PACKAGING, LABELING, & SHIPPING REQUIREMENTS

EFFECTIVE: September 1, 2018
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Packaging, Labeling, and Shipping Requirements

Shipment Requirements

1. Delivery Appointments and Carrier Compliance

a. General
   - Delivery appointments are required for all non-small parcel deliveries into any Essendant distribution, cross-dock, consolidation, or other facility.
   - Being able to accurately schedule our inbound volume is essential for us to efficiently handle freight into our Distribution Centers (DCs).
   - Every TL and LTL shipment to an Essendant facility must have a delivery appointment that accurately reflects the total scope of the delivery to be made, i.e., correct quantity of pallets and pieces/cartons.
   - Prepaid Shipments - Where the freight terms are prepaid, the supplier will be held accountable for the carrier acting as the supplier’s agent.*
   - Collect Shipments - The delivering carrier will be held accountable for all carrier related responsibilities for collect shipments as long as the load was tendered when scheduled and with the correct carrier. The supplier will be held accountable if the load is tendered after the agreed scheduled pickup date.

b. Delivery Appointment
   - Appointments must be requested no later than 12:00PM, facility local time, one business day prior to delivery.
   - If an appointment needs to be rescheduled, it must also be done no later than 12:00PM, facility local time, one business day prior to delivery. If the appointment is not rescheduled on time, shipment will be considered a no show.
   - Unauthorized trapping of our inbound shipments is prohibited; carriers must schedule delivery appointments upon freight arrival at their delivering terminal.
   - All appointments must be made via email to the correct Essendant Distribution Center’s receiving email address. A listing of Essendant facilities and the corresponding email addresses can be found on Essendant.com and in Solutions Central.
   - When requesting a delivery appointment via email, the following information must be provided using the Essendant Inbound Delivery Request Form. See Appendix D.

*Supplier is responsible for ensuring that any carrier making a delivery of supplier’s products to Essendant locations maintains adequate insurance and is contractually obligated to reimburse Essendant for any property damage or bodily injury caused by carrier, along with associated costs and expenses. If any carrier causes property damage or bodily injury in the course of making a delivery to Essendant, supplier is responsible for causing the carrier to compensate Essendant for any costs incurred, along with associated costs and expenses, or for compensating Essendant directly to the extent the carrier fails to do so.
Packaging, Labeling, and Shipping Requirements

- Requested delivery date
- Delivering carrier
- Shipper/Supplier name
- Purchase order numbers being delivered
- Number of pallets
- Pallet footprint
- Number of cartons
- Total weight of shipment
- ICC load indication
- Load type; i.e. floor load, palletized, furniture, etc.

The Essendant Inbound Delivery Request Form is attached as Appendix D and is also available electronically by following the link below, and entering your Username and Password.

https://solutionscentral.ussco.com/sites/mrc/suppliers/Documents/Guidelines/Essendant%20Inbound%20Delivery%20Request%20Form.xlsx

This form can also be found by logging into “Solutions Central” and navigating to the “Guidelines” page under the “Suppliers” tab.

- Any cross dock or non-listed (NL) orders must be identified on the appointment request as well.
- Essendant reserves the right to postpone the scheduling of the appointment if information is missing.
- All TL and LTL deliveries must be made by appointment.

2. Delivery Standards

a. On-Time Delivery
   - It is expected that all carriers will arrive on time and that no additional purchase orders will have been added to the delivery.
     - If a carrier arrives prior to the scheduled time, Essendant DCs will accommodate them as soon as possible.
   - Full truckload (9 or more pallets) must deliver within 30 minutes of appointment time. LTL (8 or less pallets) must deliver within 2 hours of appointment time.
   - If a facility chooses to schedule a delivery window greater than 2 hours instead of a specific appointment time, any shipment that arrives outside of that delivery window will be automatically considered late and will result in a chargeback.
   - Repeated late deliveries may result in loss of delivery window.
   - Essendant reserves the right to refuse deliveries for unscheduled purchase orders.

b. Correct Paperwork and Products
   - Delivery receipts must be completed and signed by both parties at time of delivery.
Packaging, Labeling, and Shipping Requirements

- Drop trailer and/or shipments that are unitized shrink-wrapped on pallets are subject to our subsequent count and inspection.

c. Delivery Document/Suppliers Bill of Lading (BOL)

- A delivery document/BOL with an attached copy of the packing slip must accompany every common carrier delivery.
- Multiple stock orders shipped to a single facility on the same day must be consolidated on a Master Bill of Lading, regardless of different purchase order numbers.
- The Carrier is responsible for delivering the freight in the same manner and configuration as it was tendered at origin.
  - It is the responsibility of the prepaid Supplier to make these arrangements with the carrier.
- Prepaid Suppliers:
  - Any information on the delivery document that is found to be incorrect is the responsibility of the supplier.
  - Any accessoriel fees, detention charges and administrative fees, or incorrect billings incurred due to data discrepancies on the delivery document are the responsibility of the supplier.

d. Required Information on the Delivery Document/Supplier’s BOL

- Freight Terms - As per agreement between supplier and Essendant (Prepaid, Collect, or 3rd party NL orders).
- Bill of Lading Number
- Pallet and Carton Count - The number of cartons contained on the shipment (also referred to as piece count) and the number of pallets contained on the shipment. Both must be included.
  - Prepaid Suppliers – If the carrier is not able to obtain an accurate carton count on a palletized shipment due to how a pallet was built, the delivery document/BOL must state “# of Pallets said to contain # of Cartons”. Carton shortages are always the responsibility of the supplier, regardless of whether the delivery document references pallets or cartons.
  - Collect Suppliers - If the delivery document/BOL is noted, “said to contain” the carrier is only responsible for the number of pallets stated. Any carton shortages are the supplier’s responsibility.
- Shipment Weight - The weight of the shipment in pounds (LBS).
- Ship Date – The actual date the shipment left the point of origin.
  - Note: Pre-dating Bills of Lading is a fraudulent practice. The document must always reflect the date that the order(s) shipped.
- Carrier Name - The name of the initial carrier the BOL was issued to.
- Ship From Address - The point of origin (including: Supplier’s Name) and full address.
  - Note: When utilizing a distribution or other third-party company to fulfill purchase orders, the shipper name must read as the supplier name provided in the purchase order c/o the distribution company name.
    e.g.: Write Brothers Pencils c/o American Distribution
- Ship To Address - The address of the final destination (Essendant Distribution Center – not the consolidation point address).
Packaging, Labeling, and Shipping Requirements

• **Purchase Order Numbers** - All purchase orders being shipped must be listed on the delivery document/BOL.
  – All Essendant stock purchase orders are seven characters in length and should include the leading zero if it exists.
  – Non-Listed (NL) orders will be designated with “NL” or “N” followed by a six-character purchase order number.

• **Special Instructions** - Must include the following, if applicable:
  – “Delivery appointment required”
  – “Appointment request must be made by email”
  – “Driver assist required on floor loaded freight”
  – “Before unloading, wheel must be chocked or a dock lock engaged”
  – “Delivery shipment intact. Do NOT break shrink wrap”
  – Include any special handling requirements for the product type shipped.

• **Description of Articles** - A description of the commodity being shipped, including any Hazardous Materials, complete with corresponding regulatory requirements.

e. **Pallet and Carton Count Integrity for Wrapped Pallets**
   *This applies to all shipments that are unitized to a pallet and shrink wrapped.*
   - **Prepaid, Collect, or 3rd Party Shipments** – Supplier will make an effort to prepare cartons on the pallet visible for the carrier’s count and inspection. The supplier assumes responsibility for shortages found at Essendant’s receiving facility.
   - **Prepaid and 3rd Party Shipments** – Concealed damages found within the shrink-wrapped pallet are the responsibility of the supplier and the carrier to mitigate. Such cases will result in damaged merchandise refusal and return at the Supplier’s expense.
   - **Pallet Number Only** - When receiving product via LTL or TL, Essendant only signs for the number of shipment pallets at the time of delivery.

f. **Trailer Seal**
   - A trailer seal must be applied to each full truckload.
   - The seal number must be recorded on the supplier’s Master BOL legibly.
   - Seal integrity will be verified at Essendant’s facility or Inbound Consolidation Center.

g. **Packing List**
   - A legible copy of the packing list needs to accompany the delivery document/BOL on common carrier, truckload, & consolidated shipments.
   - The original copy of the packing list must be located on the outside of the first pallet closest to the tail of truck, facing the rear of the trailer, and in a highly visible position.
   - The packing list must be removable.
   - Never put the packing list inside a carton.
h. Delivery of Correct Product
- Products and quantities shipped to Essendant Distribution Centers must match the Purchase Order.
- If an overage, non-ordered product, or miss-ship is returned to the supplier, it will be returned via Essendant selected routing at the supplier’s expense.
- The packing slip must reflect the products and quantities shipped in Essendant’s ordering unit of measure.
- Products and quantities must be shipped to the location noted on the Purchase Order.
  - Product shipped to an incorrect location will result in delayed receipt of goods and will be rerouted to the correct location at the supplier’s expense.

i. Backorders
- Essendant expects to have the entire purchase order filled on the first shipment.
- Backordered product should be shipped using the same guidelines as non-backordered product.
- Backorders not shipped using the same guidelines as non-backordered product will be shipped at supplier’s expense.
- Backordered products also require an ASN and UCC labels; same guidelines apply as non-backordered product.

j. Perfect Order Fulfillment
- First Time Fill – All Suppliers are expected to ship complete purchase order quantities on the first shipment.
- On-Time Shipping – All Suppliers are expected to ship purchase orders on requested ship date or assigned ship day of week.

3. Packaging/Pallet Standards and Loading Requirements
All shipments, excluding small parcel carrier shipments and furniture loads, must be palletized and adhere to the specifications. Any exceptions must be sent to supplierperformance@essendant.com for prior review and approval.

a. Packaging Standards
- Shipping container/carton packaging must meet International Safe Transit Association (ISTA) Standards.
  - For more information about these standards, contact the ISTA at their web site www.ista.org.
- Suppliers must provide their packaging specifications in the National Motor Freight Classification (NMFC), as most common carriers that subscribe refer to these packaging requirements when analyzing causes of damages that may have occurred, to settle freight claims.
- Cartons must be taped or glued.
- Packing straps must be strong enough to endure a standard distribution conveyor system.
- Recycled paper or airbags are recommended if necessary.
- The use of “packing peanuts” is prohibited.
b. Pallet Standards and Specifications

- **Pallet Type** - All products must be shipped on a 48” x 40” Hardwood GMA #1 Or Grade A Pallet Only.

- **Specifications for a GMA #1 or Grade A Pallet:**
  - Structural soundness (95% hardwood)
  - All nails flush or countersunk
  - Minimum stringer = 1-3/8” x 3-1/2” x 48”
  - No protruding nails on sides (shiners)
  - Minimum deck board = 5/8” thick; no thick & thin boards
  - No broken lead boards past first nail; no double stringers
  - Top boards = maximum 3-1/2” spaces; no boards overhanging stringers
  - Bottom / lead boards = min. 5-1/2”; no odors, dirt, grease, or oil
  - Plating per “Uniform Voluntary Standard must allow four-way entry for wood pallets”

- If a product must be shipped on a pallet other than a GMA pallet, supplier must obtain Essendant prior written approval.

- For oversized freight, a grade A non-standard pallet can be utilized, but smaller cartons that will fit on a standard pallet cannot be placed on top.
c. Pallet Height Specifications

- The maximum height requirement for shipping mixed or single SKU pallets is 84”. If there is a product category that requires a supplier to ship product stacked over 84 inches, supplier must obtain Essendant prior written approval.
  - Exceptions may apply for some paper products, furniture products, and oversized products that will not fit correctly on pallet specified.
  - Pallets over 84” tall will not be accepted, without prior Essendant approval.
  - Double stacked pallets must be individually shrink wrapped to their own pallet and then wrapped together.

d. Pallet Loading Requirements

- All non-parcel shipments must be palletized.
- Maximum weight per standard pallet must not exceed 2,200 pounds.
- Cartons must be stacked to form a stable pallet.
- Cartons should only be stacked overlapping each other (bricklayer method) when individual boxes and their contents form a rigid unit.
- Do not stack pallets in a pyramid fashion.
- Product must not overhang the pallet. Overhanging product increases the risk of damage during shipping and receiving.
- It is not acceptable to “chimney stack” pallets (that is, product cannot be stacked around the edge of the pallet with the middle left empty).

![Block Stack - Strongest Configuration](image1)

Block Stack - Strongest Configuration
For pallets built with all same size cartons.

![Pyramid Configuration - Avoid](image2)

Pyramid Configuration - Avoid
High risk of damage.

![Bricklayer Method – Most Stable Configuration](image3)

Bricklayer Method – Most Stable Configuration
For pallets with multiple size cartons to insure pallet stability.
e. Pallet Shrink Wrap Requirements
   - All carrier loads (excluding small parcel carrier and furniture loads) must arrive shrink wrapped, capped (shrink wrap cap is ok), and palletized.
   - Shrink wrap/capped pallets assist in identifying shipments that have been tampered with.
   - All pallets shrink wrapped by the supplier must be flagged with a sign, “Do Not Break Stretch Wrap”.
   - The shrink wrap must be intact when it arrives at the Essendant DC location.
   - When securing pallets, use 80-gauge shrink wrap and ensure the shrink wrap overlaps the pallet and the product to ensure that the product is secure to the pallet.
   - It is also suggested that the pallet be wrapped in a ‘bowtie’ or ‘roping’ method utilizing ample layers of wrap to maintain integrity of the pallet.
   - Shrink wrap must be tied out to the pallet.
   - Product labels, cartons, and slip sheets, if utilized, must be visible through shrink wrap.

f. Pallet/Carton Configuration
   *Pallets not properly configured will require assistance from the driver to sort and segregate product. The supplier is responsible for assessorial charges associated with sorting and segregating.*

   - **Product Sortation – General**
     - Products must be sorted by Essendant Bulk and Shelf (aka Bin) locations which will be sent on both EDI and hard copy purchase orders (POs).
     - Bulk and Shelf items are stored in two different areas of our warehouse. Proper sortation along these designations is required and instructions can be found below.
     - The REF*WS and REF*BO segments contained on the EDI 850 indicates whether an item is bulk or shelf. These segments can also be found on the hard copy purchase order below the product description.
     - Look at the first 2 digits of each segment, 01-09 indicate shelf locations and 10 and up indicate bulk locations. Below are some examples:
     - Below is an example of an EDI 850 indicating that an item is “Shelf”. Both the WS and BO show “06” as the first two digits.
       - REF*WS*06060606
       - REF*BO*06060606
     - Below is an example of an EDI 850 indicating that an item is “Bulk”. Both the WS and BO show “30” as the first two digits.
       - REF*WS*30999999
       - REF*BO*30999999
     - Below is an example of an EDI 850 indicating that an item could be either “Shelf” and “Bulk”. In these cases, the quantity of the item ordered will dictate whether the order is “Bulk” or “Shelf”. If a full case/carton quantity is ordered, the item should be considered “Bulk”. If less than a case/carton quantity is ordered, the item should be considered “Shelf”.
       - REF*WS*30999999
       - REF*BO*03921018
Packaging, Labeling, and Shipping Requirements

Hard Copy Purchase Order: Bin/Bulk Segments Example

- **Sorting for Multiple Pallet Shipments**
  - Palletize Bulk and Shelf separately – Bulk on one pallet and Shelf on another pallet.
  - Keep the same SKU together; like SKUs need to be on the same tier(s) or level(s).
  - Do not spread a single SKU across multiple tiers or pallets.

- **Sorting for Single Pallet Shipments**
  - Bulk and Shelf must be clearly separated with the use of a slip sheet.
  - Pallets must be layered or grouped by SKU unless otherwise approved by Essendant.
  - Tiers must be interlocked and identical throughout the pallet for like-item pallets.
  - The SKU consisting of the greatest quantity should be loaded onto the pallet first, stacking the SKU with the lesser quantity on top. (NOTE: Exceptions may apply for heavy, oversized product).

- **Sorting for Mixed Cartons**
  - **Bulk and Shelf:** Do NOT mix Bulk and Shelf SKUs in the same carton; they must be kept separate.
  - **Shelf:** Contents must be segregated by SKU and not intermingled in the carton.

![Bulk and Shelf on the same pallet with tiers separated by a slip-sheet.](image1)

![Bulk and Shelf on the same pallet with tiers separated by shrink wrap.](image2)
g. **Shipment Loading**

- **General Loading Requirements**
  - Product must be loaded in a safe and efficient manner.
  - The supplier is responsible for preparing shipments for safe transportation.
  - Drivers are responsible for checking freight after loading to be sure it will travel in a safe manner.
  - Prepaid and Collect suppliers assume responsibility for the way shipments are loaded.
  - Shipments should be loaded in a manner that minimizes shifting and damage under normal transportation.
  - Blocking and bracing is the responsibility of the shipper.
  - Essendant will not unload unsafe and/or poorly loaded shipments.
  - A load is considered unsafe or inefficient if the palletized load is not easily removed, has to be unloaded by hand or by exceptional means, if there is missing or insufficient shrink wrap, and/or if any other additional handling is required before freight can be received and stocked.

- **Easy Removal**
  - All palletized shipments must be loaded in the trailer allowing them to be immediately removable with a forklift or hand jack.
  - Do not put other customers’ freight in front of Essendant freight. Essendant will not handle non-Essendant product.
  - Prepaid Suppliers: Do not load pallets in sideways (i.e. pallets positioned straight in with the 48” side against the back).
  - Collect Suppliers are required to pinwheel pallets when loading.

- **Carton Identifications Must Face Out**
  - Item labels must be visible and pointing outward on the pallet on adjacent sides.
  - On pallets where there are interior cartons, not visible from the outside of the pallet, the labels need to be facing outward and be easily identified when the outside layer of cartons is removed.
  - Do not place labels on the indicated clamp sides of cartons.
  - Do not place the shipping label over any package marking information.

- **Ship Upright**
  - Ship product in an upright position.
  - Clearly mark merchandise with directional (up) arrows when storage requirements exist.
Packaging, Labeling, and Shipping Requirements

- **Furniture**
  - Upon arrival at a facility, a determination will be made if driver assist is required. This might include the driver loading freight onto a pallet or into a green rack provided by the facility at their dock.
  - Do not place labels on the indicated clamp sides of cartons.

- **Bed-loaded Freight**
  - Driver assist is required in unloading products that are bed loaded.
  - This includes loading onto pallets or green rack.
  - Flats must be stood upright to reduce damage in transit.

- **Carrier Performs Unloading Services as Required**
  - Driver assist is required for all shifted or toppled loads.
  - This includes unloading product by hand or with a hand truck or pallet jack.
  - Information regarding this should be on the delivery document/BOL in the special instructions (see page 4).

- **Vendors are expected to load shipments within one hour of arrival. Shipment loading time exceeding two hours will be subject to detention fees (supplier responsibility).**

- **Any truck cancelled after scheduling with the carrier is subject to truck order not used fee (supplier responsibility).**

### 4. ASN and UCC-128 Labeling Requirements

**a. ASN Requirements**

- When a new supplier establishes a business relationship with Essendant, supplier must engage and complete testing and certification process.
  - Average time required for successful testing and certification on both ASN and UCC components is typically 3-5 weeks.
- If a supplier opts to use a 3rd party provider for EDI or distribution (3PL), it is still the supplier’s responsibility to ensure compliance by meeting all Essendant requirements.
  - The supplier will be held accountable for any ASN, UCC labeling issues, or shipping discrepancies.
  - Any updates and transitions that impact ASN and UCC labels must be properly communicated to EDI Supplier Enablement team at EDISupplierEnablement@essendant.com (including proposed effective dates if applicable).
- Every shipment to Essendant must be ASN and UCC compliant.
- All shipments must have an accurate ASN delivered to Essendant at the time of shipment or pickup from origin.
- All shipments within 150 miles of an Essendant DC must have an accurate ASN delivered to Essendant at least 2 hours prior to freight arrival.
- The purchase order, ASN, UCC data, and the physical shipment must be in alignment.
- Suppliers need to ensure picking accuracy of carton or pallet content in relation to the UCC 128 label. This includes all TL, LTL, and small parcel shipments.
- The Essendant system cannot accept duplicate transmissions under the same ASN ID. ASN IDs should never be reused or recycled.
- An ASN should only be resent when a specific request is made by Essendant personnel, i.e., in the event of a data failure.
Packaging, Labeling, and Shipping Requirements

- ASN numbers are not required for NL or special order shipments.
- A 997 (functional acknowledgement) only means that the ASN was sent and received; it is not an indication of the accuracy or correctness of the ASN.
- The Essendant item number and unit of measure that is provided on the purchase order (EDI 850) needs to be sent back on the ASN (EDI 856). More details are available in our EDI specs.
b. **UCC-128 Label Requirements and Specifications**

*Refer to example on next page*

- Label size must be 4” x 6”.
- Non-reflective white label stock must always be used; color label stock of any kind is not allowed.
- It is the responsibility of the supplier to ensure that UCC-128 labels are placed such that the risk of them being damaged or obscured during transit is minimized.

**Shipper Information – Section 1**
- Shipper name and address.
- Shipper name must match the name under which the purchase order was issued.
- If a supplier is manufacturing product under one of Essendant’s private labels, the shipper name should be Essendant’s private label name.

**Ship-To Information – Section 2**
- 2A – Ship-To Distribution Center name needs to be printed on every shipping label.
- 2B – For Cross Dock/Inbound Consolidation Centers/Essendant Direct Shipments – Dealer name should populate with Essendant’s distribution address.

**Purchase Order Number – Section 3**
- The 7-digit PO number(s) from which the product is being shipped against must be shown.
- Do not use an internal order number or the words ORDER NUMBER to indicate a purchase order number.

**Item Information – Section 4**
- Essendant’s Item Number must be on every UCC label for a Full Pallet/Carton of the same item.
- The pallet/carton quantity also must be indicated on the label. This will also help place the label on the corresponding pallet or carton.
- Mixed Pallet – This field should read “MIXED” and not contain a SKU number. (A mixed pallet consists of multiple cartons of different items.)
- Mixed Carton – This field must read “MIXED” and not contain a SKU number. (A mixed carton consists of different items in the carton. Note: BULK and SHELF items should not be mixed in the same carton.)

**UCC-128 Barcode – Section 5**
- SSCC bar code number is the number reported in the MAN-02/GM in the EDI 856 ASN.
- Must also contain the human readable equivalent either above or below the barcode.

**Shipment Number – Section 6**
- BOL # and PRO # or if a small parcel carrier (UPS/FedEx), a tracking number must appear on the shipping label and packing list.
- With the exception of small parcel shipments, this number must be the Bill of Lading Number (BOL #).

**Bulk/Shelf Locations – Section 7**
- Essendant provides its warehouse stocking locations for its facilities on EDI purchase orders.
- Bold print is preferred for this information.
- Always aim for maximum readability in size. Label information must be readable from 5 feet away.
- This information is transmitted on the EDI 850 purchase order in REF*WS & REF*BO segments
  - WS qualifier = Bulk location; number starts with 10 or greater.
  - BO qualifier = Shelf location; number starts with 01 to 09.
Packaging, Labeling, and Shipping Requirements

- If a UPS/FedEx shipping label is to be placed on the same side of the carton as a UCC label, it must be placed to the side of the UCC label so that it does not obscure any UCC label information. All aspects of the UCC label and barcode must remain visible for reading/scanning.

Example UCC-128 Label – UCC-128 label size is 4” x 6” non-reflective white stock
c. ASN and UCC-128 Relation / Process Pictorials

### UCC and EDI 856 ASN Relation – SOTI Example

**Carton label**

FROM: 
SUPPLIER NAME 
SUPPLIER STREET ADDRESS 
SUPPLIER CITY / STATE / ZIP

TO: 
ESSENDANT (013) 
810 KIMBERLY DRIVE 
CAROL STREAM, IL 60188

CARRIER: 
ABF Freight System
PRO #: 35207744
BCL #: 8179360001494016

PO #: 200345
SKU: MIXED
PALLETS: 1

BIN: ASSIGNED or MIXED
 BULK: ASSIGNED or MIXED

SERIAL SHIPPING CONTAINER CODE (SSCC):

(00) 0123456 78900000018

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**Pallet label**

FROM: 
SUPPLIER NAME 
SUPPLIER STREET ADDRESS 
SUPPLIER CITY / STATE / ZIP

TO: 
ESSENDANT (013) 
810 KIMBERLY DRIVE 
CAROL STREAM, IL 60188

CARRIER: 
ABF Freight System
PRO #: 35207744
BCL #: 8179360001494016

PO #: 200345
SKU: MIXED
PALLETS: 1

BIN: ASSIGNED or MIXED
 BULK: ASSIGNED or MIXED

SERIAL SHIPPING CONTAINER CODE (SSCC):

(00) 0123456 78900000018
Packaging, Labeling, and Shipping Requirements

**UCC and EDI 856 ASN Relation – SOPI Example**

**FROM:**
- SUPPLIER NAME
- SUPPLIER STREET ADDRESS
- SUPPLIER CITY / STATE / ZIP

**TO:**
- ESSENDANT (01:0)
- 610 KIMBERLY DRIVE
- CAROL STREAM, IL 60188

**SHIP TO POSTAL CODE:**
- Pro #: 726995999999999999
- DOL #: 12399599999999999

**CARRIER:**
- United Parcel Service

**PO #:** 2501245
**SKU:** MTH00056CT
**BIN:** ASSIGNED or MIXED
**BULK:** ASSIGNED or MIXED

**SERIAL SHIPPING CONTAINER CODE (SSCC):**

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d. **UCC-128 Label Placement**

- All shipments must have UCC-128 labels to support the shipment and ASN for all pallets or cartons depending on shipment type – LTL (less than truckload), TL (truckload), or small parcel shipments (UPS/FedEx).
  - Random placement will not produce the desired result; the correct UCC label must always be affixed to the corresponding pallet or carton of product

**Pallet Level UCC-128 - *Preferred Method***

- Two labels must be placed, between 16” and 32” from the top of the actual pallet, on two adjacent sides of the pallet on the outside of the shrink wrap (see picture below for placement).
- For pallets less than 16” high, labels must be placed as high as possible while protecting the barcode.

**Carton Level UCC-128**

- One label must be placed on the right-hand side such that the bottom of the UCC-128 label is 1.25” from the bottom of the carton and the barcode on the label is at least .75” from any vertical edge to avoid damage.
- Do not place small parcel tracking labels over UCC labels.
- Do not wrap UCC labels on carton edges; place on flat surface so UCC labels will scan.
- For small parcel shipments, if you ship an outer carton with multiple inner cartons, you must place the UCC-128 label and a “MIXED PACK – OPEN FIRST” label on the outer carton.
5. **Package Markings and Additional Labeling**

   *The following information must be provided on each case or attached to a pallet of uniform product; i.e. one SKU per pallet.*

   a. **Package Markings**
   
   • **Product Number**
     – The manufacturer’s reorder number must be present and consistent on all levels of packaging.
     – This SKU number should match the SKU number printed in Essendant marketing material.
   
   • **Manufacturer Name**
     – The manufacturer’s name must be clearly represented on all products.
     – If the product is private label, the private label name must be used in place of the manufacturer’s name.
   
   • **Description of Product**
     – All levels of packaging must be identified with a complete description of the product.
   
   • **Color Identification**
     – If the product comes in various colors, the color must be clearly marked in the description of the product.
Packaging, Labeling, and Shipping Requirements

- **Quantity**
  - The item quantity within the packaging must be present on all levels of packaging.
  - The quantity should specify the number of inner containers and the number of actual units contained within.

- **Best-Used By/Expiration Date**
  - Product expiration dates or used by dates must be clearly printed on all product packaging if the product has a stated shelf life. Calendar dates must be used (no Julian dates).
  - Product within 90 days of expiration date will not be accepted, absent is prior written approval by Essendant.

- **GTIN/UPC Barcodes**
  - A unique GTIN/UPC Bar coding is required on all levels of packaging.

- **Master Carton Quantity** (total number of selling units)
- **SKU Number**

**b. Additional Labeling**

- Any labels affixed to a retail carton must be removable without damaging the carton.

- **Over-pack Cartons**
  - Over-pack cartons must have no outside markings.
  - The only labels should be the UCC-128 label and an over-pack label or marking to clearly identify the carton as an over-pack carton.

- **Furniture Handling and Stowing Labels**
  - All furniture cartons must have labels indicating proper handling and stowing procedures.

- **Mixed or Non-Standard Shipments**
  - Carton(s) must have the green MIXED PACK – OPEN FIRST label that clearly identifies if the carton contains mixed product.
  - The Mixed label must be affixed to every mixed carton or less than standard case pack quantity.
  - Any deviation from the standard case pack, as established in the Essendant system, being shipped into Essendant distribution centers must have this label affixed.
Packaging, Labeling, and Shipping Requirements

- **NL (Non-Listed Label)**
  - An easily identified label should be affixed to the outer carton of every NL item shipping into an Essendant facility.
  - DO NOT place NL label(s) on drop ship or direct ship orders.
  - Only one NL label should be used per piece on all NL items.
  - NL items must be segregated on their own pallet or in their own carton.
  - NL items cannot be intermixed on a pallet with regular stocking merchandise.
  - When making an appointment request, the NL PO must be listed on the appointment Inbound Delivery Request Form with an accurate carton count and BOL.

6. **Cross-Dock Orders**
   a. **Cross-Dock Requirements**
      - The appointment request must list the PO, BOL, and carton/pallet count of the Cross-Dock Order, and be identified as a Cross-Dock Order.
      - There must be a separate packing slip and BOL for each Cross-Dock Order; it should not be part of the Essendant stocking order paperwork.
      - The shipping label must indicate the dealer address, Essendant PO, and dealer PO #.
      - The shipment must be isolated to its own separate pallet(s); it cannot be combined with stocking product.
      - The pallet(s) need to be either at the end of the trailer or in the nose, not intermixed with the stocking PO pallets.
      - For multiple pallet shipments, the pallets need to be labeled to indicate the pallet count. (i.e. 1 of 4, 2 of 4, 3 of 4, 4 of 4).

7. **Damages and Fees**
   *Delivery receipts must be completed and signed by both parties at time of delivery. Drop trailer and/or shipments that provide shrink wrapped pallets are subject to Essendant subsequent count and inspection.*
   
a. **Visible Damage**
      - Visible damage is defined as when the exterior shipping container:
        - Is crushed, open, wet, creased, or odorous
        - Has crushed corners, punctures, or tears
        - Seal integrity is broken
        - Is recouped into replacement/non-original packaging
        - Contains debris
b. **Refusal of Damaged Product**
   - Prepaid Suppliers - Essendant reserves the right to refuse shipments or portions thereof when the shipping container is found visibly defective or with broken or tampered seal upon delivery or subsequently on drop trailers or shrink wrapped pallets as described above.
   - Prepaid Suppliers - Essendant’s standard FOB terms with our merchandise suppliers are FOB Destination, thus such visible carton damages found will be returned to the respective supplier, “Collect”.
   - Essendant will indicate on the freight bill the number of cartons being refused when damage is visible on the exterior layer of the pallet or carton.
   - Only the items that are damaged will be refused, (i.e., not entire shipments or entire pallets, unless there is an excessive amount of damage).
   - Essendant associates will present the carrier with formal shipping documents to return defective merchandise to the supplier.
   - Essendant will accept damaged product and settle claims for shipments that arrive via the Essendant consolidation program or Essendant truck.
   - Carton shortages are the responsibility of the supplier.

c. **Essendant Picked Up Merchandise**
   - For shipments being picked up by an Essendant truck or collect carrier, drivers will be instructed to not pick up merchandise with visible damage.
   - If the driver is not allowed to inspect the load, the supplier is responsible for all shortages and damages.

d. **Collect Program Guidelines** (See also the Essendant Freight Collect Program Terms and Conditions on Essendant.com)
   - Title of goods, either FOB Destination or FOB Origin, will be determined in the supplier agreement.
   - If the delivery document/BOL is notated by the carrier, “said to contain” the carrier is only responsible for the number of pallets stated.
   - Any carton shortages are the supplier’s responsibility.
   - The supplier is responsible for all overages, shorts, and damages.
   - Assessment fees for carrier-related Supplier Performance Tracking issues include the following:
     - Late Appointment Request
     - Delivery Appointment Not Emailed
     - Carrier Did Not Show
     - Carrier Arrived Late
     - Delivery Volume
     - Driver Did Not Assist (if requested)
   - Only the six assessment fees listed above will be waived for suppliers who have been approved for collect shipping of stock and/or cross dock orders and who have utilized the correct carrier for shipments. All other non-compliance assessments apply regardless of freight terms.

e. **Guidelines for Disputing Non-Compliances**
   - All disputes must be made by replying to the non-compliance email notice to supplierperformance@essendant.com with any information pertaining to the dispute.
Packaging, Labeling, and Shipping Requirements

- Disputes must be received within 3 business days of receiving the non-compliance notice. Dispute must be submitted no later than 2:00PM CST on the third business day.
- All backup documentation to support a dispute must be received within 5 business days from when dispute is raised.
- When disputing a non-compliance, it is important to provide as much information as possible, the more information that needs to be requested, the longer it will take to research.
- Below is a list of items necessary for disputes. This list is meant to serve as a basis for a majority of disputes. However, due to the nature of the dispute process and the variety of situations that can occur, other documents may be requested to validate disputes.
  - Prepaid Supplier Carrier-Related Violations:
    a. All email correspondence including delivery request(s) and confirmation(s)
    b. POD/BOL
    c. Mechanical logs (if applicable)
    d. Driver logs (if applicable)
    e. Proof and timeline of weather issue encountered (if applicable)
  - EDI (ASN/UCC 128) and Sortation Violations:
    a. 997
    b. 856
  - Miscellaneous:
    a. Collect suppliers must provide photos showing the state of Essendant freight prior to leaving their DC in order to dispute violations believed to be carrier caused.
- It is the supplier’s responsibility (Key Contact) to maintain their contact information in Solutions Central to ensure that non-compliance notices are received by the correct people.
  - Non-compliance notices are sent to the Customer Service Contact, Key Account Manager, and the Performance Contact.

Essendant Contact List for Common Issues

<table>
<thead>
<tr>
<th>Types of Issues</th>
<th>Essendant Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>UPC changes, weight changes, Essendant portal issues, Solutions Central login</td>
<td><a href="mailto:contentOps@essendant.com">contentOps@essendant.com</a></td>
</tr>
<tr>
<td>credentials, etc.</td>
<td></td>
</tr>
<tr>
<td>Item status (i.e., discontinued &amp; proposed replacement)</td>
<td>Contact your Product Manager</td>
</tr>
<tr>
<td>Any purchase order related questions</td>
<td>Contact your Inventory Manager</td>
</tr>
<tr>
<td>Disputes, Compliance Issues or Inquiries</td>
<td><a href="mailto:SupplierPerformance@essendant.com">SupplierPerformance@essendant.com</a></td>
</tr>
<tr>
<td>EDI communication delays, maintenance, outages, etc.</td>
<td><a href="mailto:edi@essendant.com">edi@essendant.com</a></td>
</tr>
<tr>
<td>EDI general inquiries, EDI setup and transitions, UCC testing and inquiries,</td>
<td><a href="mailto:EDISupplierEnablement@essendant.com">EDISupplierEnablement@essendant.com</a></td>
</tr>
<tr>
<td>EDI provider changes, system enhancements that affect ASN and UCC labels</td>
<td></td>
</tr>
<tr>
<td>Routing matrix inquiries</td>
<td><a href="mailto:InboundRouting@essendant.com">InboundRouting@essendant.com</a></td>
</tr>
</tbody>
</table>
8. Inbound Consolidation Program: Supplier Business Requirements and Shipping Guidelines

a. Supplier Checklist
   • Plan shipments only on Essendant designated Day of the Week (DOW).
   • Email designated Carrier to schedule pick-up(s) for Essendant assigned day of the week, 24 hours in advance no later than 12:00 PM.
     – Provide designated carrier with total case count, pallet count, footprint, linear feet, and total weight
     – Provide pick up confirmation number
   • Supplier must prioritize loading of Essendant’s designated carrier upon on time arrival to avoid delays and ensure Essendant carrier efficiencies.
   • Essendant carriers only sign for total pallet count for each Master Bill of Lading (MBOL).
   • If your regular scheduled pick-up day falls on a Holiday or other planned closure, supplier must notify Essendant of closure 30 days in advance and plan to ship one business day before your designated day of week (DOW).

b. Shipping Guidelines
   • Palletized by PO and DC destination with clear stretch wrap and only the highest quality, Grade A 40x48 inch pallets.
   • Essendant requires suppliers to up stack pallets to 84” pallet height whenever possible. Pallets must be squared off at corners of pallet and have a slip sheet for protection to support double stacking for trailer utilization.
   • All POs shipping into an Inbound Consolidation Center (ICC) must ship on a MBOL listing all the POs, pallets, and weight inbound to the ICC
   • The following documents must be included in an envelope attached to the MBOL (a copy of the MBOL should be attached to the envelope)
     – Individual Bill of Ladings for each DC
     – A packing list by PO and DC destination
   • A packing slip by PO must also be included on the pallet next to the placard
   • Suppliers must provide designated carrier with MBOL for full TL/Intermodal (IM) shipments to ICCs
   • Two packing lists by PO and DC destination (one on the pallet next to the placard and one with the Bill of Lading)
   • Suppliers may not split purchase orders over multiple trucks
   • If a single PO exceeds a truckload quantity, contact inboundrouting@essendant.com and your Inventory Manager
   • An Essendant Standard Placard must be completely filled out for each pallet and placed in upper right-hand corner of the pallet:
     – UCC 128 label sticker must be attached to the pallet next to the Essendant placard (All EDI suppliers)
     – Essendant requires two UCC labels per pallet; one next to the placard and one on the adjacent side of the pallet
     – Copy of packing slip(s) must be attached to pallet next to Essendant placard for ease of visibility and verification
Packaging, Labeling, and Shipping Requirements

- Partial POs destined for the same facility that are less than 48” tall pallets must be combined on a single pallet and separated by POs
  a. Multiple POs require multiple packing slips.

• Notify carrier 24 hours before your assigned pick-up day with all shipment details
• After pick up the supplier is required to email the following documents to the carrier with a copy sent to the Essendant ICC within 2 hours of pick:
  – Master BOL along with any Supplemental Pages
  – Sub-BOL’s for each DC

NOTE: Carriers, Inbound Consolidation Centers, and Essendant DCs have the authority and responsibility to reject shipments whenever the following occurs or exists:

• Visible damage
• Packaging or products are not in like-new condition
• Broken or non-standard pallets
• Pallets do not have the correct and approved Essendant Placard, or are filled out incorrectly
• There are multiple destinations mixed on any single pallet
• There are any discrepancies with the pallet count
APPENDIX A: Collect Suppliers Non-Compliance Assessments

<table>
<thead>
<tr>
<th>Perfect Order Fulfillment Metric</th>
<th>Assessment</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Time Fill</td>
<td>First Time Fill</td>
<td>All Suppliers are expected to ship complete purchase order quantities on the first shipment. First Time Fill assessment is a percentage of purchases orders fulfilled completely.</td>
</tr>
<tr>
<td>On-Time Shipping</td>
<td>On-Time Shipping</td>
<td>All Suppliers are expected to ship purchase orders on requested ship date or assigned ship day of week. On-Time Shipping assessment is a percentage of purchase orders shipped on time.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Shipment Tendered Incorrectly</td>
<td>Supplier failed to tender load/set appointment with designated Essendant carrier OR Supplier failed to ship per designated Day of Week.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Missing/Incomplete Placard</td>
<td>Essendant standard placards must be utilized for all ICC destinations by all suppliers in the Inbound Consolidation Program. Missing placards, improperly completed placards, or modified/resized or other amended placards are not acceptable.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Missing/Misplaced Packing List</td>
<td>Suppliers are required to provide two packing lists. One to be attached to the pallet next to the Essendant placard, the other to be provided in shipping document packet with sub-BOLs.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Supplier Master Bill of Lading / Shipping Paperwork</td>
<td>Supplier did not create or accurately complete a Master Bill of Lading (MBOL). Supplier did not include sub-bills, attach bills to pallet, email MBOL and sub-bills, or packing list(s) to pick-up carrier and/or assigned consolidation center.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Quantity UCC 128</td>
<td>Quantity on the shipment does not match UCC data.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Item UCC 128</td>
<td>Items on the shipment do not match UCC data.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Wrong UCC 128 Labels</td>
<td>UCC labels on incorrect pallets, cartons, or items</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Unreadable UCC 128 Label</td>
<td>The label is torn, smudged or damaged in some way and the RF equipment cannot scan it.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>No UCC 128 Labels</td>
<td>UCC 128 labels missing from pallet or carton, only one UCC label placed on pallet.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>UCC 128 Not on File</td>
<td>UCC label returns “Not on File” error message when scanned due to the SSCC # not being reported in the ASN.</td>
</tr>
</tbody>
</table>
## Packaging, Labeling, and Shipping Requirements

<table>
<thead>
<tr>
<th>Documentation Accuracy</th>
<th>ASN Not in System</th>
<th>The ASN was not in the system at time of shipment arrival.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation Accuracy</td>
<td>Inaccurate ASN</td>
<td>ASN data does not match shipment, includes item and quantity.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Unsafe Load</td>
<td>Any safety issue with load, toppled freight, loose cartons on pallet, damaged trailer.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Inefficient Load</td>
<td>Product is not immediately removable with a forklift or hand jack, labels are not visible and facing out, freight not shipped according to handling instructions on carton, pallets not shrink wrapped and capped, damaged product that needs to be separated out, or any excessive or additional handling of freight for receipt and stocking.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Broken Pallet</td>
<td>Pallet cannot be used for storage, shipping, handling, or causes damage to product.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Non-Standard Pallet</td>
<td>Pallet is not a 48X40, 4-way entry, Grade A pallet or is not adequate to prevent product damage.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Pallet Height</td>
<td>Essendant requires suppliers to up stack pallets to 84” whenever possible</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>SKUs Not Together</td>
<td>SKUs not together on one pallet for multi pallet order/SKU across multi tiers on single pallet.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>No Sort Across Pallet</td>
<td>Bulk and Shelf not sorted on separate pallets for multiple pallet shipment.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>No Separation on Pallet</td>
<td>Single pallet shipment, Bulk and Shelf items not sorted and physically separated.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Shelf/Bulk Mixed in Carton</td>
<td>Bulk and Shelf items mixed in over-pack carton.</td>
</tr>
</tbody>
</table>

*See next page for assessment calculation methodology (Collect Suppliers)*
Packaging, Labeling, and Shipping Requirements

Assessment Calculation Methodology (Collect Suppliers)

Non-Compliance Assessment Throughput Calculation: \([\text{First Time Fill \%}] \times [\text{On-Time Shipping \%}] \times [\text{Documentation Accuracy}] \times \text{[Perfect Condition]}\)

- First Time Fill \%: Percentage of purchase orders filled completely on the first shipment
- On-Time Shipping \%: Percentage of purchase orders shipped on-time
- Documentation Accuracy: Percentage of number of occurrences against total number of manifests
- Perfect Condition: Percentage of number of occurrences against total number of manifests

Non-Compliance PO Amount = \([\text{Monthly PO Amount}] \times [\text{Target Throughput \% - Actual Throughput \%}]\)
Non-Compliance Assessment = \([\text{Non-Compliance Assessment \%}] \times [\text{Non-Compliance PO Amount}]\)

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Non-Compliance Assessment Throughput Target</th>
<th>First Time Fill</th>
<th>On-Time Shipping</th>
<th>Documentation Accuracy</th>
<th>Perfect Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>90.0%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2019</td>
<td>92.6%</td>
<td>95.0%</td>
<td>97.5%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2020</td>
<td>95.0%</td>
<td>97.5%</td>
<td>97.5%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Compliance Assessment %</th>
<th>Collect, ASN Suppliers</th>
<th>Collect, Non-ASN Suppliers</th>
<th>Prepaid, ASN Suppliers</th>
<th>Prepaid, Non-ASN Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.0%</td>
<td>6.0%</td>
<td>3.0%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

**EXAMPLE:** Supplier Key Metrics
- Throughput Assessment Target = 95\% (2020 Target)
- Collect & Allowed, ASN Compliant (3\% Non-Compliance Assessment)
- Monthly PO Amount = $100,000

<table>
<thead>
<tr>
<th>First-Time Fill %</th>
<th>On-Time Shipment %</th>
<th>Doc. Accuracy</th>
<th>Perfect Condition</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET</td>
<td>97.5%</td>
<td>97.5%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>ACTUAL</td>
<td>96%</td>
<td>100%</td>
<td>94%</td>
<td>98%</td>
</tr>
</tbody>
</table>

Non-Compliance PO Amount = Monthly PO Amount x Difference in Actual Throughput to Target = $100,000 x (0.95-0.88) = $6,600

Non-Compliance Assessment = 3\% of Non-Compliance PO Amount = $6,600 x 3\% = $198

\(^1\)Non-ASN Suppliers will not be measured on On-Time Shipping, and will have a different Assessment Throughput Target based on the remaining three metrics. Targets are as follows: 2018 = 95.0\%; 2019 = 95.0\%; 2020 = 97.5\%
## APPENDIX B: Prepaid Suppliers Non-Compliance Assessments

<table>
<thead>
<tr>
<th>Perfect Order Fulfillment Metric</th>
<th>Assessment</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Time Fill</td>
<td>First Time Fill</td>
<td>All Suppliers are expected to ship complete purchase order quantities on the first shipment. First Time Fill assessment is a percentage of purchase orders fulfilled completely.</td>
</tr>
<tr>
<td>On-Time Shipping</td>
<td>On-Time Shipping</td>
<td>All Suppliers are expected to ship purchase orders on requested ship date or assigned ship day of week. On-Time Shipping assessment is a percentage of purchase orders shipped on time.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Missing/Misplaced Packing List</td>
<td>Suppliers are required to provide two packing lists. One to be attached to the pallet next to the Essendant placard, the other to be provided in shipping document packet.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Quantity UCC 128</td>
<td>Quantity on the shipment does not match UCC data.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Item UCC 128</td>
<td>Items on the shipment do not match UCC data.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Wrong UCC 128 Labels</td>
<td>UCC labels on incorrect pallets, cartons, or items</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Unreadable UCC 128 Label</td>
<td>The label is torn, smudged or damaged in some way and the RF equipment cannot scan it.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>No UCC 128 Labels</td>
<td>UCC 128 labels missing from pallet or carton, only one UCC label placed on pallet.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>UCC 128 Not on File</td>
<td>UCC label returns “Not on File” error message when scanned due to the SSCC # not being reported in the ASN.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>ASN Not in System</td>
<td>The ASN was not in the system at time of shipment arrival.</td>
</tr>
<tr>
<td>Documentation Accuracy</td>
<td>Inaccurate ASN</td>
<td>ASN data does not match shipment, includes item and quantity.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Inefficient Load</td>
<td>Product is not immediately removable with a forklift or hand jack, labels are not visible and facing out, freight not shipped according to handling instructions on carton, pallets not shrink wrapped and capped, damaged product that needs to be separated out, or any excessive or additional handling of freight for receipt and stocking.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Broken Pallet</td>
<td>Pallet cannot be used for storage, shipping, handling, or causes damage to product.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Non-Standard Pallet</td>
<td>Pallet is not a 48X40, 4-way entry, Grade A pallet or is not adequate to prevent product damage.</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Pallet Height</td>
<td>Essendant requires suppliers to up stack pallets to 84” whenever possible.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>SKUs Not Together</td>
<td>SKUs not together on one pallet for multi pallet order/SKU across multiple tiers on single pallet.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>No Sort Across Pallet</td>
<td>Bulk and Shelf not sorted on separate pallets for multiple pallet shipment.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>No Separation on Pallet</td>
<td>Single pallet shipment, Bulk and Shelf items not sorted and physically separated.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Shelf/Bulk Mixed in Carton</td>
<td>Bulk and Shelf items mixed in over-pack carton.</td>
</tr>
<tr>
<td>Perfect Condition</td>
<td>Unsafe Load</td>
<td>Any safety issue with load, topples freight, loose cartons on pallet, damaged trailer.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Late Appointment Request</td>
<td>Delivery email request sent in after noon (facility local time) the previous business day.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Delivery Volume</td>
<td>Scheduled appointment piece count does not match BOL piece count and/or delivered piece count. This includes unauthorized add on.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Driver Did Not Help</td>
<td>Driver refuses to stage bed loaded, flats, furniture freight, or small number of pieces or pallets that can be easily removed by hand or with manual pallet jack or hand truck. Driver refuses to assist in removal/unloading of toppled freight.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Appointment Not Emailed</td>
<td>Essendant appointment process request by either Carriers or Suppliers must be made by noon the day prior to request appointment by email only. Phone or fax not acceptable forms of appointment request.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Carrier Did Not Show</td>
<td>Shipment was not delivered on scheduled day.</td>
</tr>
<tr>
<td>Carrier Related</td>
<td>Carrier Arrived Late</td>
<td>Shipment arrived after appointment time.</td>
</tr>
</tbody>
</table>

See next page for assessment calculation methodology (Prepaid Suppliers)
Packaging, Labeling, and Shipping Requirements

Assessment Calculation Methodology (Prepaid Suppliers)

Non-Compliance Assessment Throughput Calculation: 
\[ \text{First Time Fill } \% \times \text{On-Time Shipping } \% \times \text{Documentation Accuracy} \times \text{Perfect Condition} \]

- First Time Fill %: Percentage of purchase orders filled completely on the first shipment
- On-Time Shipping %: Percentage of purchase orders shipped on-time
- Documentation Accuracy: Percentage of number of occurrences against total number of manifests
- Perfect Condition: Percentage of number of occurrences against total number of manifests

Non-Compliance PO Amount = \[ \text{Monthly PO Amount} \times (\text{Target Throughput } \% - \text{Actual Throughput } \% ) \]
Non-Compliance Assessment = \[ \text{Non-Compliance Assessment } \% \times \text{Non-Compliance PO Amount} \]

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Non-Compliance Assessment Throughput Target</th>
<th>First Time Fill</th>
<th>On-Time Shipping</th>
<th>Documentation Accuracy</th>
<th>Perfect Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>90.0%</td>
<td>95.0%</td>
<td>95.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2019</td>
<td>92.6%</td>
<td>95.0%</td>
<td>97.5%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>2020</td>
<td>95.0%</td>
<td>97.5%</td>
<td>97.5%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Compliance Assessment %</th>
<th>Collect, ASN Suppliers</th>
<th>Collect, Non-ASN Suppliers(^1)</th>
<th>Prepaid, ASN Suppliers</th>
<th>Prepaid, Non-ASN Suppliers(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0%</td>
<td>6.0%</td>
<td>3.0%</td>
<td>9.0%</td>
<td></td>
</tr>
</tbody>
</table>

EXAMPLE: Supplier Key Metrics
- Throughput Assessment Target = 95% (2020 Target)
- Collect & Allowed, ASN Compliant (3% Non-Compliance Assessment)
- Monthly PO Amount = $100,000

<table>
<thead>
<tr>
<th>First-Time Fill %</th>
<th>On-Time Shipment %</th>
<th>Doc. Accuracy</th>
<th>Perfect Condition</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET</td>
<td>97.5%</td>
<td>100%</td>
<td>100%</td>
<td>95%</td>
</tr>
<tr>
<td>ACTUAL</td>
<td>96%</td>
<td>94%</td>
<td>98%</td>
<td>88%</td>
</tr>
</tbody>
</table>

1 Occurrence of Delivery Volume ($400), 2 Occurrences of Carrier Arrived Late ($550 x 2 = $1100)
Non-Compliance PO Amount = Monthly PO Amount x Difference in Actual Throughput to Target
= $100,000 x (0.95-0.88) = $6,600
Non-Compliance Assessment = 3% of Non-Compliance PO Amount
= $6,600 x 3% = $198
+ Carrier Related Non-Compliance Assessments ($1500) = $1698 Total Assessments

\(^1\)Non-ASN Suppliers will not be measured on On-Time Shipping, and will have a different Assessment Throughput Target based on the remaining three metrics. Targets are as follows: 2018 = 95.0%; 2019 = 95.0%; 2020 = 97.5%

NOTE: Prepaid Supplier Carrier Related Metrics will continue to be assessed on a per occurrence basis based on the charge amounts listed in the assessment table above. These charges will be assessed in addition to the above Non-Compliance Throughput Calculation.
## APPENDIX C: Assessment Fees for Non-Compliances – CPO Suppliers (Prepaid and Collect)

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Definition</th>
<th>Charge Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment Not Emailed</td>
<td>Essendant appointment process request by either Carriers or Suppliers must be made by noon the day prior to request appointment by email only. Phone or fax not acceptable forms of appointment request.</td>
<td>$400</td>
</tr>
<tr>
<td>Shipment Tendered Incorrectly</td>
<td>Supplier failed to tender load/set appointment with designated Essendant Carrier OR Supplier failed to ship per designated Day of Week</td>
<td>$450</td>
</tr>
<tr>
<td>Carrier Did Not Show</td>
<td>Shipment was not delivered on scheduled day.</td>
<td>$550</td>
</tr>
<tr>
<td>Carrier Arrived Late</td>
<td>Shipment arrived after appointment time.</td>
<td>$550</td>
</tr>
<tr>
<td>Late Appointment Request</td>
<td>Delivery email request sent in after noon (facility local time) the previous business day.</td>
<td>$400</td>
</tr>
<tr>
<td>Delivery Volume</td>
<td>Scheduled appointment piece count does not match BOL piece count and/or delivered piece count. This includes unauthorized add on.</td>
<td>$400</td>
</tr>
<tr>
<td>Driver Did Not Help</td>
<td>Driver refuses to stage bed loaded, flats, furniture freight, or small number of pieces or pallets that can be easily removed by hand of with manual pallet jack or hand truck. Driver refuses to assist in removal/unloading of toppled freight.</td>
<td>$300</td>
</tr>
<tr>
<td>Unsafe Load</td>
<td>Any safety issue with load, toppled freight, loose cartons on pallet, damaged trailer.</td>
<td>$300</td>
</tr>
<tr>
<td>Inefficient Load</td>
<td>Product is not immediately removable with a forklift or hand jack, labels are not visible and facing out, freight not shipped according to handling instructions on carton, pallets not shrink wrapped and capped, damaged product that needs to be separated out, or any excessive or additional handling of freight for receipt and stocking.</td>
<td>$300</td>
</tr>
<tr>
<td>Missing Packing List</td>
<td>Packing list is missing or not placed in accordance with requirements</td>
<td>$300</td>
</tr>
<tr>
<td>Supplier Master Bill of Lading / Shipping Paperwork</td>
<td>Supplier did not create or accurately complete a Master Bill of Lading (MBOL). Supplier did not include sub-bills, attach bills to pallet, email MBOL and sub-bills, or packing list(s) to pick-up carrier and/or assigned consolidation center.</td>
<td>$300</td>
</tr>
<tr>
<td>Missing/Incomplete Placard</td>
<td>Essendant standard placards must be utilized for all ICC destinations by all suppliers in the Inbound Consolidation Program. Missing placards, improperly completed placards, or modified/resized or other amended placards are not acceptable.</td>
<td>$300</td>
</tr>
<tr>
<td>Broken Pallet</td>
<td>Pallet cannot be used for storage, shipping, handling, or causes damage to product.</td>
<td>$55</td>
</tr>
<tr>
<td>Non-Standard Pallet</td>
<td>Pallet is not a 48X40, 4-way entry, Grade A pallet or is not adequate to prevent product damage.</td>
<td>$275</td>
</tr>
<tr>
<td>Pallet Height</td>
<td>Essendant requires suppliers to up stack pallets to 84” whenever possible.</td>
<td>$275</td>
</tr>
<tr>
<td>SKUs Not Together</td>
<td>SKUs not together on 1 pallet for multi pallet order/SKU across multi tiers on single pallet.</td>
<td>$300</td>
</tr>
<tr>
<td>No Sort Across Pallets</td>
<td>Bulk and Shelf not sorted on separate pallets for multiple pallet shipment.</td>
<td>$300</td>
</tr>
<tr>
<td>No Separation on Pallet</td>
<td>Single pallet shipment, Bulk and Shelf items not sorted and physically separated.</td>
<td>$300</td>
</tr>
<tr>
<td>Shelf/Bulk Mixed in Carton</td>
<td>Bulk and Shelf items mixed in over-pack carton.</td>
<td>$300</td>
</tr>
<tr>
<td>Problem</td>
<td>Description</td>
<td>Fee</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Quantity UCC 128</td>
<td>Quantity on the shipment does not match UCC data.</td>
<td>$300</td>
</tr>
<tr>
<td>Item UCC 128</td>
<td>Items on the shipment do not match UCC data.</td>
<td>$300</td>
</tr>
<tr>
<td>Wrong UCC 128 Labels</td>
<td>UCC labels on incorrect pallets, cartons, or items</td>
<td>$300</td>
</tr>
<tr>
<td>Unreadable UCC 128 Label</td>
<td>The label is torn, smudged or damaged in some way and the RF equipment cannot scan it.</td>
<td>$300</td>
</tr>
<tr>
<td>No UCC 128 Labels</td>
<td>UCC 128 labels missing from pallet or carton, only one UCC label placed on pallet.</td>
<td>$300</td>
</tr>
<tr>
<td>UCC 128 Not on File</td>
<td>UCC label returns “Not on File” error message when scanned due to the SSCC # not being reported in the ASN.</td>
<td>$300</td>
</tr>
<tr>
<td>ASN Not in System</td>
<td>The ASN was not in the system at time of shipment arrival.</td>
<td>$300</td>
</tr>
<tr>
<td>Inaccurate ASN</td>
<td>ASN data does not match shipment, includes item and quantity.</td>
<td>$300</td>
</tr>
</tbody>
</table>
d. Inbound Delivery Request Form

---

**ESSENDANT INCORPORATED INBOUND DELIVERY REQUEST**

*Carrier notice: This request must include all inbound Essendant shipments in your possession for scheduling, via email, a delivery appointment. Failure to present and confirm delivery appointments with Essendant in advance will result in denied delivery.*

<table>
<thead>
<tr>
<th>Carrier Name</th>
<th>Phone #</th>
<th>Requested Delivery Date</th>
<th>Carrier scheduler name</th>
<th>Fax #</th>
<th>Requested Delivery Time</th>
<th>Is this an ICC shipment? (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drop trailer section</th>
<th>Trailer #</th>
<th>Trailer seal #</th>
<th>Trailer size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shipper/Supplier name</th>
<th>PO #</th>
<th>BOL #</th>
<th>CARRIER PRO #</th>
<th># of PIECES/CARTONS</th>
<th># of PALLETS</th>
<th># of PALLET POSITIONS</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL:**

<table>
<thead>
<tr>
<th>Pieces/Cartons</th>
<th>Pallets</th>
<th>Floorspaces</th>
<th>lbs</th>
</tr>
</thead>
</table>