



## Essendant Freight Collect Program Terms and Conditions

Updated August 16, 2018

**The following terms and conditions shall apply to merchandise suppliers (each, a “Supplier”) participating in Essendant’s Freight Collect Program pursuant to which Essendant pays for freight and arranges for transportation of products via Essendant’s designated carriers for delivery through an Essendant inbound consolidation center (ICC) or via direct dropship to one or more Essendant distribution centers.**

### **FREIGHT ALLOWANCE PROVISIONS**

**Freight Allowance Determination:** Essendant will establish an initial freight allowance and communicate the allowance to Supplier in writing by way of a freight collect program letter, freight collect agreement, or other freight collect program document. Essendant reserves the right to re-negotiate any freight allowance if there is a dramatic change in volumes or product assortment, or if Supplier relocates, closes or opens additional shipping locations. In addition, the freight allowance will be reviewed and adjusted periodically by Essendant to offset freight rate increases. Examples are, but not limited to, increased fuel costs, change in product mix, relocation of distribution points and additional ship-to points. Essendant will communicate any freight allowance adjustments to Supplier in writing.

**Calculation and Collection of Freight Allowance:** Essendant will process monthly debit memos for the freight allowance amount. Essendant will determine the freight allowance amount by applying the freight allowance percentage to monthly shipments (meaning gross value of purchases received less N/L drop ship orders outside of the Essendant network only) (for payment by receipt) or net purchases (for payment from invoice). “Net purchases” means the dollar value of product shipped based on Supplier invoice totals, less direct shipments (i.e., drop ship orders shipped directly to customers) only. No other exclusions apply. If a debit memo cannot be processed or deduction is not possible because of insufficient supplier payables or otherwise, Supplier will pay via ACH within 10 days after notice of the amount due.

**Backorders:** Multiple shipments against a purchase order are to be avoided if possible. Essendant’s expectation is that Supplier shall complete an Essendant purchase order for each shipment and that Supplier shall have all products ordered available to ship on the assigned ship date. However, if backorders occur, Supplier shall include the backordered products on the next regularly scheduled shipment to Essendant.

**Drop Ship Orders:** Drop ship freight to addresses other than Essendant facilities will stay prepaid and be handled and paid for by the Supplier.



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**FOB Destination/Origin:** Products will be shipped FOB Origin. Essendant will file damage claims with its carrier. Supplier will cooperate as requested by Essendant in the claim process. Shortages are addressed below.

### ESSENDANT INBOUND TRANSPORTATION OPERATING STANDARDS

**Supplier Compliance Required:** Supplier must comply with all Supplier requirements contained in the Essendant Inbound Transportation Operating Standards and New Supplier Business Requirements and Shipping Guidelines, each as modified by Essendant from time to time. Contact [inboundrouting@essendant.com](mailto:inboundrouting@essendant.com) at any time to request a copy.

**Essendant Packaging, Labeling, and Shipping Requirements:** Supplier must ship all products in accordance with the Essendant Packaging, Labeling, and Shipping Requirements (PLSR), as modified by Essendant from time to time. Access the PLSR on “Suppliers” section of Essendant Solutions Central website or on Essendant.com (<https://www.essendant.com/essendant/for-suppliers/product-supplier>). You may also request a hard copy from your primary Essendant merchandising contact. Note that if Supplier sells products to Essendant Industrial LLC dba ORS Nasco, then supplier must ship those products in accordance with the ORS Nasco version of the PLSR, as modified by ORS Nasco from time to time. You can obtain a hard copy of the ORS Nasco version of the PLSR from your primary ORS Nasco merchandising contact.

**No Order Minimums:** Suppliers participating in the Essendant Freight Collect Program are not permitted to impose order minimums (whether by order value, weight, size, or otherwise).

**Day of Week Shipping:** Essendant will communicate to you in advance your assigned day of week for shipping. Any changes will also be communicated to you in advance.

### SHORTAGES

**Pallet count only:** If a carrier is present during loading, a pallet count will be performed. NO carton count will occur. Carton shortages are the responsibility of Supplier.

**Shipper, Load & Count (“SL&C”):** Any carrier representing Essendant will sign the bill of lading SL&C if the driver is unable to observe loading. Any shortage at the time of delivery shall be the responsibility of Supplier.

### Concealed Shortages:

Supplier acknowledges that due to the nature of the packing and packaging of shipments picked up by Essendant or its carrier, it may not be possible for verification of piece count within



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cartons or carton counts within pallets at the time of pick up. As a result, upon unloading and inspection, Essendant may uncover shortages in piece counts that were not capable of being discovered at the time of pick up (“Concealed Shortages”). Supplier is responsible for Concealed Shortages.

### SUPPLIER NON-COMPLIANCE

**Non-Compliance Assessments:** If Supplier fails to comply with any provision of these Freight Collect Program Terms and Conditions (including any documents referenced herein), and such non-compliance results in charges assessed by Essendant’s carriers or other third-party service providers, Supplier shall be fully responsible for any such charges and shall either pay them directly or reimburse Essendant, in Essendant’s sole discretion.

**Alternative Sourcing:** Supplier is responsible for coordinating transportation and payment of all freight expenses if product is shipped from a point that does not align with Supplier locations as specified by Supplier in the set up documentation completed during the supplier on-boarding process. Supplier must provide advance notice to inbound routing at Essendant if Supplier deviates from approved shipping points and Supplier must ensure that freight invoices for such shipments are not sent to Essendant. Supplier shall be responsible for reimbursing Essendant for any charges paid by Essendant that are the responsibility of Supplier under this section.

**Expedited Shipments:** If an expedited shipment is required due to acts or omissions of Supplier, Supplier shall be fully responsible for any costs and expenses associated with such expedited shipment and shall either pay them directly or reimburse Essendant, in Essendant’s sole discretion.

### GENERAL TERMS

**Order of Precedence; Applicability:** In the event these Freight Collect Program Terms conflict with any terms and conditions contained in any Supplier Agreement, Master Terms and Conditions Agreement, Supplier Allowance Program, or other agreement entered into by Supplier and Essendant (or any similar agreement), these Freight Collect Program Terms will prevail on the specific points of conflict unless the other document specifically states that it controls. Suppliers operating under an existing freight collect agreement will continue to do so until Essendant informs the supplier that they will be transitioning to the program described in these Freight Collect Program Terms and Conditions and Supplier has been on boarded. Essendant reserves the right to modify these Freight Collect Program Terms and Conditions at any time. Supplier’s continued participation in the Essendant’s Inbound Freight Consolidation Program is deemed acceptance of the Freight Collect Program Terms and Conditions, as modified. These Freight Collect Program Terms apply to participating suppliers even if



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shipments are made directly to an Essendant distribution center rather than shipped through an ICC.

**Essendant:** “Essendant” means Essendant Co. and its affiliates from time to time who purchase products from Supplier, including without limitation Essendant Industrial LLC dba ORS Nasco, Liberty Bell Equipment Corporation dba Medco, and Nestor Sales LLC. As used herein, an “affiliate” of Essendant is a person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Essendant.

**Acceptance:** Supplier will be deemed to have accepted these Freight Collect Program Terms and Conditions by accepting assigned ICC and day of week for shipping and/or commencing appointment scheduling with Essendant-designated inbound carriers.

**Incorporation by Reference; Cost Recovery:** All documents referred to in these Freight Collect Program Terms and Conditions are hereby incorporated by reference and acceptance of these Freight Collect Program Terms is deemed acceptance of all such incorporated documents. Essendant reserves the right to recover via debit memo any costs and expenses it incurs that are the responsibility of Supplier hereunder, along with any charges or assessments that result from Supplier non-compliance. If a debit memo cannot be processed or deduction is not possible because of insufficient supplier payables or otherwise, Supplier will pay via ACH within 10 days after notice of the amount due.