



LABELING **P**ACKAGING & **R**OUTING **R**EQUIREMENTS

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, Morgans, Inc. t/a Jimmie Muscatello's (Muscatello's), US Patriot Tactical, and Patriot Outfitters.

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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	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: DSST-Invoice@galls.com	EDI (if an EDI 850 PO) or e-mail to: DSST-Invoice@galls.com

- Ship only items ordered on a PO, to the address as stated on 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 15).
- 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.
- Items or POs that are unable to be fulfilled due to cancellation or discontinuation must be reported to POConfirmations@Galls.com.

2. Purchase Order Fulfillment Guidelines

- Galls Purchase Orders
 - Galls suppliers are expected to utilize either EDI or the GSP (Galls Supplier Portal) Order Management tool for all order processing.
- On Time In Full (OTIF):
 - All Purchase Orders include an “**Expected Delivery Date**”. This date constitutes the Must Arrive by Date (MABD) for Supply Chain management purposes.
 - All Orders are expected to be shipped to the designated delivery point On Time, with 100% In Full quantity (OTIF).
 - All suppliers to Galls are expected to maintain a minimum performance level of 85% OTIF across the business, measured as a % of the order that meets both requirements of on time and in full.
 - On Time: arrival of the order within a 4-day grace window of the MABD.
 - In Full: 100% complete shipment of all lines on the Purchase Order.
- Purchase order shipments and partial orders:
 - Galls suppliers are expected to ship orders on time and in full. The number of shipments per purchase order directly impacts supplier and Galls profitability per order.
 - It is expected all orders will have the minimum number of shipments.
 - Galls will keep orders open until full shipment is received.
 - It is expected that Galls suppliers actively work backorders to minimize the total value of backorders.
 - To ensure a flow of ready goods, Galls does allow for partial shipments.
 - No supplier should hold orders that will ship beyond the 4-day delivery window.
 - For suppliers shipping freight collect: Galls will cover the freight for 3 shipments. For additional shipments, Galls will chargeback the supplier the cost of the freight for each shipment.

3. Authorized Carriers, Package/Shipment Details, and Contacts

- For LTL and TL shipments - unless otherwise directed in writing by Galls Traffic Manager - please adhere to the Shipping Guidelines detailed below.
- All LTL and truckload freight must have an appointment. If shipping via Galls contracted carrier, R+L will schedule delivery appointments.
- If freight is being paid by the vendor, delivery appointments must be scheduled via GallsInboundDelivery@Galls.com, and should be noted on the Bill of Lading (BOL).
- All loads without delivery appointments scheduled may be refused.
- All Shipments must conform with the Shipment Guidelines defined below:

Shipment Guidelines	Small Packages	Common Carrier (LTL)	Truckload (TL)
Shipment detail	• Small cartons under 49 lbs. with a combined weight not to exceed 150 lbs. • Individual cartons must not exceed 49 lbs. and 105" in length and girth. • If shipment is less than 150 lbs. and combined cartons exceed 60" in height on a 40"X48" pallet, it <u>must</u> ship LTL	• 151 - 19,999 lbs. • 10 pallets or less	• 20,000 lbs. or more • 11 pallets or more
Ship Via	<u>Direct to Galls:</u> FedEx Ground / Bill "Recipient" <u>Drop ship to end user:</u> Commercial address – FedEx Ground / Bill "Third Party" Residential address – FedEx Home Delivery / Bill "Third Party"	Create BOL and schedule pick up at www.RLCarriers.com For more information refer to the "R+L Tutorials" on https://www.galls.com/pages/vendor-relations.	
Contact	FedEx Activation:1-866-883-9290 FedEx Pick up:1-800-463-3339	www.RLCarriers.com 1-800-534-5589	Christine Gostowski 239-387-6372 Christine.Gostowski@RLGlobal.com Justin Moritz-Pahde 239-387-6388 Justin.pahde@RLGlobal.com
Delivery Appointment	N/A	• For Lexington deliveries <u>not</u> using R+L Carriers: GallsInboundDelivery@Galls.com • For all other locations: None required	

Freight paid by Galls:

- When shipping, do not insure, declare value, or ship using any service other than ground services, unless specifically directed by Galls Buyer/Planner or Traffic Manager.
- All freight shipments sent using any carrier other than Galls contracted carrier, and utilizing unauthorized Freight Collect or “Pre-pay and Add to Invoice” pricing are subject to refusal of shipment or chargeback penalty.

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 the Vendor. Galls assumes no risk of loss or liability for any claims resulting from such shipments.
- We request our Vendors use Galls contracted carriers, as outlined above, as these carriers are dedicated to Galls’ delivery schedule.
- All TL/LTL shipments require a delivery appointment, please note this on the Bill of Lading (BOL). Failure to do so will result in a chargeback and potential refusal of shipment.

Filing Claims:

- Regardless of who pays freight, the party who shipped the goods must file claims for damaged or lost shipments.
- Galls will file claims on Vendor’s behalf if provided a letter on Vendor’s company letterhead relinquishing claim rights to Galls of shipment in question.

4. Air Freight Instructions

- All shipments are preferred to ship ground. Please refer to section 3 for specific ground shipment guidelines.
- 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.

5. Transportation Instructions

- BOLs must be notated with all purchase order numbers associated with the shipment, to include total carton and pallets.
- All ship cartons must reference PO number on the outside of carton and on all corresponding documents, including the packing list.
- All carton labels must be facing outward on palletized loads.
- Pallets must be fully loaded using all available pallet space to reduce height.
- There shall be no middle stacking of pallet shipments such that cartons are concealed. All cartons must be visible.
- All palletized shipments must be shrink-wrapped and should not exceed 7' in height, measured from the floor to the top.
 - Standard 40" X 48" pallets are required, unless otherwise approved. For approval, please contact GallsInboundDelivery@galls.com. See Figures 1-6 below for correct and incorrect pallet shipments.
- Packing list must be attached, visible under shrink wrap, but not permanently affixed to the outside of first or last 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.).
- ASNs for EDI or GSP POs 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.
- All pallets must be secured, and any pallets with loose boxes will not be picked up by R+L Carriers.

Figure 1
Correct



Figure 2
Correct



Figure 3
Incorrect



Figure 4
Incorrect



Figure 5
**Incorrectly
Packed**



Figure
**Incorrectly
Packed**



6. 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

- Use appropriately sized cartons when shipping products.
- All Purchase Order numbers within the carton must be clearly noted on the carton.
- Carton must be identified as “MIXED”.
- Multiple Purchase Orders must each be packaged separately within the carton.
- Same SKUs should be bundled together/separated from other SKUs (i.e. polybag).
- All mixed cartons should contain separate packing lists for each PO detailing PO number, item numbers, and quantities of items within.
- No manual modification of the packing list is acceptable. If contents of carton are modified, a new packing list must be provided.
- 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.
- Mixed cartons should be packaged on the same pallet in shipment when possible.

EDI and Galls Supplier Portal (GSP) Mixed Cartons

- All Purchase Order numbers within the carton must be clearly noted on the 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.

7. Labeling Guidelines – Product and Carton

Product labeling:

- All individual units of sale packages must be labeled with a SKU barcode or UPC number, including Special Order items.
- UPC or Galls SKU barcode must be applied to individual poly bags, blister packs and individual item cartons.
- 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.
- No manual changes to labels are permitted. If changes need to be made, a new label must be printed and applied.
- Do not photocopy labels. Do not cross off barcodes.
- The barcode label must be easily scanned (i.e., no faint ink or breaks in the barcode).
- Galls accepts only SKU barcode labels that meet one of the following specifications:
 - Meets UCC allowable tolerance like UPC Code 3 of 9 or any of the examples depicted below.
 - Utilize alphanumeric computer scannable symbols (no commas, periods, asterisks, or special characters) with human readable product information.
 - Acceptable barcode formats include:

Interleaved 2 of 5:



UCC128:



Code 39:



Code 128:



- Upon request, Galls can provide sample labels for each SKU for the first shipment only. Duplication of the barcode data and SKU will be the responsibility of the Vendor.
- Barcode 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 barcode label must be on the case pack as well as the individual unit of sale.

Carton Labeling:

- All master cartons must be labeled with the following:
 - Master carton quantity
 - Purchase Order Number
 - 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 carton barcode label must be placed on the bottom right-hand corner of the shortest side of each carton.
- When stacked on a pallet the barcode and tag number portions of the label MUST be visible (facing outward), even if the rest of the label overlaps another side of the ship carton.

Note: Product and carton labeling guidelines apply to ALL vendors

8. Vendor Chargeback Policy

- Any shipment, or portion thereof, which fails to conform to the terms of Galls' Routing Guide is subject to a vendor chargeback.
- After two days in noncompliance, palletized shipments shall be assessed storage charges of \$5.00 per day per pallet.
- The labor chargeback for a 100% inspection and re-work is as follows:
 - \$50.00 per man hour - \$100.00 minimum
- Non-compliance will result in a chargeback to offset the expense incurred by Galls for extra operational costs in processing Vendor's goods.
- Ship only items ordered on a PO, to the address as stated on 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 15).
- 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.
- Items or POs that are unable to be fulfilled due to cancellation or discontinuation must be reported to POConfirmations@Galls.com.
- A chargeback will appear as a debit against the Vendor's account. The amount will be deducted from Galls' payment once an Inbound Exception investigation has been performed and is deemed to be the responsibility of the Vendor. If the purchase was made against a letter of credit, Galls will issue an invoice.
- Vendor Chargeback Violations can be seen on Pg. 15

9. Vendor Chargeback Menu

VENDOR CHARGEBACK VIOLATIONS				
VNC Code	ROUTING VIOLATIONS	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
R-10	Unauthorized use of AIR (prior Authorization required)	Full freight + \$ 200.00		4
R-20	Shipped to wrong address (includes DS to Galls DC and various Galls locations)	Full freight + \$ 200.00		1
R-30	Incomplete BOL - missing PO# and/ or carton count and/or pallet count	\$ 200.00		5
R-40	Unauthorized Freight Collect or Unauthorized 'Pre-pay and add' shipment	Full freight + \$ 200.00		3
R-50	Failure to consolidate shipments	Full freight + \$ 200.00		5
R-60	Failure to organize shipment by PO and SKU	\$ 15.00 per carton, + \$ 200.00		5
R-70	No appointment scheduled	Full freight + \$ 200.00 or refusal of shipment		3
R-80	LTL eligible shipment sent via parcel	Full freight + \$ 200.00		3
VNC Code	PACKING VIOLATIONS	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
P-10	Unacceptable corrugate/packaging	\$ 50.00 per carton + \$ 500.00 per PO		3,5
	Box weight exceeds 49 lbs			
	Product not in ship cartons			
	Poorly Packaged			
	Unacceptable carton size			
P-20	Poorly packed in ship cartons - cartons must not be crushed, busted or seams splitting resulting in re-packing	\$ 50.00 per pallet + \$ 500.00 per shipment		3,5
	Unacceptable Palletizing			
	Unacceptable pallet size			
	Unacceptable pallet quality			
	Labels - EDI, GSP, SKU barcode, etc. must face out			
P-30	Ship cartons must not overhang			
	Must be shrink-wrapped			
P-40	PO's not consolidated on pallet			
VNC Code	CARTON VIOLATIONS	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
C-10	No Packing List / No PO listed on Packing List	\$ 200.00 per PO		5,6
C-20	Incorrect Carton Labeling – No PO/SKU/UPC/Carton Count	\$ 10.00 per carton + \$ 100.00 per PO	\$2,000.00	6,7
C-30	No ASN upon receipt of goods	\$ 200.00 per PO	\$2,500.00	5
VNC Code	PRODUCT VIOLATIONS- LABELING/PACKAGING	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
PR-10	Product not in individual packaging	\$ 1.25 per item		6,7
PR-20	Product missing UPC or SKU barcode label	\$ 1.25 per item		6,7
PR-30	Product labels incorrect	\$ 1.25 per item		6,7
VNC Code	PRODUCT VIOLATIONS- ITEM	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
PR-40	Re-working product upon receipt	Actual expenses occurred, + \$ 100.00 per PO		1,8
PR-50	Damaged or defective, unusable inventory	Actual expenses occurred, + \$ 100.00 per PO		1,8
VNC Code	PURCHASE ORDER	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
PO-10	Incorrect item shipped	\$ 250.00 per shipment + freight to return		1,8
PO-20	Unauthorized Overages	\$ 250.00 per shipment, + freight to return		1,8
PO-30	Duplicate Shipments	\$ 250.00 per shipment, + freight to return		1,8
PO-40	Shortage in shipment (concealed shortage)	\$ 250.00 per shipment		1,8
VNC Code	CONTAINER VIOLATIONS	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
CN-10	Mixed skus and/or Mixed PO's	Actual expenses occurred, + \$ 100.00 per PO		6,7
VNC Code	PALLET STORAGE	Minimum charge back Amount	Maximum Charge back amount per occurrence	Reference section
PT-10	Pallet Storage	\$ 5.00 per day per pallet		8

10. Changelog

- 2023/06/29 – Ver. 1.0.5
 - Added note regarding freight payments. Section 3
 - If vendor uses unauthorized Collect or “Pre-pay and add” pricing for freight shipments, shipment may be refused, or chargeback may be issued.
- 2023/06/20 – Ver. 1.0.4
 - Clarified delivery appointment requirements. Section 3.
 - If vendor pays for and ships freight with non-Galls contracted carrier, vendor is responsible for scheduling delivery appointments.
- 2023/05/11 – Ver. 1.0.3
 - Modified breakpoints between LTL and TL shipments. Section 3 – Matrix.
 - Added R+L Global contacts for TL shipments. Section 3 – Matrix.
- 2023/04/18 – Ver. 1.0.2
 - Clarified placement of labels on cartons to specify labels are to be placed on the shortest side of the box. Section 7 – Carton Labeling.
 - Corrected Minimum chargeback amount for product labeling violations. Section 9 – Matrix.
- 2023/04/06 – Ver. 1.01
 - Clarified delivery appointment information. Section 4 – Matrix.