

Dear Valued Exchange Suppliers,

In a continued effort toward efficiency, The Exchange continues reviewing policies and streamlining processes. We would like to take this opportunity to notify you of changes your firm will see in the coming months.

The Exchange's Business Terms Agreement (BTA) has moved to an online workflow. We will conduct all negotiations contained in the BTA through Exchange Partners Online via the Business Terms Agreement Application. The Exchange initiates all agreements and the online workflow houses all BTAs. A supplier guide is available for your review on Exchange Partners Online. You can utilize this guide at the following link to familiarize yourself with the process:

<https://partners.aafes.com/EPOL/Login.aspx>

In conjunction with the online BTA, the Exchange is also reviewing the current Supplier Requirements (A095069) and Terms & Conditions (A095211) to ensure the documents align as well as mirror industry best practice. Current policy outlined in the BTA and the Exchange Terms & Conditions (A095211) dictates that returned merchandise (e.g. as defective/nonconforming, late, over-shipments, etc.) will be charged back at the rate of the contract value of the goods plus a 10% handling fee and return freight. Updates to our internal processes are taking place to ensure the consistent following of these guidelines. As a result, future returns will also include the handling fee and cost of freight.

To implement best practices and industry standards at The Exchange, we have updated our Supplier Requirements to reflect the requirements for Electronic Data Interchange (EDI).

SECTION 3B ELECTRONIC DATA INTERCHANGE (EDI) REQUIREMENTS - Updated as follows:

1. The Exchange requires EDI. It is our intention to eliminate all paper media by trading business electronically via X12, Voluntary Inter-Industry Communications Statement (VICS) or Electronic Data Interchange for Administration Commerce and Transport (EDIFACT) EDI.
2. The required documents are 810 (inbound Invoice), 850 (outbound PO), 860 (outbound Amendment), 856 (inbound advanced shipping notice [ASN]) with GS1-128 label documents, 824 (Application Advice), and 997 (acknowledgement).

A contact form for questions and detailed EDI Business Mapping/Business Requirements is on our website at: <http://www.aafes.com/about-exchange/doing-business/edi-info/>

As you are aware, Connolly Consulting has been the Secondary Post Auditor of record for the previous 10 years. After an extensive contract renewal process, the Exchange has awarded the new contract to Auditec Solutions effective July 2017. Beginning with Audit Year 2015, Auditec will conduct all secondary audits.

We look forward to a continued successful business relationship with your firm. If you have any questions or concerns, please feel free to contact the buying staff to discuss further.