

VARIETY WHOLESALERS, INC.

SHIPPING & PACKAGING INSTRUCTIONS

February 17, 2017



VARIETY WHOLESALERS, INC.
1000 FACET ROAD
P.O. BOX 947
HENDERSON, NC 27536

VARIETY WHOLESALERS, INC.
60 HERRING ROAD
P.O. BOX N/A
NEWNAN, GA 30263

SHIPPING AND PACKAGING INSTRUCTIONS

APPLIES TO

All Variety Wholesalers, Inc., Vendors and Distribution Centers.

PROCEDURE

In order to minimize receiving and handling costs, while reducing the delay in the receipt of merchandise delivered to Variety Wholesalers, Inc., a vendor compliance program has been established. These requirements dated 12-6-16 supersede all other shipping, and packaging instructions issued by Variety Wholesalers, Inc. unless specific instructions are noted on the Purchase Order.

Variety Wholesalers, Inc. is currently operating with two Distribution Centers.

Variety Wholesalers Distribution Center (9001)

1000 Facet Road
P.O. Box 947
Henderson, NC 27536
Telephone: (252) 430-2600

Variety Wholesalers Distribution Center (9002).

60 Herring Road
P.O. Box N/A
Newnan, GA 30263
Telephone: (770) 304-1223

Any cartons mis-shipped to a DC will result in a charge back to the vendor/shipper for handling and transportation charges. See Part III, Non-Compliance Charges.

Periodically, we may use satellite facilities in support of our DC. One of Variety Wholesalers satellite facilities is listed below. Information regarding any other satellite facility will be provided as needed.

Variety Wholesalers Distribution Center (9006)

1000 Facet Road
P.O. Box 947
Henderson, NC 27536
Telephone: (252) 430-2600

PART I: COLLECT PURCHASE ORDERS

ROUTING PROCEDURES

Dear Variety Wholesalers Supplier,

As previously communicated by Unyson on behalf Variety Wholesalers, effective April 25, 2016 Variety Wholesalers began transitioning to a new routing portal. Vendors will be required to use the new web portal for the routing of all shipments and this new process will replace all other methods for routing and scheduling transportation. This process has been used for all orders with a start ship window of 5/2/16 or later.

Vendors receiving Collect Purchase Orders are to route PO's through the Unyson routing portal <https://www.myunyson.com>
For additional assistance Unyson Logistics operations team can be reached at:

Unyson Operations Team

Telephone: 866-722-0291

Email: VarietyWholesalers@Unyson.com PO's are to be routed 7 days prior to the ship date and **NO LATER THAN THE NOTED CANCEL DATE ON THE PURCHASE ORDER.** **Important:** Please note if the PO is not routed prior to the cancel date, vendors will be required to contact their buyer at Variety Wholesalers to get approval for an extended routing window. It will be **imperative** that you contact your Buyer before the routing deadline for an Approved extension. Variety Wholesalers has been very lax in our cancellation requirements in the past. There will be few exceptions without penalty after April 25th, 2016 if 'routing' is not requested by the PO ship date. Again, it will be critical to work with your Buyer for an extension before your purchase order is cancelled.

Vendors receiving prepaid orders are asked to route their shipments through the portal for visibility purposes only. Unyson will not manage the freight

VarietyWholesalers@Unyson.com

PART II: PREPAID PURCHASE ORDERS

PREPAID VENDOR INSTRUCTIONS

1. Vendors are never authorized to Prepay shipments and add freight cost to invoice. Variety does not allow Prepaid Freight to be added to an invoice.

A.Vendors/shippers or carriers receiving a Prepaid Purchase Order, requiring a trailer load shipment must call or email the Appointment Clerk for a pre-set delivery appointment as soon as possible.

2. To receive or confirm a delivery appointment for either DC, the vendor/shipper or carrier should call or email the appointment desk at the destination specified on the purchase order and provide the information contained on the attached form to the corresponding Variety Wholesaler delivery address and telephone number listed below:

Variety Wholesalers, Inc.
1000 Facet Road
Henderson, NC 27536
Telephone: (252) 430-2503

Variety Wholesalers, INC 9002 & 9007
60 Herring Road
Newnan, GA 30263
Telephone: 770-304-1223 then dial 9 then ext. 3235
followed by the # sign

Email: appointments@vwstores.com

Email: ngaappointments@vwstores.com

*The following is the information that needs to be provided when scheduling a delivery appointment:

1. Purchase Order Number(s)
2. Number of Cartons and Skids (Pallets)

3. Carrier Name
4. Trailer Number
5. Contact Person and Telephone Number or Email Address

- A. Variety Wholesalers shall provide the vendor/carrier with a pre-set delivery appointment within two (2) business days of the request.
- B. The vendor/shipper shall email the carrier's name, trailer number, and Variety Wholesalers Purchase Order Number for each delivery "confirmation" to the appropriate destination no later than 24 hours prior to the scheduled appointment. Telephone numbers or email addresses are listed above.
- C. The following is the required information for vendor's bill of lading and carriers freight bills:
 1. Appointment confirmation numbers must show on the carrier's freight bill.
 2. Shipper's name, street address, city, state, and zip code.
 3. Consignee's name, street address, city, state, and zip code.
 4. Variety Wholesalers purchase order number and department number or sku number.
 5. Accurate description of the item and SKU number and number of cartons being shipped.
 6. Total number of cartons and total weight.
 7. Bill of Lading date (ship date).
 8. Freight terms, carrier name, trailer number, and PRO number for LTL shipments.
 9. Driver's signature with date and carton/pallet count.
 10. Copy of Packing List attached to paperwork.
- D. Within 24 hours of tendering a shipment to a LTL carrier, the vendor is required to call or email in the following "shipped information" to the Receiving Department: Vendor Name, City, State, Variety Wholesalers Purchase Order Number, Carrier, and Pro Number.

Email: inbound@vwstores.com

- E. Variety Wholesalers will not be responsible for any additional charges on prepaid shipments, including, but not limited to: a.) detention or demurrage, b.) sorting and segregating, c.) notification charges, and d.) unloading.

PREPAID VENDOR'S CARRIER INSTRUCTIONS

In the event of delay in transit the carrier shall immediately notify the Variety Wholesalers Appointment Clerk. The carrier must provide details of the delay and the approximate time of the delivery. Based on this information, the Variety Wholesalers Receiving Department shall make the determination to reschedule the appointment or work the trailer into that day's schedule.

Appointment Clerk

Telephone: (252) 430-2503 or email appointments@vwstores.com

- A. All trailers, including leased trailers, must be clearly marked with the carrier's name. The carrier's name should be indicated on the nose, sides, and rear of the trailer.

- B. Inbound freight to Variety Wholesalers shall be "Driver Assist Unload" or hire the independent unloading service that is on site. Vendor noncompliance could include, but is not limited to, over hang pallets, bad pallets, mixed freight. Each carrier's driver shall count and sign for the correct number of shipping units as specified on the Bill of Lading and Packing List. Again independent unloading service is available at carrier request only. Variety Wholesalers will in no way require a driver to use this service.
- C. Any carrier missing their pre-scheduled delivery appointment shall have to hold the freight, at the carriers or vendors expense, until a new delivery appointment can be given.
- D. Pallet Exchange
 - 1. Only good (grade A) 40 x 48 four-way pallets will be accepted.
 - 2. If goods are on an unacceptable pallet, the carrier will have the responsibility for off-loading the merchandise onto an acceptable pallet provided by Variety Wholesalers. Any expenses incurred by the carrier or Variety Wholesalers will be charged to shipper.
 - 3. Pallet exchange must occur at delivery. The driver cannot come back "later" to pick up pallets unless the vendor is approved to participate in our pallet exchange program.
 - 4. The driver must sign the Bill of Lading indicating the pallets were returned on the trailer.
 - 5. Collect shipments from vendors are not included in pallet exchange.

PART II: SHIPPING / PACKAGING INSTRUCTIONS

PACKAGING SPECIFICATIONS

Due to the conveyor shipping system utilized by Variety Wholesalers, Variety Wholesalers must insist on the following:

- A. Each like item to be shipped shall be packed in the same size case, box, or carton.
- B. The exterior packaging shall be of sufficient strength to withstand the stress and pressure exerted by the weight of the contents of each package thus, preventing damage to the contents of each package during shipment and subsequent delivery to Variety Wholesalers. Crushed cartons cannot be processed through the conveyor system.
- C. Flaps shall be taped or glued to keep the cartons tightly closed. When straps are used, they shall be tightly secured. Sharp edges are not to be exposed on metal tabs securing these straps.
- D. Case, box, or carton dimensions shall be as follows whenever possible:

<u>Dimensions</u>	<u>Minimum</u>	<u>Maximum</u>
Length	9 ins	40 ins
Width	9 ins	24 ins
Height	3 ins	30 ins
Weight	3 lbs	50 lbs

- E. The Variety Wholesalers Purchase Order Number, Department Number, Vendor Style Number, and Variety Wholesalers SKU shall be clearly placed, stamped, or printed on each box, carton, or case. The letters and numbers shall be a minimum of 1/2 inch in height and in bold type. Carton labels should be placed on top or on sides of cases.
- F. For all new skus being shipped for the first time to Variety Wholesalers, the vendor is required to email to inbound@vwstores.com the cube (weight, length, height, and width) of the unit, inner pack (if case has an inner) and the case for every sku. If goods are shipped on pallets, the pallet configuration (pallet size, cartons per layer and layers per pallet) should also be included. Failure to do so will result in a \$50 per sku handling charge.
- G. Failure to comply with these procedures shall result in Variety Wholesalers assessing the vendor handling charges. (see section Non-Compliance)

PALLETIZED LOAD SPECIFICATIONS

- A. Variety Wholesalers has a pallet exchange program for vendors/shippers with a heavy volume of shipments to Variety Wholesalers. Pallet exchange must be arranged before the shipment moves. For additional information, the point of contact is to email inbound@vwstores.com.
- B. Pallets used by the vendor/shipper to ship merchandise to Variety Wholesalers shall conform to the following specifications:
 - 1. All pallets used shall be, at the minimum, a grade A GMA four-way pallet in good condition and measuring 48" (long) x 40" (wide).
 - 2. Each pallet shall have three single stringers (runners). One stringer shall be on each side and one in the center running the length of the pallet.
 - 3. The pallet shall not have any missing, broken, or split boards. Each pallet shall have five boards in good condition securely fastened on bottom and seven boards in good condition securely fastened on the top.
 - 4. Each pallet shall present a clean appearance with no dirt, grease, or other foreign material on it.
 - 5. To avoid any confusion, Variety Wholesalers recommends the use of CHEP or PECO.
 - 6. Merchandise stacked on pallets shall be stacked in a manner that maximizes the trailer cube, but does not damage the product or crush the master case.
 - 7. Pallets maximum height should not exceed 70" (not including pallet), and shall not exceed a maximum weight of 2,000 lbs (908 kilograms). In order to maximize trailer or container space two pallets may be stacked on top of each other; however, the vendor/shipper shall be liable for any damage to the merchandise shipped to Variety Wholesalers in this configuration.

8. The vendor/shipper shall use the same tie to stack the same (item/sku) merchandise on all pallets sent. Also, the merchandise shall be stacked on a pallet in such a manner as not to overhang any edge of the pallet.
9. All pallets shall be taped, strapped, or shrink-wrapped to prevent the merchandise from shifting during transit.
10. Pallets can be placed pin-wheel (one lengthwise and one side ways) in the trailer and proper blocking and bracing should be used to assure merchandise is delivered without damage.
11. The vendor/shipper shall ensure that the last pallet loaded shall have a freight bill and/or packing list and it is facing the door of the trailer. Copy of Packing List should be attached to paperwork. The packing list should match what is on the trailer. Vendors not on "Pallet Exchange" are required to take pallets back at time of delivery or forfeit the pallets.
12. Failure to follow the above procedures shall result in Variety Wholesalers assessing the vendor a handling charge. (See section Non Compliance).

SHIPPING AND RECEIVING REQUIREMENTS

- A. To expedite the unloading time at Variety Wholesalers, the following guidelines shall be followed. Failure to follow these guidelines could cause longer unloading time and result in Variety Wholesalers assessing a charge back to the vendor as specified.
- B. Variety Wholesalers Purchase Order Number(s) should be on the Bill of Lading. Purchase Order Number(s) and SKU number should be shown on the Packing List. Failure of the vendor/shipper to comply shall result in the vendor being assessed a flat rate charge.
- C. It is the vendor's responsibility to review the purchase orders prior to shipping, for any changes that are necessary. This would include, but not limited to, changes in units ordered, costs, freight terms, payment terms and items ordered. Any changes or corrections that need to be made to any purchase order, it is the vendor's responsibility to contact the Buyer prior to shipping for the Buyer's approval of the change.

In regards to any overages or substitutions received at the Distribution Center without prior Buyer approval, they will be handled as follows:

1. Overages received at the Distribution Center less than \$2,500 at retail will be kept and the vendor will not be paid for this.
 2. Overages exceeding \$2,500 at retail will be communicated to the Buyer for return instructions. The vendor will be given 10 business days to notify Buyer of their agreement with handling of the overage. If at that time the vendor has not arranged for pickup of the merchandise and the Buyer has determined that it is to be returned, at 21 days the goods will be retained and the vendor will not be paid.
- D. All merchandise shall be shipped in the packs and assortments (size and color) of the Style Number specified on the Variety Wholesalers Purchase Order. Only one style number shall be

shipped per box, case, or carton. All cartons of one style number in a shipment shall be packed in the same size box, case, or carton. Failure of the vendor/shipper to comply shall result in the goods being returned at the vendor/shipper's expense in addition to handling charges being assessed. If not returned, the vendor/shipper shall be assessed handling and storage charges for the repacking of the goods by Variety Wholesalers.

- E. Merchandise shipped shall be the same as the approved samples. Failure of the vendor/shipper to comply shall result in the merchandise being returned at the vendor's expense. The vendor/shipper shall be assessed handling charges.
- F. When merchandise is to be returned to the vendor, Variety Wholesalers will request an authorization number. After the third day of storage awaiting the authorization number for the return, a storage fee of \$100 or \$1.25 per pallet, per day, per storage location, will be charged to the vendor, whichever is greater.
- G. The style number stamped or printed (1/2 inch minimum height) on the outside of the box, case, or carton shall match the contents of the box, case, or carton. All merchandise shipped with incorrect identification shall be processed at the discretion of Variety Wholesalers. If the merchandise is returned, the vendor/shipper shall be assessed handling charges.
- H. We prefer one Variety Wholesalers SKU Number to be shipped per pallet. When this is not feasible, multiple styles are to be stacked accordingly. The vendor/shipper shall group the merchandise by style (SKU) number and separate each style (SKU) by plastic or paper on the pallet. Failure to comply shall result in the vendor/shipper being assessed handling charges.
- I. Pallet labels for pallets with only one SKU number are acceptable. The cases must be shrink wrapped on the pallet; then, the pallet label secured to the shrink-wrap. The pallet label must have the Variety Wholesalers Purchase Order Number, number of cartons per pallet, and the Variety Wholesalers SKU Number. This label should be on all 4 sides of the pallet.
- J. When a trailer is floor stacked by a vendor/shipper the boxes, cases, or cartons shall be pre-sorted by Variety Wholesalers Purchase Order Number and Variety Wholesalers SKU Number found on the Purchase Order. The side of the box, case, or carton with the style number on it must face the rear of the trailer (door). Attached to the last case loaded and facing the trailer door must be a packing list containing the number of cases of each different SKU shipped. Failure to comply will result in handling charges being assessed against the vendor/shipper.
- K. Vendors/shippers are required to make sure the merchandise is properly shrink wrapped or taped and also blocked and braced prior to the carrier leaving the pick up facility. Failure to comply will result in the dollar amount of damages being charged back to the vendor or any additional cost incurred by Variety Wholesalers.
- L. The following attire is not permitted in our distribution center. Please make every effort to adhere to our dress code policy.
 - No short shorts/cut off shorts
 - No halter tops/midriff shirts
 - No profane or sexually oriented lettering on clothing
 - No open toe shoes

PART III: DISTRIBUTION CENTER NON-COMPLIANCE CHARGES

CHARGES FOR VIOLATIONS

Variety Wholesalers shall assess the following penalties and charges to vendors/shippers who fail to comply with the routing, shipping, and packaging instructions contained within this document.

1. All handling charges shall be at a rate of \$25.00 per hour, plus supplies or whatever is negotiated by the buyer.
2. Early shipments increase our distribution center cost for handling the merchandise. These costs are difficult to determine in individual cases. In light of this, the following charges will be assessed and deducted from merchandise invoice payments:

These are the conditions we will use to determine liquidated damages for early shipments:

- a) There will be one week grace period prior to the ship date.
- b) There will be a charge of \$100 or 2% of cost (whichever is greater) if the purchase order(s) is shipped 8 to 21 days prior to its ship date.

Ex: If PO number is shipped between 8-1-15 and 8-13-15, and its ship date was 8-21-15 or less than 22 days early there will be a charge of \$100 or 2% of cost, (whichever is greater).

- c) There will be a charge of 4% of cost, if the purchase order(s) has been shipped earlier than 22 days prior to its ship date.

Ex: If PO# is shipped 7-31-15 or earlier, and its ship date was 8-21-15, there will be a charge of 4% of cost.

- d) If a purchase order is charged for early shipment, the payment terms will begin at the purchase order regular ship date as the purchase order states, not the date the merchandise was received in the warehouse.

3. Repack and all other labor charges shall be billed at a rate of \$25.00 per hour, plus supplies or whatever has been negotiated by the buyer.

4. All flat rate charges shall be billed at a rate of \$250.00 per charge.

Examples:

- a) Overages
- b) incorrect packing
- c) no bill of lading or packing slip
- d) late arrivals for appointment or prepaid vendor not making an appointment
- e) vendor returns: under 250 cartons a flat fee of \$250 will be charged. Over 250 cases Variety will charge \$1.00 per case for handling.
- f) collect returns: If not picked up within 72 hours we reserve the right to charge \$100.00 per day for storage for freight remaining in our DC.

5. Any vendor using bad pallets to ship merchandise, will be assessed at the following rates for each pallet of merchandise we have to transfer to another pallet:
 - a) The first offense will result in a letter to the vendor advising them of the problem with the pallets received. A copy of the chargeback list will be sent.
 - b) The second and third offense will result in a \$15.00 chargeback per bad pallet.
 - c) Additional offenses will result in a \$25.00 chargeback per bad pallet.
 - d) In addition, a 15% (per pallet) administrative fee will be charged. In each case, a letter will be mailed to the vendor stating the reason for the chargeback.
 - d) All chargebacks are subject to a 15% administrative fee.