

PBD Worldwide Inbound Routing & Compliance Guide



Welcome to the PBD Worldwide 2018 Vendor Routing Compliance Guide. Inside you will find routing and packaging instructions for shipping your products to PBD's facilities. This document contains helpful information on several key topics; including:

- Delivery Scheduling
- Labeling & Packing Lists
- PBD Facility Contacts
- Pallet & Carton Compliance
- Bills of Lading
- Non-Compliance Impact

As the supply chain becomes more refined and integrated, its effective management will have an even greater impact on the bottom line. Every dollar allocated to transportation and materials management must be ultra efficient. When it comes to managing your transportation program, the overriding themes must be process and control. However, many organizations have not applied the same efforts to inbound transportation management as they have to outbound management, making it a great opportunity for efficiency and cost savings.

While attitudes are changing, there are many organizations where inbound shipments just appear on the dock. Those companies have little control over when and how their purchases and returns are received. This causes both problems and lost opportunities to proliferate. The fundamental failure to recognize and appreciate the importance of inbound transportation management and today's relationship opportunities can not only reduce a company's profits but disrupt the balance of the entire logistics process. Conversely, improving relationships and establishing control delivers a wealth of new benefits.

The ultimate goal of any inbound process is to receive materials as quickly as possible, without exception, to transfer into stock for sale at the lowest possible costs. PBD's clients and their vendors who comply with the guidelines in this document can expect inbound receipts to be processed and inventory available for orders within 24 hours of receipt. Clients can also expect a reduction in their receiving cost as well as an increase in accuracy of each receipt.

Failure to meet these requirements can increase the receipt timeline of your shipments to a minimum of 72 hours, increase the cost of receiving your product, and assessment of non-compliance fees. PBD's Inbound Manager is responsible for the compliance and tracking of any issues or shipments that are in non-compliance. In addition, the Inbound Manager is responsible for communicating these issues to your Account representative. The Account representative will be responsible for the communication back to their respective client(s) regarding non-compliance.

Please distribute this guide internally within your organization, as well as to all of your vendors. Utilization of this guide will ensure you receive the most efficient processing of your inventory. It is vital these guidelines are followed not only to meet PBD service levels and turn times, but to reduce your overall supply chain costs.

Thank you for your assistance in streamlining our procedures and for your continued support of PBD. Should you have any questions regarding any portion of this document, please contact your Account Representative.

Sincerely,

PBD Vendor Compliance Division

PBD Worldwide Inbound Routing & Compliance Guide

PBD WORLDWIDE

Inbound Routing & Vendor Compliance Guide for PBD Worldwide Clients

In order to expedite the receiving of inventory at all PBD facilities, PBD has developed this Routing Guide which must be followed for all inbound shipments, regardless of size, at all of our locations. Failure to comply will result in charge backs to the client (and therefore the vendor). Copies of the vendor compliance guide can also be found on PBD's website at www.pbd.com

Table of Contents

| | |
|---|---|
| General Shipping Requirements | 3 |
| Purchase Orders* | 4 |
| Packaging and Labeling | 4 |
| Packing List | 4 |
| Shipping Carton | 4 |
| Inner Pack Carton | 5 |
| Individual Item Labeling | 5 |
| Non-Shippable Packaged Product | 5 |
| Drop Ships or 'Cross-Docking' | 5 |
| Non-Compliance Fees | 6 |
| PBD Inbound Freight Management Program | 7 |
| Collect Shipments | 7 |
| Freight Scouts..... | 7 |
| Less-Than-Truckload (LTL) Shipments | 8 |
| Full Truckload (TL) Shipments | 8 |
| Small Packages | 8 |
| Glossary of Terms & FAQ's | 9 |

PBD Worldwide Inbound Routing & Compliance Guide

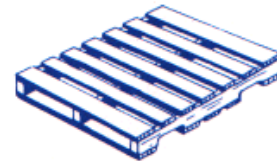
General Shipping Requirements

Normal receiving hours may vary at each PBD location. Please note facility receiving hours are below. Scheduled appointments are required for all truckload or container shipments and some LTL shipments. Please refer to the particular delivery location for LTL shipments.

Palletized shipments must be on 4-way heavy-duty stringer pallets only. In addition, pallets should not exceed 2200 lbs. See the matrix below for size and height of acceptable pallets by receiving location. Non-compliance will result in a restacking charge plus the costs of the replacement pallet. (See Non-Compliance Fees Section.) All pallets must be made of hardwood. No plastic, corrugated, pressed-wood or metal pallets will be permitted.

Pallets should not be double-stacked unless written permission is received from PBD prior to shipment. Pallets that are found to be not in compliance will be replaced at the cost of \$10 per pallet. Clients will also pay their negotiated hourly rate to restack the pallets.

| Pallet requirements by facility | | |
|---------------------------------|-------------------------------|----------------------------|
| PBD Facility | Pallet Dimensions (48" x 40") | Loaded Pallet Height (55") |
| Alpharetta | Yes | Yes |
| Duluth | Yes | Yes |
| Chicago | Yes | Yes |
| Washington D.C. | Yes | Yes |



Heavy Duty Stringer Pallet
Notched for Four-Way Entry

To schedule a shipment to a PBD facility, refer to instructions on pages 7-8 of this guide

For facility receiving appointments, please contact:

| | |
|--|---|
| <p>PBD – Alpharetta Facility ATTN: Receiving Department 1650 Bluegrass Lakes Pkwy Alpharetta, GA 30004 Haris Hido – 470-769-1029 Joe Hess – 470-769-1030 Email: pbdreceiving.alpharetta@pbd.com RECEIVING HOURS: 8:00a-4:30p Appointments required for delivery > 6 pallets</p> | <p>PBD – Duluth Facility ATTN: Receiving Department 3280 Summit Ridge Pkwy Duluth, GA 30096 Jason Smith – 470-769-1457 Email: pbdreceiving.duluth@pbd.com RECEIVING HOURS: 8:00a-4:30p Appointments required for delivery > 6 pallets</p> |
| <p>PBD – Chicago Facility ATTN: Receiving Department 905 Carlow Dr. Unit B Bolingbrook, IL 60490 Receiving: 815-221-4109 Email: pbdreceiving.chicago@pbd.com RECEIVING HOURS: 8:00a-4:30p Appointments required for delivery > 6 pallets</p> | <p>PBD – Washington D.C. Facility ATTN: Receiving Department 8779 Greenwood Place Suite A Savage, MD 20763 Danielle Disbrow 470-769-1516 Email: pbdreceiving.washingtondc@pbd.com RECEIVING HOURS: 8:00a-4:30p Appointments required for delivery > 6 pallets</p> |

Note: PBD reserves the right to refuse a shipment if trailer or contents are deemed a safety hazard to PBD or its employees.

PBD Worldwide Inbound Routing & Compliance Guide

Purchase Orders*

It is vital that PBD either receives or sets up a Purchase Orders (PO) for any and all inbound shipments to its facilities. POs are requested to be received a minimum of 1 week prior to PBD receiving ANY shipments at our facilities. The PO allows PBD to properly schedule staff and enables PBD to audit what our clients have ordered and expect to arrive against the actual product received.

PBD can and will provide system generated notifications of open PO and the subsequent receipts to our clients to help manage the process. These notifications are provided at no additional cost to our clients to help them to effectively manage their inventory. If you do not utilize a PO currently, please contact your Account representative right away to setup this process and determined if your business model requires a PO.

PBD realizes that some clients wish to move closer to operating a Just-In-Time (JIT) or 'thin' inventory environment by maintaining minimal stock for numerous cost reducing reasons. The timing of inventory receipts is critical for PBD to ensure service levels and turn times. Therefore, PBD will have inventory receipt "windows" for its POs.

**PBD also requires item numbers, descriptions, costs, and ISBN information to be setup in PBD's system 1 week prior to receiving the purchase order*

Packaging and Labeling

Packing List

Each shipment requires a PO and a separate packing list to be available at the time of product arrival. The packing list will be enclosed in the lead (first) carton and this carton shall be marked indicating the packing list is enclosed. The following information must be clearly indicated on every packing list:

- Vendor name
- PO number
- Client Name
- Client's Stock Item number and description of each item
- Quantity shipped of each item (indicating UOM, 1=1, 1=25, etc.)
- Vendor item number, style number, ISBN/EAN, UPC, or factory number

Shipping Carton

Each shipping carton must have a label affixed which contains the following information:

- Vendor name
- PBD shipping address
- PO number
- Client's Stock Item number and description of each item
- Quantity shipped of each item (indicating UOM, 1=1, 1=25, etc.)
- Vendor item number, style number, ISBN/EAN, or factory number

Shipments arriving via UPS, FedEx Ground, DHL, etc. must have the individual cartons consecutively marked as 1 of X, 2 of X, etc.

There are two types of shipping cartons; a master carton and a mixed carton.

Master Carton: A master carton is defined as a shipping carton which contains multiple, smaller, inner packs of the same item. **A master carton cannot contain more than one type of Stock Keeping Unit (SKU).** The outside of each master carton must have the following information:

- Vendor name
- Purchase order number
- Client's Stock Item number and description of each item
- Vendor item number, style number, ISBN/EAN, or factory number
- Total quantity contained in the master carton

PBD Worldwide Inbound Routing & Compliance Guide

Mixed Carton: A mixed master carton is defined as a shipping carton which contains multiple SKU's (each in its own inner container) within the same carton. All items in the same carton must be under the same PO. The outside of each mixed master carton must have the following information:

- Vendor name
- PO number
- Client's Stock Item number and description of each item
- Vendor item number, style number, ISBN/EAN, or factory number
- Total quantity of each item in the mixed master carton

Inner Pack Carton

The inner pack carton is the container used and contains multiple selling units of the same item (typically 6 or 12 of an item, but can vary). **An inner pack carton cannot contain more than one type of SKU.** The outside of each inner pack carton must have the following information:

- Vendor name
- Client's Stock Item number and description of each item
- Vendor item number, style number, ISBN/EAN, or factory number
- Total quantity contained in the inner pack carton

Individual Item Labeling

Barcodes must follow the prescribed standards established by the Uniform Commercial Code (UCC). Each item or selling unit must contain the following information:

- Client's Item number, ISBN/EAN, or factory number
- ISBN/EAN (barcode) for that individual item
- A warning label for all hazardous material must be displayed on the package of each individual selling unit.

As technology and our customer's requirements change, so may the requirements put forth in this compliance guide.

Non-Shippable Packaged Product

Defined as poor quality packages that are not shippable due to inadequate bursting strength, sealing, or the use of a lightweight container that is not conducive to the weight and/or size of the product. This type of product will be repacked (as needed) using suitable materials and a handling charge assessed along with materials cost.

Please Note: A discrepancy in the unit count versus the unit count on the carton qualifies as non-compliance.

Any shipment received after the PO cancellation date may be held and processed as availability permits. This will count as non-compliance as outlined in this Routing Guide.

Drop Ships or 'Cross-Docking'

All shipments coming into PBD must be received via our system and in compliance with this routing guide. Any products coming in or from our facilities must meet the following requirements:

- Shipping windows will be maintained.
- PO will contain no substitutes.
- PO will have exact quantity ordered.
- Each shipping carton will have the PO number, 1 of X, 2 of X, etc. on each carton, and a listing of all quantities and items in each carton.
- No consolidation of PO's in a shipping carton.

PBD Worldwide Inbound Routing & Compliance Guide

Inbound Inter-Modal (Ocean/Rail) Containers

Inbound containers to PBD will be subject to a \$10.00 per pallet charge for purchasing pallets to unload product from floor loaded containers in addition to the contract agreed receiving charges.

Containers may require 48 hour notice to allow for extra labor and pallets to be procured.

Non-Compliance Fees

Below is a listing of all non-compliance items:

- Failure to use authorized carrier for 'collect' shipments
- Failure to have PO in PBD system 1 week prior to inventory arrival
- Failure to have a 'new' item setup in PBD system prior to inventory arrival
- Failure to put PO number on the Bill of Lading
- Failure to provide a packing list with shipment
- Failure to schedule an appointment 48 hours in advance of inventory arrival when required
- Failure to label cartons according to requirements
- Failure to adhere to carrier routing guide
- Failure to palletize LTL/TL freight in accordance to specifications
- Other routing violations as described in this guide

The above mentioned fines will be charged as follows:

1st Occurrence: Warning

Subsequent Occurrences: \$50 per

Please Note: Fines are subject to change if the actual cost to correct the error(s) exceeds the above charges. The revised fine may include the fine plus the actual cost to correct the error.

PBD Worldwide Inbound Routing & Compliance Guide

PBD Inbound Freight Management Program

PBD strongly recommends utilizing PBD's in-house freight brokerage division, **Freight Scouts**, to schedule your deliveries to PBD. Freight Scouts will provide shipping options and estimates to determine any savings you may have versus utilizing your vendor's (or your own) carrier. Freight Scouts can normally provide this service at rates lower than you are currently paying due to our volumes and relationships.

Collect Shipments

The following guidelines are required for all **Collect Shipments** destined for a PBD facility.

- 500 lbs. or less UPS Ground*
- Over 500 lbs..... Contact Freight Scouts
- Intrastate Shipments..... Designated Local Carriers

Freight Scouts Contact:
1-877-FSCOUTS (1-877-372-6887)
dispatch@freightscouts.com



Freight Scouts will assign the best carrier for the load. Freight Scouts will send a BOL to the vendor prior to shipment.

**If shipment is under 500 lbs. and expedited service is required, contact Freight Scouts for a freight quote and instructions.*

Shipments over 500 lbs., categorized as either Less-than-Truckload (LTL) or Full Truckload (TL) must be palletized.

Freight Scouts

Benefits of using Freight Scouts – Contact your PBD Account Coordinator for more information

- Customized Routing Instructions for your vendors
- Competitive Pricing
- Analysis of your carriers or your vendor's carriers
- Trade Show Returns – these are often time sensitive pickups
- Drop Ships – we will arrange shipping from your vendor to a 3rd party
- Special Services –lift-gate, inside pickups, or other equipment needs and driver assistance
- Scheduling and Dispatch – Freight Scouts will make all of the arrangements
- Small Package, LTL, & TL – a vast pool of carriers can handle any size shipment
- Spot Estimates – rate estimates in as little as an hour and within 24 hours

PBD Worldwide Inbound Routing & Compliance Guide

The following details the general guidelines for inbound shipping to PBD. Vendors who have customized PBD routing instructions supersede the guidelines below.

Less-Than-Truckload (LTL) Shipments

Shipments weighing at least 500 pounds and up to 5,000 pounds. To schedule an LTL shipment, contact Freight Scouts:

Freight Scouts Contact: 1-877-FSCOUTS (1-877-372-6887) dispatch@freightscouts.com

Guidelines for Bills of Lading (BOL)

- Must include c/o PBD Worldwide in the “ship to” address
- The BOL must be marked “Collect”.
- Freight must be properly classed – Freight Class guidelines:
 - Paperbound books – Class 60
 - Hardbound books – Class 65
 - Media such as tapes, CDs, DVDs, and videos – Class 85
 - Clothing – Class 100
 - Contact Freight Scouts for other types of product falling outside the above.

Full Truckload (TL) Shipments

Truckloads shipments must have at least **one** of the following criteria

- Weight of 10,000 pounds or more
- 10 pallets or more

Client vendors should contact Freight Scouts for truckload shipment scheduling, drop shipments where PBD is the 3rd party bill-to, trade show pickups, and any inbound shipment where special services are required at the pickup point

Freight Scouts Contact: 1-877-FSCOUTS (1-877-372-6887) dispatch@freightscouts.com

Small Packages

UPS Ground Commercial should be utilized for shipments weighing under 500 pounds

PBD Worldwide Inbound Routing & Compliance Guide

Glossary of Terms & FAQ's

1. **Advance Ship Notification (ASN)** - The ship notice manifest that is sent by the shipper to the consignee. The ASN is an electronic packing list, which details the specific shipment attributes. It also may include the serialized shipment container code numbers that have been bar coded and applied to the cartons and/or pallets (SSCC-18/UCC-128 Labels).
2. **Air Freight**- an expedited movement of goods with an air carrier.
3. **Bill of Lading (BOL)** - A commercial document which serves three (3) distinct purposes in connection with the carriage of goods: receipt for goods, contract for carriage and document of title.
4. **Carrier**- an individual, partnership, or corporation engaged in the business of transporting goods or persons for a fee.
5. **Carrier Load and Count (CLC)** - a practice of a carrier representation observing the loading in order to perform a visual inspection and piece count.
6. **Claim**- a written demand made upon a transportation line for payment on account of loss or damage alleged to have occurred while shipment was in possession of the carrier.
7. **Collect**- the freight charges are paid by the consignee.
8. **Consignee**- the person or organization to whom the freight is shipped.
9. **Delivery Receipt (D.R.)** - a carrier document showing signed receipt of goods by consignee noting any exceptions for overage, shortage, or damage.
10. **Distribution Center (DC)** - a PBD storage and shipping facility.
11. **Electronic Data Exchange (E.D.I.)** - a computer to computer data exchange that permits the receiver to perform standard business transactions in a standard data format.
12. **Export**- the shipping of goods to a foreign country.
13. **Freight**- product hauled by a transportation line.
14. **Freight Bill**- a document for carrier shipment. Documentation provides the description of the freight, its weight, and amount of charges, taxes, and payment terms.
15. **FOB Destination**- consignee takes title to the freight at its destination or delivery point.
16. **FOB Origin**- consignee takes title of the freight at origin or suppliers dock.
17. **Hazmat**- product classified by the Code of Federal Regulations Title 49 as a regulated material.
18. **Import**- Receipt of goods from a foreign country.
19. **Less-than-truckload (LTL)** - a quantity of freight that does not meet the minimum requirements that required for the application of a truckload rate.
20. **Non-Compliance Charge**- a charge levied for violations of the policies and procedures of a receiving company.
21. **Overage, Shortage and Damage (OSD)** - a carrier reference to a delivery that shows an exception at the time of delivery.
22. **Packing Slip**- a detailed specification of the goods shipped.
23. **Pallet**- a wooden, paper, plastic or metal platform usually with a top and bottom, on which packaged goods are placed to facilitate freight handling.
24. **Prepaid**- freight charges are paid by the shipper.
25. **Prepay and Add**- freight prepaid by the shipped and billed on a separate invoice to the consignee.
26. **Pro Number**- number assigned by the carrier on the freight bill and other documentation. May be used to track the shipment.
27. **Proof of Delivery (POD)** - a signed delivery receipt.
28. **Purchase Order (PO)** - An order placed by the client with a supplier.
29. **Seal**- a device for fastening or locking the doors of a truck.
30. **Shipment**- one or more pieces of freight with the same shipper or consignee.
31. **Shipper Load and Count (SLC)** - an unacceptable practice of loading freight into a trailer while carrier representative is not present and cannot perform a piece count. Trailer is usually sealed prior to being transported by the carrier.
32. **SSCC-18 (UCC-128) Labels**- the Serialized Shipment Container Code labels applied to the cartons and or pallets that are tied to the ASN number.
33. **Third Party Manufacturer**- a contract manufacturer who produces product and ships product to the consignee on the vendor's behalf.
34. **Title**- assumed ownership of freight and the right to file claims.
35. **Trailer Load (TL)** - a sealed trailer, end to end, shipment that is not broken down while it is in transit from the vendor to the consignee.
36. **Waybill**- document for an air freight shipment. Documentation provides the description of the freight, its weight, and amount of the freight charges, taxes and payment terms.

PBD Worldwide Inbound Routing & Compliance Guide

Frequently Asked Questions

What is an Inbound Manager?

- Has overall accountability for the processes and timely receipts of all inbound material, which include receipts, returns, and the put away of that material into the appropriate locations or picking bins
- Tracks items and receipts that are not in compliance
- Provides operational coordination for manpower and scheduling requirements

What is an Account Representative?

- Has responsibility for the ongoing management of the program and client relationship after implementation
- Coordinates, communicates, and organizes the activities of all groups involved in the program after implementation
- Gathers all relevant information and summarizes this for periodic evaluation by the Client and internal team
- Analyzes program performance and provides methods for continuous improvement
- Prepare accurate reports and bills in accordance with pre-established guidelines
- Is the main point of contact for the client
- Assists in maintaining client relationships and satisfaction
- Acts as support during the month end process to help in the timely and accurate preparation of report
- Assists with escalated customer service issues

Who do I contact for questions regarding these guidelines?

The client should contact their Account Representative with specific questions regarding the Inbound Routing Compliance Guide. The vendor should only communicate with the distribution facility contact, who in turn must notify the Account Representative about any and all discussions.

What if product arrives at PBD that is not setup with an item number in PBD's system?

The PBD Receiving Department will notify the Account Representative via e-mail (through our standard quickbase process as described below) at the Close of Business (COB). The item will be placed on hold in quickbase, which requires creating a new record being added into quickbase and then e-mailing the client Account Representative the quickbase record. Once a response is received the item is either processed or returned to the vendor. Either way a fee will be assessed to the client of 4 hours of receiving time to account for these additional steps.

- By using the guide, vendors ensure that they are receiving the most efficient processing of their merchandise and invoices, as well as intact delivery to the marketplace.
- Provides constant contact with vendor and customer requirements and the ability to adapt these changing requirements by making and affecting instant changes while simultaneously notifying all users.
- Enables companies to improve vendor compliance and reduce transportation costs.
- Enables companies to maintain a manageable number of delivering carriers to maximize efficiencies of the freight receiving process.
- Enables shippers to simplify the distribution process and concurrently leverage all shipment volumes to improve compliance and drive down transportation costs.
- Empowers users with real time information and the ability to make and execute decisions without delay.
- Enjoy greater flexibility in defining transportation instructions and take advantage of short term opportunities offered by its carriers.