

8.0 Transportation Routing Requirements

8.1 General Routing Requirements

- Overview: The Company's Transportation department ("Transportation") will route all shipments when the Company is the responsible party for payment of freight charges. The vendor's copy of the Company purchase order should reflect the correct commercial and freight related terms for the merchandise. If there are any discrepancies in freight terms, please contact the appropriate Company Buyer. Shipment routings not authorized by the Company may result in chargebacks to the vendor including non-payment for transportation services rendered. Please use these guidelines to determine how to properly route Company shipments.
- Company-controlled domestic routing: A PO is classified as "Domestic" if the merchandise originates within Canada or if the Company is not the importer of record with Customs. Domestic PO's, (originating within the Canada), routed by the Company are designated using the freight term "FOB named point" within Canada and indicate that the Company is responsible for freight payment using such language as "Freight Collect to Town Shoes Limited". **The Company will not be responsible for charges associated with the movement of merchandise from or to a port of entry (drayage, pier pick-up, etc).** Any charges related to these movements will be at the vendor's expense. Under the freight terms of "FOB named point", the Company owns the merchandise while in-transit, accepts liability for loss or damage in transit, and pays the standard freight charges. Freight charges are paid according to Company terms specified on the PO. Vendors will be expected to pay for any freight charges incurred as a result of non-compliance with PO terms.
- Vendor-controlled routings: For POs coded either as Incoterm 2000: DDP Destination ("Delivered Duty Paid") or FOB DC (U.S. Uniform Commercial Code), the vendor owns the merchandise in-transit, accepts liability for loss or damage in transit, bears and pays the freight charges, and can select its own transportation provider. Please contact Transportation/Traffic for further instructions regarding shipment visibility (see Section 12).
- Direct shipments to stores are prohibited.
- The Company expects all domestic orders to ship complete within 10 business days from the stated "*Requested Ship Date/Ship Not Before*" date listed on the PO. Partial shipment of orders or shipping from multiple vendor locations MUST be pre-approved by the Company buyer prior to merchandise shipment.
- Vendors needing instructions for international orders (i.e. First Cost, Letter of Credit) need to contact the Company's Import/Traffic office (see Section 12).

8.2 Appointment Requirements

- All carriers/vendors will be required to book appointments. Appointments must be made a minimum of 24 hours in advance with the cut off time being 3:00 pm EST.
- Deliveries **will be refused** if a carrier does not have an appointment in advance. In addition, any costs related to receiving, handling and returning a rejected shipment will be charged back to the Vendor.
- All Vendors and Distributors must ensure that the Purchase Order is current and valid and that the delivery date falls within the “*Requested Ship Date/Ship Not Before Date*” and the “*Do Not Ship After Date/Cancel After Date*” stated on the Purchase Order.
- When booking appointments, the carrier/vendor **must** include Customer Name, Vendor Name, PO#, Carrier name, Trailer number, number of cartons and number of pallets. Trailer Documentation (Waybill) must be for that trailer exclusively. The PO# **must** be located on both the Vendor and carrier documentation.
- It is a requirement that every Vendor provide an electronic EDI ASN a minimum of 72 hours (3 Business Days) in advance of the appointment. If an ASN has not been received at the time of booking an appointment, and appointment will not be granted.
- For non-EDI enabled vendors, the Vendor must provide a **VASN (Vendor Advanced Shipping Notification)** to National Logistics Services (NLS) a minimum of 72 hours (3 Business Days) in advance of the appointment. If no **VASN** is provided in advance as required, the appointment will not be given.
- Carriers who are late for appointments (**1 hour + past original appointment time**) **AND** arrive within the same day (as original appointment) will be required to wait for the next available receiving time slot and/or may be refused delivery that day. Late arrival and delay in delivery will result in a non-compliance charge by each hour late to the vendor.
- Carriers who fail to show on the date of the original appointment without a minimum of 24 hours’ notice and approval to rebook the appointment date, will be charged a per day fee in addition to non-compliance charges.
- National Logistics Services (NLS) will make every attempt to provide next day appointments when compliance requirements have been met in advance. There may be times during heavy shipping seasons when later appointments will be required. For this reason we strongly suggest that the Vendor/Carrier does not wait until the day before the requested delivery date to book the appointment.
- The National Logistics Services accepts appointments Monday to Friday between 7:00am to 3:00pm.

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| <u>Appointment Desk</u> Phone: 416 – 246-9536 ext. 4500 Fax: 416 – 246-9969 Email: NLSIronAppts@nls.ca | <u>Address</u> 105 Iron Street Toronto, Ontario, M9W 5L9 Canada |
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- Vendors who are recognized as outstanding partners due to their excellence in meeting compliance requirements will be given preferential appointment booking privileges.

8.3 Domestic Routings

- **General Routing Instructions:**

1. All requests for a carrier may be done directly from vendor to carrier.

2. **Accepted Carriers:**

| <u>Ontario</u> | <u>Quebec</u> | <u>West of Ontario</u> |
|--------------------|---------------|------------------------|
| West-Metro Express | Remco | Vitran |
| Dispatch: | Dispatch: | Dispatch: |
| 416-748-7202 | 800-363-2241 | 800-263-0791 |

3. Requests to carriers should be placed no more than 5-7 business days prior to the “Requested Ship Date/Ship Not Before Date”, **provided merchandise is available and packed into shipping cartons**. This will ensure that the carrier will have the available capacity to meet the delivery requirements, validate merchandise priority, and provide shipment visibility.
4. Cartons, weight and cube must reflect actual quantities and not estimates when requesting routing.
5. If the routing request is tendered and the merchandise is not in the vendor’s possession, in turn causing a delay in the pick-up, a partial pick-up or a “truck ordered, not used”, the vendor may be charged back the actual cost from the carrier and will be subject to additional charge-backs.
6. If merchandise is not available for pick-up after arrival of carrier, any detention, trailer not used, or any other related charges may be charged to the vendor. Vendors must notify the Company’s compliance department (see Section 12) immediately if merchandise will not be available on the scheduled pick-up date.
7. Any merchandise that is shipped without obtaining proper routing and appointment may be subject to return at the vendor’s expense. This may include merchandise that is shipped on a pick-up not ordered by the Company.
8. Transportation’s routing policy adherence improves production and distribution efficiencies while enhancing the Company’s ability to maintain an acceptable freight discount program. Failure to comply with routing instructions may result in vendor chargebacks for excessive freight charges incurred.

8.4 Scheduling Merchandise Pickup

- **General Pick-up Scheduling Instructions:**

1. The following information must be provided to the carrier:

- a) Vendor name and shipper/3PL (Third Party Logistics) name, origin address, contact name, phone number, and pick-up requirements

- b) For each PO number:

- 1 Company Style/SKU number (required if Vendor is not shipping complete PO)
- 2 Total number of cartons, (must not be an estimate but the actual number prepared to ship)
- 3 Number of pairs (or units if shipping accessories, handbags or hosiery)
- 4 Total cubic feet
- 5 Total weight of cartons only (exclude pallet weight)
- 6 Carton dimensions in inches if total cube is not calculated
- 7 Special merchandise requirements (i.e. hazardous material, lift-gate, inside pick-up, etc.)
- 8 Date and time when merchandise will be ready for pick-up, (vendor or shipper must be in possession of merchandise at the time of the request)
- 9 Shipping hours, including any down time, (breaks/lunch), and closing time
- 10 Method of pick up, (drop trailer or live load)
- 11 Hazardous material (i.e. shoe polish, etc.) requirements must be clearly noted prior to pickup

- Failure to provide sufficient lead-time or changes to load information after the initial pick-up call *could delay* the timeliness of the pick-up and result in a late delivery. It is essential that the information provided at the time of the pickup call be accurate and complete. Any delays or inefficiencies resulting from inaccurate details provided by the vendor may result in chargebacks.
- Any additional carrier charges incurred by the Company due to vendor related pick-up delays and/or refusals may be charged back to the vendor.
- In the event of problems with the assigned carrier (late or missed pick-up, poor service, etc.), the Company's logistics department (See Schedule 12 for Contact Information) must be contacted immediately for assistance.

8.5 Trailer Loading Requirements (All Shippers, All Carrier Types)

- All locations responsible for loading trailers with Company merchandise must meet the requirements outlined in this section. Failure to follow the requirements herein may result in a chargeback.
- Vendors/shippers are responsible for the loading of merchandise onto trailers. Any additional charges for loading a trailer (i.e. lumber fee, warehouse equipment fee, etc.) will be at the vendor's expense or may be charged back at actual invoice amount from carrier.
- Shipments will be verified and it is understood that any differences found upon receipt will be charged back to the Vendor, including but not limited to all costs incurred such as handling, duties, taxes, and fees paid.
- It is suggested that for additional security, Vendors provide and affix a security seal on all Company selected Truckload or Intermodal, (rail), shipments. LTL and parcel shipments are excluded from this requirement.
- If a security seal is applied, the Seal number must be located on the Bill of Lading (BOL) at the time the driver signs for the shipment.
- Only standard 40x48 whiteboard pallets in solid condition can be used to ship product on.
- Orders are to be shipped complete. Any requests to split-ship an order or specific item must be authorized by the Company's compliance department (see Section 12) prior to the PO's Start Ship date. Note: Multiple shipments will incur additional chargebacks to cover the expense of labor and other inefficiencies.
- Trailers must be sorted and loaded by PO number. Each PO # must be sorted by Style and Color.
- Cartons on each of the pallets must be sorted so that the smallest size is at the bottom and the larger size is at the top. Example: Size 5 is at the bottom and Size 11 is at the top.
- Odd cartons (loose pieces) are to be placed at the top of the pallet clearly marked as "Mixed Carton".
- The vendor is expected to allow the carrier the ability to count the merchandise without obstruction from items such as tape or shrink-wrap. Any changes in weight due to a palletized shipment may result in higher freight charges. Differences in standard freight charges will be the vendor's responsibility. When pallets are used, build them at least 84 inches in height not exceeding 96 inches overall, use the fewest possible pallets, and when 84 inches cannot be attained consider double stacking pallets.

8.5 Trailer Loading Requirements (All Shippers, All Carrier Types) Continued

- All loads need to be secured in order to prevent carton shifting during transit, (LTL and Parcel are excluded). Orders delivered with loose and/or damaged cartons may be subject to chargeback.
- Additional merchandise is not to be added to pick-up after carrier arrival. Any merchandise not part of the original pick-up appointment must have its own pick-up appointment.
- All deliveries to the DC (NLS) are scheduled as “drop trailer” receipts. Trailers are unloaded based on a first in/first out (FIFO) method.
- Dropping off trailers can at times be accommodated. This must be pre-approved by NLS (see Section 12 for contact information).
- **The DC does not accept air containers, pallets, or other air cargo equipment.**