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DOMESTIC - Shipping, Packing, Labeling and Routing Guide

The standards outlined in this manual are important to the success of our business relationship. Following these guidelines and requirements will ensure your products flow through our distribution centers and/or branch locations in a quick and efficient manner. This manual covers the requirements for shipping product to Galls, Postal Uniforms Direct, Morgan’s Inc. (dba Jimmy Muscatello’s) and Patriot Outfitters.

1. General Purchase Order Information

Purchase Order (PO) Guidelines	Stock (STK)	Drop Ship (DS)
PO issued via	EDI (Electronic Data Interchange), GSP (Galls Supplier Portal), or E-mail	EDI (Electronic Data Interchange), GSP (Galls Supplier Portal), or E-mail
PO Acknowledgement expected from Vendor	Upon receipt with delivery expectations if need date on PO <u>cannot</u> be met	Upon receipt with delivery expectation if <u>not</u> able to ship same day as PO received
Shipping to	Galls Distribution Center, Galls Branch location or Galls Service Center (see addendum for current ship-to locations)	Address provided on the PO or packing list provided unless written notification is received from Galls Buyer/Planner that indicates otherwise
Invoicing	EDI (if an EDI 850 PO) or e-mail to: ap@galls.com	EDI (if an EDI 850 PO) or e-mail to: dsst-invoice@galls.com

- Ship only items ordered on a PO. Over-shipments and/or shipping wrong product against a PO violates Galls' PO Guidelines and will result in a chargeback (See Vendor Chargeback Policy on page 7).
- Duplicate shipments will result in a chargeback.
- Concealed shortages will result in a chargeback.
- All product ordered shall be free of defects or damages and must be useable (sellable) inventory. Failure to comply will result in a chargeback.
- Product received requiring re-work of any type may be rejected and is subject to a chargeback.

2. Authorized Carriers, Package/Shipment Details and Contacts

- All Shipments must conform with the Shipment Guidelines defined below:

Shipment Guidelines	Small Packages	Common Carrier (LTL)	Truckload (TL)
Shipment detail	<ul style="list-style-type: none"> • small cartons under 49 lbs. with a combined weight not to exceed 150 lbs. • individual cartons must not exceed 49 lbs., 105" in length and girth • if shipment is < (less than) 150 lbs. and combined cartons exceed 60" in height on a 40"X48" pallet, <u>must ship LTL</u> 	<ul style="list-style-type: none"> • 151 - 19,999 lbs. • ≤ (less than or equal to) 15 pallets → ship LTL • > (greater than) 15 pallets → <u>refer to TL</u> 	<ul style="list-style-type: none"> • 20,000 lbs. + • > 15 pallets
Ship Via	FedEx Bill Recipient or Bill 3rd party	Contact lexops@tfwwi.com for specific carrier routing	Contact lexops@tfwwi.com for specific carrier routing
Contact	FedEx Activation: 1-866-883-9290 FedEx Pick up: 1-800-463-3339	lexops@tfwwi.com 1-866-276-9431	
Delivery Schedule	n/a	gallsinbounddelivery@galls.com	

- For LTL and TL shipments – unless otherwise directed in writing by Galls Logistics Manager, please adhere to the Shipping Guidelines detailed above

Freight paid by Galls:

- When shipping freight via FedEx parcel, do not insure, declare value or ship using any other service other than ground services, unless specifically directed by Galls Buyer/Planner or Logistics Manager

** Failure to comply will result in a chargeback **

- Commercial shipments should be shipped using Fed Ex Ground
- Residential shipments should use Fed Ex SmartPost (also called Ground Economy).

Freight paid by Vendor:

- Absent prior written approval from Galls Buyer/Planner or a representative of Galls Inbound Department, shipments not in compliance with the Shipment Guidelines outlined above are made at the sole expense of Vendor and Galls assumes no risk of loss or liability for any claims resulting from such shipments.
- We request Vendor uses Galls approved carriers, as outlined above, as these carriers are dedicated to Galls' delivery schedule. All LTL shipments require a delivery appointment, please notate this on the Bill of Lading (BOL). Failure to do so will result in a chargeback and potential refusal of shipment.

3. Air Freight Instructions

- Air freight authorization must be obtained in writing by Galls Buyer/Planner. Each PO shipping via air freight must have separate authorization. Unauthorized air shipments or deviations from the prescribed air carrier will result in a chargeback.

4. Transportation Instructions

- BOL's must be notated with all purchase order numbers associated with the shipment, to include total carton and pallets.
- All ship cartons must reference PO # on the outside of carton and on all corresponding documents, including the packing list.
- All carton labels must be facing outward on palletized loads.
- All palletized shipments must be shrink-wrapped and should not exceed 8' in height, measured from the floor to the top. Standard 40" X 48" pallets are required.

- Packing list must be attached, but not permanently affixed to the outside of number 1 carton – next to the barcode label, but not covering it. Mark the respective case “Packing List Attached”.
- Shipments containing multiple ship cartons must have sequential numbering on the outside of each ship carton (i.e.: 1 of 3, 2 of 3, 3 of 3, etc.).
- ASN’s for EDI or GSP PO’s must be transmitted the same day as shipment leaves Vendor’s facility.
- Each item shipped must be packed and protected in ship cartons authorized by National Motor Freight Classification (NMFC) Specifications. Minimum of RSC 200 lb. test, 65-lb burst, single wall C-flute.
- Use only reinforced cellophane carton sealing tape. Do NOT cover any carton information when sealing.

5. Packaging

- Maximum ship carton weight is **49 lbs.** Exceptions only for individual items whose unit of sale is greater than this weight. Such items should not be master packed.
- If shipping **MIXED CARTONS**, the following criteria must be met:

PO Mixed Cartons

- All Purchase Order numbers within carton must be clearly noted on carton.
- Carton must be identified as “MIXED”.
- Same SKU’s should be bundled together/ separated from other SKU’s (i.e. polybag).

EDI/GSP Mixed Cartons

- All Purchase Order numbers within carton must be clearly noted on carton.
- Carton must be identified as “MIXED”.
- Each SKU in carton must be separated via poly bag with EDI/GSP label attached. DO NOT apply the EDI/GSP label to the outside of the mixed master carton.

Mixed Carton General Info

- Where Galls chooses to order in less than case pack quantities, and there are questions regarding mixed SKU cases, please contact Galls Inbound Department for packaging instructions: Gallsinbounddelivery@galls.com.
- Multiple purchase orders must be packaged separately. If multiple PO's are palletized, PO's must be sorted together by PO on each pallet. While understanding that minimum quantities of a particular SKU(s) may be shipped, please ship in appropriate size ship cartons.

6. Labeling Guidelines – Carton and Product

- All individual units of sales packages must be labeled with a SKU barcode or UPC number.
- No manual changes to labels are permitted. If changes are needed to be made, a new label must be printed/applied. **Do not photocopy labels. Do not cross off barcodes.**
- Galls accepts only SKU bar-code labels that meet one of the following specifications:
 - Meets UCC allowable tolerance like UPC Code 3 of 9, or
 - Utilize human readable computer scannable symbols (no commas, periods, asterisks, or special characters) with human readable - i.e.: UCC-128
- Upon request, Galls can provide sample labels for each SKU for the first shipment only. Duplication of the bar code data and SKU will be the responsibility of the Vendor.
- Bar-code label placement:
 - UPC and/or Galls SKU barcode labels, qty, barcode and PO barcode must be clearly visible on the outside of each ship carton (bottom right hand corner), poly bag and/or blister pack.
 - A bar code label must be on the case pack as well as the individual unit of sale.

7. Carton Labeling

- All master cartons must be labeled with the following:

**** Failure to comply will result in a chargeback ****

- SKU barcode or UPC
 - Master carton Quantity
 - Purchase Order #
 - Carton Count (1 of 5, 2 of 5, etc.)
 - Mixed Cartons must be identified as MIXED
 - **See packaging for MIXED cartons in Section 5 above.**
- Please forward questions to:**
Gallsinbounddelivery@galls.com
- The label (UPC, Galls barcode, Carton, Shipment) will be placed on the bottom right hand corner of the smallest side of each case. The bar code and tag number portions of the label **MUST** be visible on the smallest side, even if the rest of the label overlaps another side of the ship carton.
 - See Figure 2 and Figure 3 below.



Figure 2

For smaller unique cartons that may have small side smaller than label, please see Figure 3:

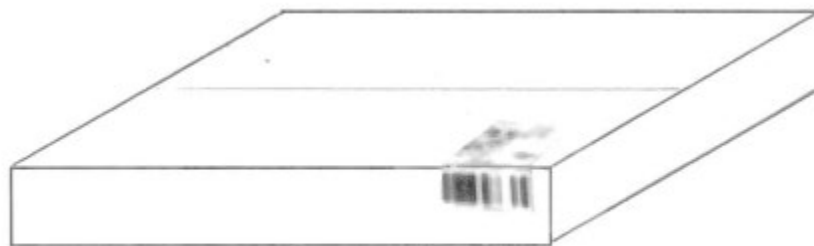


Figure 3

8. Product Labeling

- All individual units must be labeled with a SKU bar code or UPC number, including Special Ordered Items.

- UPC or Galls SKU barcode must be applied to individual poly bag, blister pack and individual item carton.
- Items that are too small to attach UPC or Galls SKU MUST be placed in a poly bag with Galls SKU or UPC attached to poly bag.

Note: All Labeling guidelines apply to ALL vendors, including those vendors participating in Galls Supplier Portal (GSP) and EDI.

Vendor Chargeback Policy

Any shipment, or portion thereof, which fails to conform to the terms of Galls' Shipping, Packing, Labeling and Routing Guide is subject to a vendor chargeback. Any exceptions must be specified in advance by Galls Buyer/Planner or a representative of Galls Inbound Department. Such chargebacks are necessary to recover Galls' labor costs incurred in correcting shipments not in compliance with this policy.

VENDOR CHARGEBACK VIOLATIONS				
ROUTING VIOLATIONS	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Unauthorized use of AIR (prior Authorization required)	R-10	Full freight + \$ 200.00		3
Shipped to wrong address (includes DS to Galls DC and various Galls locations)	R-20	Full freight + \$ 200.00		1
Incomplete BOL - missing PO# and/ or carton count and/or pallet count	R-30	\$ 200.00		4
Unauthorized Freight Collect shipment	R-40	Full freight + \$ 200.00		2
Failure to consolidate shipments	R-50	Full freight + \$ 200.00		2
Failure to organize shipment by PO and SKU	R-60	\$ 15.00 per carton, + \$ 200.00		5
No appointment scheduled	R-70	Full freight + \$ 200.00 or refusal of shipment		2
LTL eligible shipment sent via parcel	R-80	Full freight + \$ 200.00		2
PACKING VIOLATIONS	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Unacceptable corrugate/packaging	P-10	\$ 10.00 per carton + \$ 100.00 per PO		2, 4
Box weight exceeds 49 lbs				
Product not in ship cartons				
Poorly Packaged				
Unacceptable carton size				
Poorly packed in ship cartons - cartons must not be crushed, busted or seams splitting resulting in re-packing				
Unacceptable Palletizing	P-20	\$ 10.00 per pallet + \$ 200.00 per shipment		2, 4
Unacceptable pallet size - refer to section 2				
Unacceptable pallet quality - refer to section 2				
Labels - EDI, GSP, SKU barcode, etc. must face out				
Ship cartons must not overhang				
Must be shrink-wrapped				
PO's not consolidated on pallet				
CARTON VIOLATIONS	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
No Packing List / No PO listed on Packing List	C-10	\$ 200.00 per PO		4
Incorrect Carton Labeling – No PO/SKU/UPC/Carton Count	C-20	\$ 10.00 per carton + \$ 100.00 per PO	\$2,000.00	4, 5, 6
No ASN upon receipt of goods	C-30	\$ 200.00 per PO	\$2,500.00	4
PRODUCT VIOLATIONS- LABELING/PACKAGING	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Product not in individual packaging	PR-10	\$ 1.25 per item		5, 6, 8
Product missing UPC or SKU barcode label	PR-20	\$.25 per item		5, 6, 8
Product labels incorrect	PR-30	\$.25 per item		5, 6, 8
PRODUCT VIOLATIONS- ITEM	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Re-working product upon receipt	PR-40	actual expenses occurred, + \$ 100.00 per PO		1
Damaged or defective, unusable inventory	PR-50	actual expenses occurred, + \$ 100.00 per PO		1
PURCHASE ORDER	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Shipped Item not on PO	PO-10	\$ 100.00 per PO	\$2,500.00	1
Unauthorized Overages	PO-20	\$ 250.00 per shipment		1
Duplicate Shipments	PO-30	\$ 250.00 per shipment		1
Shortage in shipment (concealed shortage)	PO-40	\$ 250.00 per shipment		1
CONTAINER VIOLATIONS	VNC Code	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
Mixed skus and/or Mixed PO's	CN-10	actual expenses occurred, + \$ 100.00 per PO		3,4,5,6,7

Non-compliance will result in a chargeback to offset the expense incurred by Galls for extra operational costs in processing Vendor's goods. This is not administered strictly as a cost recovery measure, but is a "Best Quality, Value and Customer Service" strategy. The labor chargeback for a 100% inspection and re-work is as follows:

\$ 35.00 per man hour - \$ 70.00 minimum

** Failure to comply will result in a chargeback **

An approved charge back will appear as a debit against the Vendor's account. The amount will be deducted from Galls' next payment and will reference a "chargeback" with appropriate control number. If the purchase was made against a letter of credit, Galls will issue an invoice.

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