advertising invoices for foreign vendors are sent to the International Operations Department with the vendor's approval. When the invoices are received, the Foreign Buying Office is notified and the vendor pays the invoice as agreed.
4. **Returns to Vendors (RTV):** Merchandise is returned to a vendor to close a consignment order, to return non-conforming goods, to return merchandise that did not sell, or as agreed. The Buyer will communicate with the vendor that merchandise is being returned. The Buyer will notify the International Operations Department, the Foreign Buying Office, and the Associates who will handle the transfer of merchandise. An Invoice for Return or Adjustment (RTV) form will be written at landed cost and sent to the International Operations Department with the vendor's Return Authorization Number or written agreement to accept the merchandise.
The merchandise to be returned will be sent to the Export Department. The Export Associate will prepare the export documents required to ship the merchandise. The merchandise will be packed and shipped by FedEx to the address stipulated by the vendor. Generally, the department pays the FedEx freight charges and the vendor pays duty and taxes to receive the goods back into the country of origin. If the agreement between the Buyer and vendor is for the vendor to pay the freight charges, the vendor can provide an account number and the Export Associate will ship the RTV with the vendor's designated carrier on their account number.
The value stated on the proforma invoice to return the goods will be the original cost stated on the vendor's commercial invoice when the goods were imported into the United States. The Neiman Marcus Group will not adjust costs to avoid or reduce duties or taxes.