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Electronic Trading Overview

For local deliveries into
Target Distribution Centres

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Please ensure you have the latest version of this document by downloading it from the
Target supplier website <http://supplier.target.com.au>

Electronic Trading Overview for Local Suppliers

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Introduction to eCommerce with Target

To ensure the most efficient supply chain possible, Target requires our local trading partners to trade electronically for all deliveries via the Target distribution centres.

Electronic Data Interchange (EDI) is the electronic transmission of business documents in a standard format between two trading partners. EDI removes the need for manual processes and paperwork, instead replacing them with electronic transactions.

Ecommerce embodies the key principles:

- Cost effectiveness
- Speed
- Data Integrity

Suppliers are required to complete an accreditation process prior to being able to deliver into Target distribution centres. This accreditation process will ensure you are able to trade electronically with Target and that you are clear on the delivery requirements of our distribution centres.

Mandatory transactions

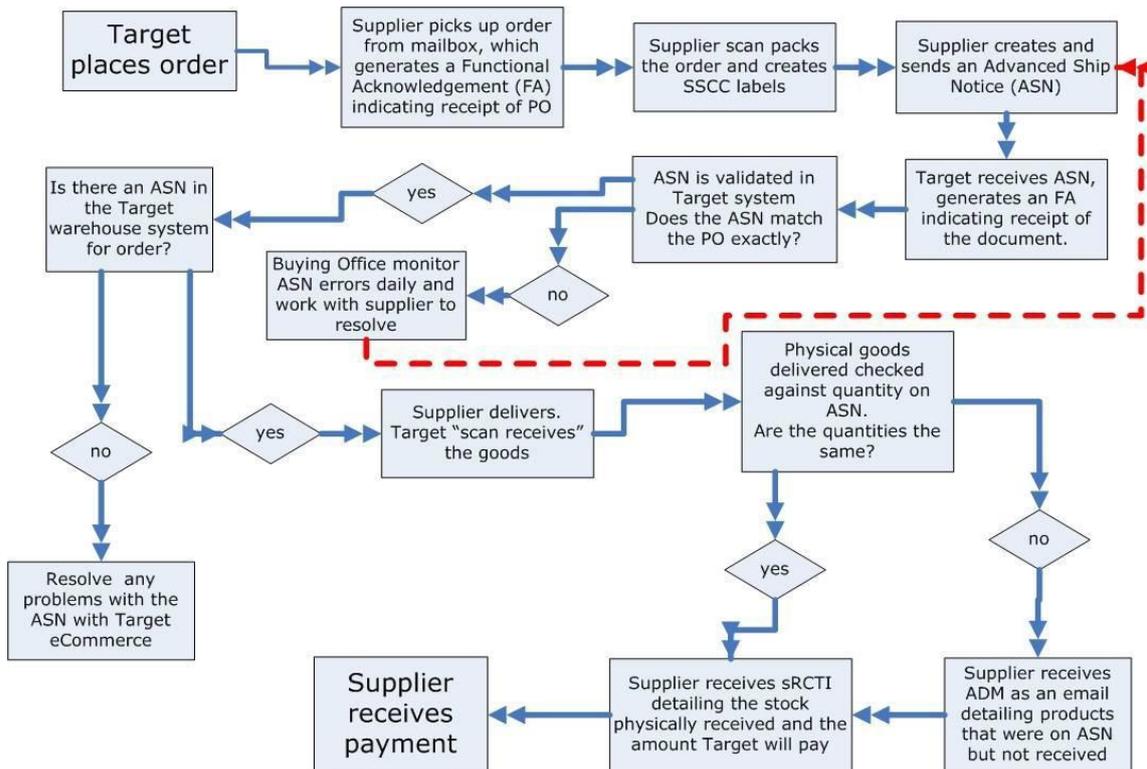
The following diagram illustrates the mandatory transactions used during the Electronic trading process. Each of these transactions is described in greater detail on the following pages.



Mandatory Transactions

EDI DOCUMENT	DC DELIVERY PRE-PACK	DC DELIVERY BULK	DIRECT TO STORE
PO	Mandatory	Mandatory	Mandatory
ASN	Mandatory	Mandatory	Mandatory
PAD	Optional	Optional	Optional
sRCTI	Mandatory	Mandatory	Not used
ADM	Mandatory	Mandatory	Not used

EDI document processing flow at Target



For more information regarding the technical specifications of our documents, please refer to the technical documents section on the Target Supplier website

Purchase Orders (POs)

Electronic orders are created and sent based on one order per 'deliver to' location, meaning a separate order for each delivery location. After the Buying Office has approved an order, it will be sent to your mailbox right away. This process can happen many times during the day. Amendments can be sent through on orders.

We expect you to poll your electronic mailboxes regularly to collect these orders.

Purchase Orders contain the following detail:

- Purchase Order number, date sent and delivery window
- Release indicator (original order and subsequent changes)
- Global Trade Item Number (GTIN – previously known as APN or EAN)
- Target key code
- Product quantities
- Advert Date (if applicable)
- Department name and number
- 'Deliver to' Store and Distribution Centre locations
- GST inclusive unit cost of goods

Types of Purchase Orders

Blanket Purchase Order (BL)

A blanket purchase order advises the total amount of stock and the order number; Goods should never be supplied.

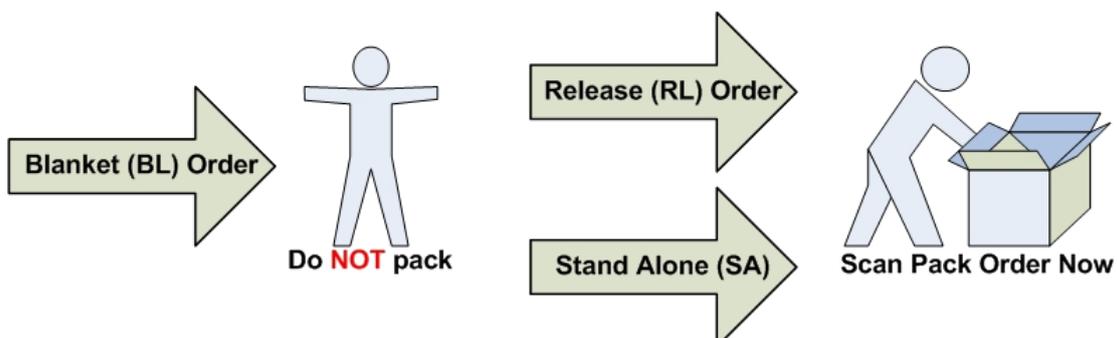
You need to wait for the order to be allocated and re-sent via EDI before you can begin to scan pack the order.

Purchase Order Release (RL)

When the order has been fully allocated (by store) the order is released and is now ready to be supplied. You should scan pack the stock according to the EDI allocation you received. You must also ensure that any case pack agreed to with the Buying Office matches the way you scan the stock in. It is important to note that an entire case pack must be packed in a bag or carton. While you can pack more than one case pack per store if it makes sense to do so, they must be full case pack quantities and never split. Once an ASN has been received for the purchase order, the order should not be changed without your notification and acceptance.

Stand Alone Purchase Order (SA)

When you receive a stand-alone order, you can begin the scanning of the stock as per the EDI order and any case pack agreed to from the Purchase Order contract.



Target and Target Country Purchase Orders

All EDI transactions for Target and Target Country are sent via the same EDI address.

Target stores and distribution centres start with 5XXX. Target Country stores start with 6XXX.
All Target RDC and store numbers are 4 numeric characters long.

Distribution Centre	State	Target Distribution Centre Number
Victoria RDC	VIC	5839
Toll In2Store (GOH)	VIC	5983
Queensland RDC	QLD	5967
CTI Logistics	WA	5965
New South Wales RDC	NSW	5966
Confectionery DC	VIC	5984
Confectionery DC	WA	5975
Confectionery DC	QLD	5976

Regional Purchase Orders

To facilitate regional orders, Target will originally send a 11 digit purchase order that will contain the PO number (first 7 digits) plus the default distribution centre number of 5700. Suppliers are not to deliver any stock on this blanket (BL) purchase order

Example: 1010005700 (11 digits)

Once an order has been allocated, Suppliers will receive additional release (RL) purchase orders with an amended 4-digit distribution centre number at the end. Suppliers may receive up to 4 additional purchase orders representing 4 delivery points as per the above distribution centres listed.

Below are examples of 11 digit regional release (RL) purchase orders:

Target Regional Order Example:

PO 100011 5839 = this stock is for VIC RDC in Melbourne

PO 100011 5967 = this stock is for QLD RDC in Queensland

PO 100011 5965 = this stock is for the WA RDC in Western Australia

PO 100011 5966 = this stock is for the NSW RDC in New South Wales

New Stores

If you receive a store number that is unknown to you in an EDI purchase order, it is likely to be a new store that should be added into your scan pack system. Any new store numbers are listed on the Target Supplier Website in the DC + Store search. New store information will also be sent to all suppliers who have joined our Supplier Mailing List on this website.

Pre-pack Purchase Orders

Target prefers purchase orders to be pre-packed by store to ensure the correct stock is sent to the correct stores. A pre-pack order is simply an order that has been scan packed by store.

The SSCC labels and the ASN provide a store break down of the order you packed.

This includes orders that are raised in case packs or ratio packs and orders that are raised in single units by store.

You must notify the Target Buying Office immediately if you cannot supply the order exactly as allocated to prevent ASN errors.

Order processing

Your contract contains all vital information for the delivery, including any case pack information if relevant. The EDI order will just contain the store pick and pack break up to allow you to scan pack the order and should match the contract. It is important to ensure the order is packed according to the case pack from the contract, as this break up is not contained in the EDI document.

Communicate any discrepancy between the purchase order and what will be supplied by contacting the Buying Office.

Discrepancies must be advised prior to transmission of the first Advance Ship Notice (ASN) for the order. If the buying office accepts these changes, the purchase order must be updated in the Target system to ensure the ASN does not error.

Where the resolution of the discrepancy results in an amendment to our order quantity and end destinations, a revised version of the complete order may be sent to you via EDI. You will be required to re validate and must ensure order processing is suspended until you receive a Purchase Order change that you agree to.

Purchase Order Changes

Any of the following can be changed on a PO, until Target has accepted an ASN:

- Delivery Window and Date Advertised
- The order delivery locations
- Order quantities
- Key code cost
- Key codes in the order
- The pack-size (inner/outer)
- Order Cancellation. **

*** In certain cases a cancelled order will be replaced with a new order. It is important to only deliver on the new order.*

When a change has been made the PO will be re-transmitted to your EDI mailbox. The re-transmitted copy overwrites previous copies of the EDI order.

You must ensure you check the details on the purchase order such as the costs and delivery amounts. An ASN received against a purchase order is taken as your acceptance of this order.

Any concerns should be raised with the Target Buying Office prior to transmitting the ASN.

Advance Ship Notice (ASN)

Creating an ASN and Shipping Container Marks (SCM) or Serial Shipping Container Codes (SSCC) labels, requires that all merchandise is picked and packed by location as detailed on the Purchase Order and as per the ratio pack (on some orders) from the contract.

To ensure the Advance Ship Notice accurately details the quantity of goods shipped, Target has established an accreditation process that is undertaken during implementation.

All new suppliers are required to complete this accreditation process prior to their first delivery into any Target regional distribution centre.

As a rule your system must:

- Allow the contents of the Purchase Order to be interfaced directly to your picking system, where applicable.
- Compile the Advance Ship Notice from the data collected using either each item's EAN, carton TUN/GTIN or carton barcode. This data is stored during the individual carton or bag packaging operation with links to specific carton labels. This ensures the Advance Ship Notice detail matches the physical shipment.
- The ASN must identify all the EAN's that are in each carton or bag.
- Generate a unique SSCC label to be affixed during the individual carton or bag packing operation.
- Transmit the Advance Ship Notice to Target on completion of the packing process for the entire shipment prior to delivery to our distribution centre.
- Be capable of sending multiple ASNs for one purchase order. These need to be flagged as a split shipment (SS) in the ASN and including a complete consignment (CC) flag for the last delivery. One ASN is required per delivery/vehicle for large orders.
-

Target will clear electronic mailboxes every 15 mins to expedite processing. You will be sent a functional acknowledgment to confirm electronic receipt of the ASN. You should track all transactions sent, by ensuring that you receive functional acknowledgments.

The Advance Ship Notice will be matched to the Purchase Order to ensure incoming goods were ordered.

The SSCC carton label is an essential component of the receiving process. Ensure labels are always readable (scannable) and positioned correctly on each carton.

Substitute products

Target expects suppliers to supply the exact (GTIN previously known as APN or EAN) that is on the order. In some situations there are acceptable interchangeable EAN's for the same product but these can only be supplied by prior arrangement with the Target Buyer before the order is generated.

Target's ASN matching process

The Target Gateway will send a Functional Acknowledgement (FA) to confirm the ASN has been received.

An FA does not indicate the ASN has downloaded successfully to the relevant DC.

ASNs are validated against the purchase order in the Target merchandise system. Where the ASN matches the order without exception, delivery and receipt of the goods at the intended distribution centre will proceed uninterrupted.

Advance Ship Notice matching will fail and require manual intervention where:

- ASN quantity is higher or lower than the order quantity
- Product (GTIN) not ordered or not an authorized substitute
- Incorrect pack ratio (pack ratio's should be as per the contract if applicable)
- Complete Consignment ASN (CC) is received before all split shipment ASNs (SS)
- Incorrect store, distribution centre or purchase order numbers in the ASN
- Supplier is not an accredited supplier for Target
- Duplicate product (GTIN) for the same store for the same SSCC
- Duplicate SSCC label numbers are used

Target SSCC label requirements

When packing your delivery, your system needs to generate a unique SSCC label to be affixed during the individual carton or bag packing operation.

This SSCC information is transmitted to Target in the ASN and is used to match the physical delivery to the system expected delivery when the stock is scanned in at the Distribution Centre.

As the DC system will scan each of the barcodes from the SSCC label, it is important that the labels are applied correctly to each carton or bag.

Each label should be flat, not crossing the join of the carton and have a high print quality.

Each SSCC must have a unique number to allow validation in our systems and to ensure clear identification all the way through the supply chain.

http://www.gs1au.org/assets/documents/info/technical/tfs14_allocating_sccc.pdf

Unique SSCCs are achieved by utilising your GS1 Company Prefix

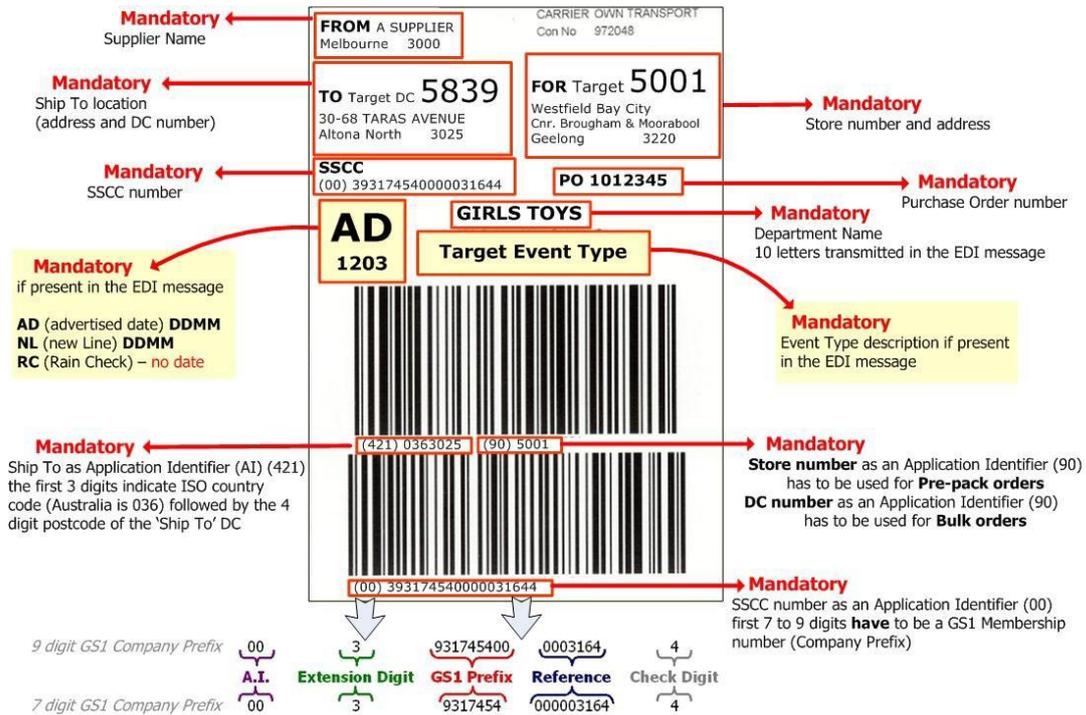
This is the member number assigned to a business when purchasing GTINs from GS1

Your scan pack system should allocate a new number to each label

GS1 provide global standards for Supply Chain technology.

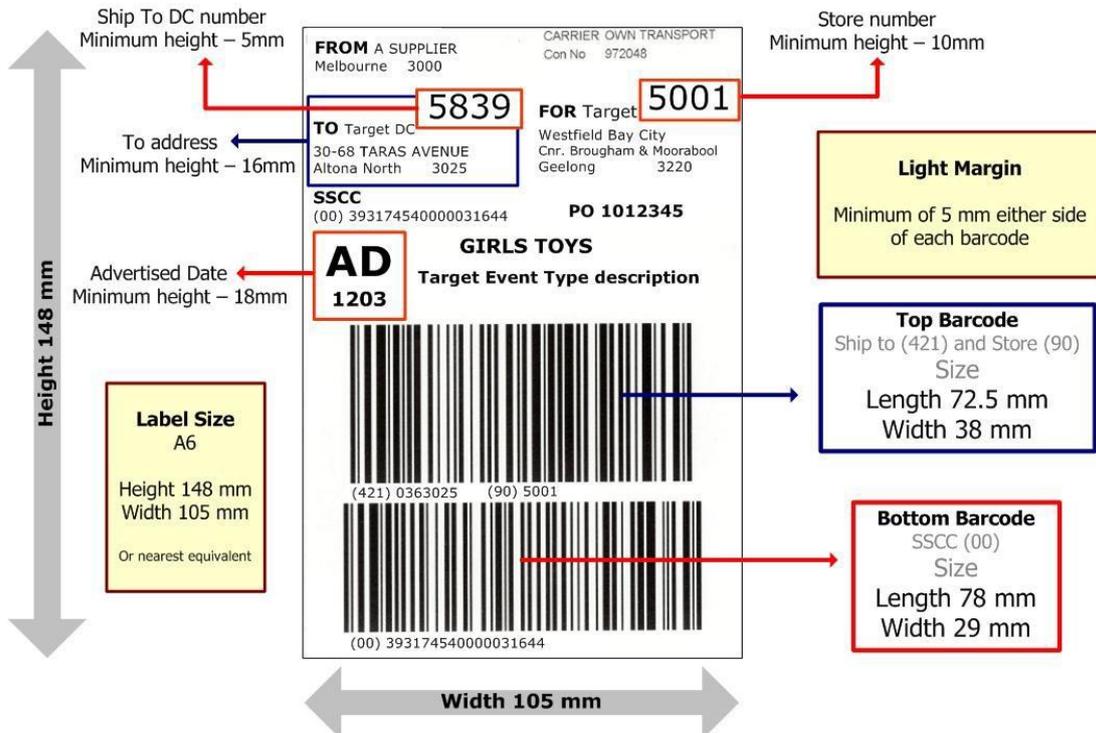
For further label specifications, please refer to the GS1 Website (<http://www.gs1au.org/index.asp>)

Target SSCC label Mandatory Fields



**** GS1 registration number *must* be used ** each label number *must* be unique**

Target SSCC label Technical Specifications



ASN error process

The Target Buying Office checks for ASN errors daily and should contact you to discuss resolution of any ASN issues.

If you have any concerns please contact Target.eCommerce@target.com.au

Target Receiving Process

The terms and conditions of delivery to each location are not changed as a result of Electronic Trading. You are required to maintain the standards and conditions outlined in the Supplier Delivery Guide for Local Suppliers, available on the Target Supplier website, located under Supply + Delivery > Distribution Centres.

Target expects to be able to scan merchandise as it arrives at distribution centres and have invested heavily in superior supply chain technology to ensure your stock is processed quickly to ensure it promptly reaches our customers.

For this to occur, the ASN must have been transmitted and matched prior to the goods arriving at the distribution centre.

DC Receiving staff will validate that all Serial Shipping Container Codes (SSCC) as noted in the ASN are physically received by scanning each Shipping Container Mark (SCM) at the receiving dock.

When all SCMs are accounted for, this will trigger the internal processing to update the Target stock and Purchase Order records.

Cartons will be checked on a random basis to ensure contents exactly match Advance Ship Notice details.

Errors in Advance Ship Notice details versus actual cartons contents will:

- Incur time delays in processing and increase costs
- Increase the incidence of Out of Stocks and lost sales
- Identify suppliers for 100% Purchase Order integrity checks

Carton contents that match ASN details exactly will:

- Minimize processing time and optimize costs
- Improve in-stock and sales
- Identify suppliers for less frequent integrity checks.

Summary Recipient Created Tax Invoice (sRCTI)

Evaluated Receipt Settlement (ERS) has been introduced to Target as part of the ongoing process to improve operational effectiveness and reduce the cost of doing business.

Using the ERS process, an invoice is no longer required to be sent to Target Geelong Office for local deliveries into the Target Distribution Centres.

Payment will be sent to the supplier using the current method and previously agreed payment terms. The use of ERS will not result in any changes to the existing terms and conditions agreement between the Supplier and Target Australia Ltd.

After scan receipting of your order at the distribution centre utilizing the ASN and the SSCC carton labels, an sRCTI will be transmitted to you via EDI, providing a summary of what you should expect to be paid for each ASN.

Where there are no discrepancies identified, the amount stated in the sRCTI will be the total quantity of the advance ship notice multiplied by the cost and GST in the purchase order.

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By creating sRCTIs, the responsibility for calculating the correct GST amount passes from you to Target. You will need to sign an agreement, before Target is authorized to create recipient created tax invoices (See appendix B for a copy of this agreement).

Any disputed sRCTI amounts should be followed up immediately and no later than seven days with either Target eCommerce or Target supplier services.

If the DC has not processed an order in the same week that it was delivered, it may affect your payment, depending on your payment terms. If you believe this has happened please notify Target eCommerce for investigation. Target Supplier Services can process a manual adjustment if necessary to ensure your payment is not impacted.

Advance Ship Notice Discrepancy Memo (ADM)

Where any discrepancies between the ASN sent and the volume of stock received at the distribution centre are identified, you will be e-mailed an ASN discrepancy memo. This needs to be reconciled with the sRCTI. Where there are adjustments due to discrepancies, the adjustment amount will be shown separately.

Target requires a generic email address, monitored by more than one person, to send the ASN Discrepancy Memo to. When returning the Recipient Created Tax Invoice agreement, please notify us of the email address you wish us to use for the ADM.

If there are any processing issues with your delivery, multiple receipt lines will be displayed on the ADM. Processing issued resolved over several days will result in an updated ADM being issued.

If you are concerned with the contents of any ADM received, please e-mail Target.eCommerce@target.com.au immediately for clarification.

Supplier Contacts

GROUP	QUERIES ABOUT	EMAIL	PHONE
Target eCommerce	EDI documents such as ASN, sRCTI, ADM	Target.eCommerce@target.com.au	03 5246 3297
Target Supplier Customer Service	Payments, copies of remittance advices or rebates	target.scs@target.com.au	03 5246 2261

Appendix A: Glossary of Terms

ACRONYM	TERM	DEFINITION OF USE
ADM	ASN Discrepancy Memo	Issued via e-mail where the full amount for an ASN has not been received at the DC.
APN	Australian Product Number	Number assigned to a registered product by GS1 now called GTIN
ASN	Advanced Shipping Notice	EDI record containing Suppliers packing details for a shipment.
DC	Distribution Centre	Location where stock is received consolidated and despatched to stores.
EAN	European Article Number	Number assigned to a registered product by GS1 now called GTIN
EDI	Electronic Data Interchange	Electronic method of sending orders to Suppliers using a universal format.
GTIN	Global Trade Identification Number	GTIN describes a family of GS1 global data structures
GS1	Global Solutions 1 – regulating industry standards for EDI	Company responsible for issuing the Company Code required for SSCC labels and issue of GTINS (EAN/APN).
Key code	Internal Target product number	Used in Target systems to identify products along with the GTIN
PO	Purchase Order	Issued to supplier via EDI details goods to be supplied.
SCM	Serial Container Mark	Name given to full Compliant Label.
sRCTI	Summary Recipient Created Tax Invoice	Issued on receipt of goods at DC
SSCC	Serial Shipping Container Code	A unique number allocated to each transport unit (carton or bag) SCM Label.
FA	Functional Acknowledgement	Confirmation of message receipt

Appendix B: Recipient Created Tax Invoice Agreement

Target Australia Pty Ltd

Agreement to issue Recipient Created Tax Invoices

ABN 75 004 250 944

This agreement applies to the following transactions between Target Australia Pty Ltd and

Supplier Name..... **Supplier ABN**.....

Target accepts the terms and conditions set out below and by signing the copy of this letter, you also agree to those terms and conditions

- Target can issue tax invoices on your behalf in the form of summary Recipient Created Tax Invoices.
- You agree not to issue to Target tax invoices in respect of supplies made by you to Target.
- Target Supplier acknowledges that it is registered for GST at the time it enters into this agreement and that they will notify the other party if it ceased to be registered.
- Target and Supplier will notify the other party if it ceases to satisfy the requirements of any determination or ruling issued by the Commissioner of Taxation or any legislative requirements under the New Tax System (Goods & Services Tax) Act 1999, relating to the issuing of Recipient Creative Tax Invoices.

The summary Recipient Created Tax Invoice will be issued via EDI as goods are receipted

Remittance advice/Adjustment Notes

Under the GST law where there is a change in the consideration/price paid for the goods i.e. settlement discount, volume rebate, returned goods etc, the person who issues the tax invoice is required to issue an adjustment note.

However under the Consignment method of trading the tax invoice will be issued by Target. Therefore Target will be required to issue any adjustment notes.

Completed and signed on behalf of (Supplier)

Date.....

Signature..... accepts the terms and conditions set out in this letter.

Print Name.....

Target requires a generic email address, monitored by more than one person, to send the ASN Discrepancy Memo to

ADM email address.....