



**FINISHED GOODS
SUPPLIER
SHIPPING & COMPLIANCE GUIDE**

Revision 7
June 2011

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For additional information please visit our corporate website at
www.schiffnutrition.com

INTRODUCTION

Schiff Nutrition Group would like to welcome you as our supplier. Much of our success is attributable to our suppliers who provide us with high quality materials, dedicated service, innovation, and competitive pricing.

This booklet is intended to provide you with information regarding Schiff's expectations and business practices. The following pages will outline our standards and requirements regarding on-time delivery, invoicing, quality assurance, inbound shipping, and other valuable information.

Because of the large volume of purchases and associated inbound shipments, it is critical that each supplier follows the procedures identified in this booklet. These procedures are intended to ensure that all inbound shipments flow through the receiving and production process in the most efficient manner.

If you have questions or concerns regarding the contents of this booklet, please contact the Strategic Sourcing Department at (801) 975-5000. Failure to communicate and resolve any issues in advance (with the Strategic Sourcing Department) may result in fines to offset associated costs in the receiving process, and may also jeopardize future business opportunities.

Once again, we thank you for your support and look forward to developing a mutually beneficial business relationship.

SUPPLIER SUSTAINABILITY STATEMENT

We at Schiff Nutrition are convinced that responsible stewardship of our environment plays a significant role in our overall success as an organization. It is with this goal in mind that we have dedicated ourselves to working hand-in-hand with suppliers and customers alike to make all appropriate efforts to minimize the impact that our commercial operations have on the world around us.

To that end, we ask each of you, our valued suppliers, to join us in examining your own internal processes, and those of your material and service providers, and doing what is necessary to demonstrate your own commitment to the proper management of our precious natural resources:

- Ensure that all owned or represented manufacturing sites meet or exceed all local, state, national or international environmental regulations as may apply
- Assess all owned or represented manufacturing processes (re-engineer when possible) with the following goals in mind:
 - Minimizing energy use
 - Decreased generation of solid waste
 - Reducing water use
 - Increased recycling and water reclamation
 - Eliminating toxic ingredients
- Evaluate and redesign packaging with an eye toward smaller profiles, lower shipping weight and more efficient material use while maintaining sufficient protection for contents
- Use replenishable raw materials whenever possible
- Source closer to home when practicable; combine shipments when able

This list is merely representative of ways to improve an organization's sustainability. We strongly encourage every supplier to take a comprehensive approach.

Supplier progress and results achieved in furtherance of this initiative may be taken into account when making purchasing decisions.

Note that all suppliers are subject to examination of business and manufacturing practices and processes, as they may relate to this initiative, by either Schiff or a Schiff-selected third party, at Schiff's discretion.

ON-TIME DELIVERY

On-time delivery is critical to ensuring our ability to operate our manufacturing facility in a cost-effective and efficient manner.

We define “on-time delivery” as shipments received on the “On Dock Date” listed on the purchase order. Finished Goods received up to five calendar days prior to this scheduled due date will also be considered “on-time.”

Therefore, at the time of acceptance and confirmation of the purchase order, it is critical that you advise our Buyer of any anticipated delivery issues. If possible, the Buyer will adjust the purchase order due date to reflect the correct delivery date. It is incumbent on the supplier to call the Buyer if any delivery issues arise which might adversely affect the timely delivery of the requested product.

In order to evaluate your compliance to delivery commitments, we have implemented a supplier scorecard that will objectively measure on-time delivery. This can be shared with our suppliers, upon request.

INVOICE REQUIREMENTS

Invoices should be sent to P.O. Box 26708 Salt Lake City, Utah 84126-0708 or to the address printed on the purchase order. Invoices may also be faxed to (801) 606-5313 or emailed to accountspayable@schiffnutrition.com.

The following list of invoice requirements will help ensure prompt and accurate payment. If you have any questions, please contact our Accounts Payable Department at (801) 975-5000 for assistance.

Please include the following on all invoices:

1. Supplier name and address
2. Supplier telephone and fax number
3. Schiff purchase order number
4. Invoice date/ship date
5. Invoice number
6. Payment terms
7. Quantity (quantity shipped and/or back ordered)
8. Schiff part number
9. Complete description of the material
10. Unit of measure (i.e., kg, lb, ea, etc.)
11. Freight charges, if applicable
12. Tax, if applicable
13. Remit-to address

QUALITY ASSURANCE

Quality Acceptance Criteria

- A. Receipt and acceptance of all Finished Goods will be contingent upon inspections/audits conducted by the Schiff Quality Assurance Department. Inspections include:
1. Review of the Certificate of Analysis (C of A) provided by the supplier for inclusion of all required information per Schiff-provided specifications (whether attached to the purchase order or sent for signature approval).
 2. Sampling and inspection of the Finished Goods for any observable defects or contamination. Sampling plans include ANSI 1.4, MIL-STD 105E, etc.
 3. Sampling and testing of the Finished Goods to verify compliance with physical and organoleptic characteristics, chemical analysis and microbiological properties as required by Schiff specifications.
 4. Compliance with specified container and palletizing requirements.
 5. Accuracy of labeled container weights and/or counts.
 6. Existence and integrity of tamper evident seals, general integrity of packaging.
- B. If Finished Goods are found to not comply with specifications, those non-complying Finished Goods will be rejected. The Buyer will advise the supplier of the rejection and determine the appropriate course of action.

1. Certificate of Analysis (or Certificate of Compliance for Packaging Components)

Suppliers must provide a Certificate of Analysis (C of A) for each lot or batch of Finished Goods shipped to Schiff Nutrition. C of A's must comply with all requirements listed below:

- A. C of A's must arrive concurrent with or prior to delivery. C of A's arriving later than the day of the delivery may result in fines (see page 15). C of A's may be faxed in lieu of sending with shipment, and must be faxed to:

Schiff Quality Assurance Fax Number: (801) 886-3268

Other questions should be directed to the QA Department by calling (801) 975-5000.

- B. C of A's must contain: Schiff purchase order number; Schiff part number/description; supplier lot number; supplier part number; date of manufacture; original manufacturer's name, address and country of origin; an expiration date for the Finished Goods; relevant

physical, chemical, and microbiological results as required by the Schiff's specifications. Methods of Analysis used to obtain listed results must be referenced; either compendial identification or meaningful description is required.

- C. Actual test results or statement of guarantee must be included on C of A. Guarantees and C of A's must include all fields of analysis required by Schiff's specifications and must be within agreed-upon tolerances.
- D. C of A's must include the signature of an employee within the organization who holds sufficient authority to ensure the guarantees provided or the actual test results stated on the C of A. A date of signature must also be listed.

2. Expiration Dating

- A. If an expiration date appears on a Finished Goods packaging container it must be assigned based on scientific data or existing compendia knowledge about the product.
- B. For Finished Goods with less than 6 months shelf life, Schiff will not accept Finished Goods where the age of the product is greater than 20% of the stated shelf life. Finished Goods not meeting this age requirement will be rejected and returned to the supplier at the supplier's expense.
- C. For Finished Goods with more than 6 months shelf life, a minimum of 6 months must be remaining at the time of receipt. Finished Goods not meeting this age requirement will be rejected and returned to the supplier at the supplier's expense.

3. Corrective/Preventative Action

Schiff expects all suppliers to comply with Good Manufacturing Practices and to strive for continuous quality improvements. When Finished Goods fail inspection, suppliers will receive a Quality Discrepancy Report (QDR) from the Buyer and/or Quality Assurance Department. In the event that your company receives a QDR, the following actions must be completed:

- A. It is expected that supplier's response to the QDR will be thorough, prompt, and received within 14 days. Corrective actions must be taken prior to the shipment of future orders. Unresolved corrective action situations may jeopardize future business opportunities and may lead to loss of approved supplier status.
- B. Supplier's response must completely address the issues presented on the QDR. Actions proposed by the supplier must correct any defective Finished Goods already produced and prevent future recurrence of the problem.
- C. If a supplier determines that a corrective action is best achieved by a manufacturing process change, then the supplier must obtain pre-approval through Schiff's Strategic

Sourcing Department and/or Schiff's Quality Assurance Department prior to implementing action.

- D. It is expected that the supplier will self-evaluate the efficacy of all corrective/preventative action plans to ensure that future lots fully comply with specifications. Audits or other credible evidence may be required to establish a plan's efficacy.
- E. The Schiff Quality Assurance Department may request a supplier to self-audit at anytime or may choose to audit a manufacturing site if deemed necessary/appropriate.
- F. If a Finished Good is determined to require rework, prior approval must be obtained by the supplier from the Schiff Quality Assurance Department before the rework occurs and is delivered to Schiff.
- G. Please contact the Director of Quality Assurance at (801) 975-5000 if you have any questions regarding Corrective/Preventative Action.

LOT NUMBER AND EXPIRATION DATE SPECIFICATIONS FOR FINISHED GOODS SUPPLIED BY CO-PACKERS

1. Specification for Finished Goods Lot Number Format

- A. The maximum number of characters in a Lot Number is seven.
- B. The following lot format must be followed:

XXDDDYA

- XX** = Co-Packer Designator (Provided by Strategic Sourcing Dept)
- DDD** = Julian date of the year the product was manufactured
- Y** = Last digit of the year when the product was manufactured
- A** = Optional suffix denoting a shift or batch

2. Expiration date format to be applied to the product

- A. The following format must be used when applying the Expiration Date to the Finished Goods. (Some products may be specified to not have an Expiration Date, and must be mutually agreed upon, in writing).

EXP: mm/yy or Expires: mm/yy

EXP or Expires must be printed before the month and year

- mm = Month Finished Product will expire
- yy = Year Finished Product will expire

- B. Expiration Date must be based upon the date the bulk, powder, bar, or liquid was produced, not the date it was actually packaged. Date produced will be determined based upon the following:

- Liquids- Date of bottling
- Powders- Date the first two ingredients are mixed together
- Tablets- Date compression is completed
- Capsules / Softgels- Date encapsulation is completed
- Ready to Drinks- Date of bottling or canning
- Bars- Date of extrusion

CASE LABEL PRINTING SPECIFICATIONS

1. Specifications

- A. All cases will be delivered with a single label affixed that contains product, lot, and SCC 14 number information. Labels will be of a white material with a minimum print contrast ratio of 0.7 or better. Bar codes will be printed in ink jet black, using a thermal transfer printer. The product number and lot number bar codes will be printed in the “picket fence” orientation. The SCC 14 number will be printed in the “ladder” orientation. The recommended label size is 4”x 6”, but labels must be large enough to allow product, lot, and SCC 14 bar codes and the required human-readable information to be printed while maintaining adequate spacing.
- B. The minimum bar code element width is 20 mil (all bars and the white spaces between them must be at least 20 thousandths of an inch wide).
- C. The minimum bar code element height is 0.7 inches.
- D. The white space or quiet zone at each end of a bar code must be 0.25 inches.
- E. The case label must be affixed horizontally on the carton’s long side.
 - Do not place the label within 1 inch of the leading or trailing edge of the case.
 - Do not cover the label with tape or bend the label around any corners of the case.
 - All shrink-wrapped display units (such as club pack trays) will have a single label placed on the top of the unit on the outside of the shrink wrap.

2. Product Number

- A. The product number is the Schiff item or SKU number that identifies the contents of the case. The number must be printed in both human-readable and bar code format.
- B. The bar code must be Code 128, subset B, with a narrow element of at least 20 mil and a wide element of at least 80 mil, printed in the “picket fence” orientation.
- C. Product number bar code height must be at least 0.7 inches. On a 4”x 6” label, the maximum number of characters is seven (7) in the recommended format. If more than seven characters are needed, the other specifications must be adhered to.

3. Lot Number

- A. The lot number uniquely identifies a specific batch or manufacturing run of the product. The lot number on the case must match the lot number on the product in the case and the lot number recorded on associated documentation. The number should be seven (7) characters, in the standard Schiff pattern (see “Specification for Finished Goods Lot Number Format” on pg. 8), and must be printed in both human-readable and bar code format.
- B. The bar code must be Code 39, with a narrow element of at least 20 mil and a wide element of at least 45 mil, printed in the “picket fence” orientation. Lot number bar code height must be at least 0.7 inches. Code 39 bar codes must have a wide to narrow element ratio of at least 2.5 to 1. On a 4” x 6” label, the maximum number of characters is seven (7) in this format.

4. SCC 14 Number

- A. The SCC 14 number is a specific bar code data structure that is used for the “trading unit.” The number used for the SCC 14 data structure is the UPC number for the product, minus the check digit, with a leading Packaging Indicator digit. The Packaging Indicator

is critical to the number structure because it distinguishes an individual item (point of sale) from a case that contains multiples of that item. The SCC-14 structure also has a trailing check digit using the UPC Modulus 10 method.

- B. The bar code height will be 0.88 inch. Bar code will be in Interleaved 2 of 5 symbology printed in “ladder” orientation. The bar code will have top and bottom “bearer bars.” Bar code is to be placed 1.25” from bottom of case and 1” from leading edge.

5. Printing

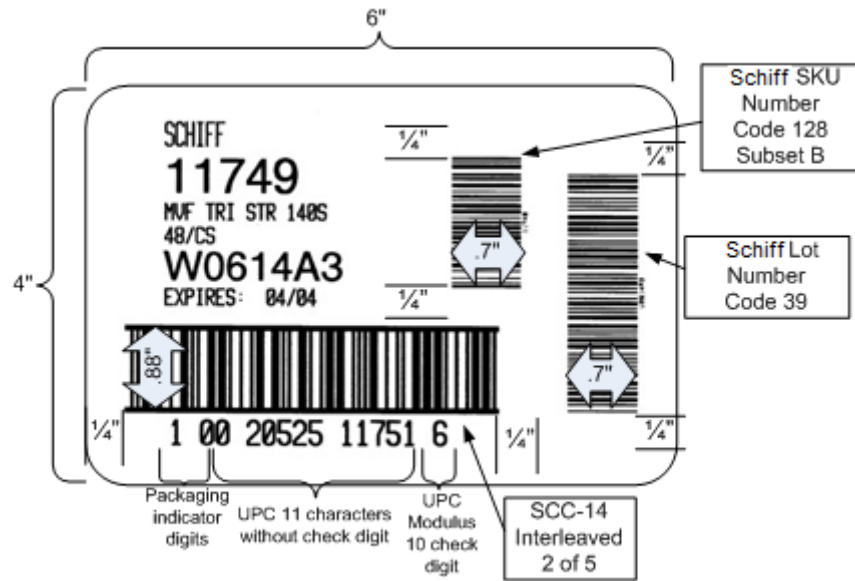
The best print quality for the Bar Code is achieved by printing bars parallel to the travel of the paper. This is called “Picket Fence” orientation. The product number and lot number bar codes will be printed in this orientation. The SCC-14 bar code will be printed in the “ladder” orientation. A thermal printer should be used in order to achieve this best bar code print quality.

6. Scanning

The best orientation for scanning the Bar Code is the “Ladder” orientation. The labels are designed so the human-readable information is horizontal when the label is placed on the case and the Bar Code is in the vertical direction.

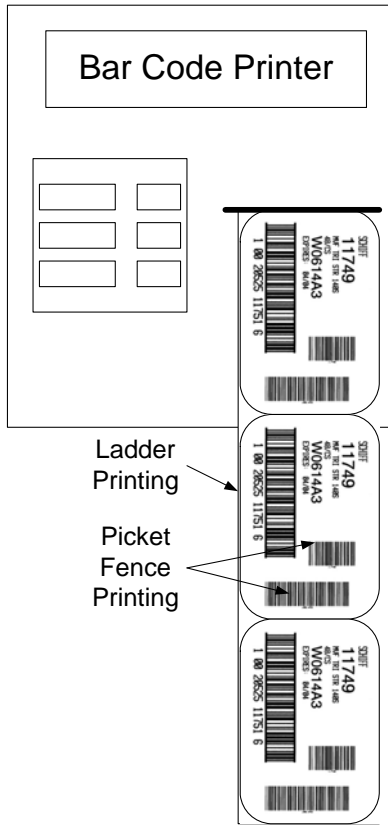
Case Label Printing and Attachment Specifications:

- A. The labels must be placed at least one (1) inch from the leading and trailing edge of the case.
- B. There must be ¼” inch “Quiet Zone” from the edge of the label to the leading and trailing edge of the bar code.
- C. The bar code must have a minimum height of 0.7 inches.
- D. The label will be placed so the information is human-readable and oriented correctly for reading as the case rests on its bottom side. This will ensure the product and lot bar codes that were printed in the “picket fence” orientation will be read in the “ladder” orientation. The exception will be for trays and other displays where the label is placed on the top of the unit.

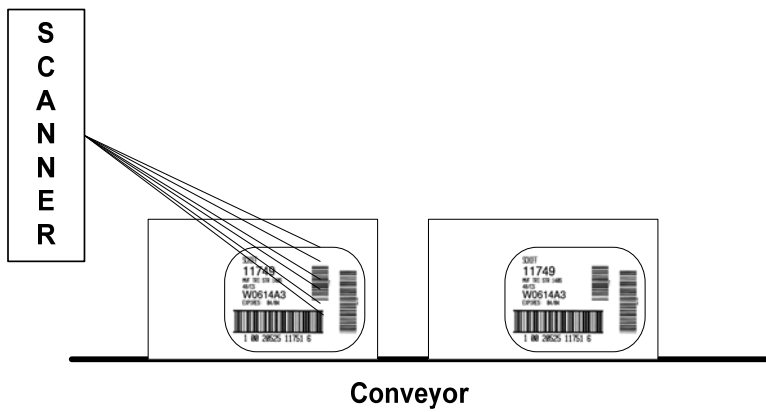


Product Case Label 4” x 6”

BAR CODE PRINTING AND SCANNING OPTIMIZATION



BAR CODE PRINTING is optimized by printing the bars parallel to the travel of the paper. This is called “Picket Fence” orientation. The printer should be a thermal transfer printer to give the best bar code print quality.



SCHIFF'S CONVEYOR SYSTEM SCANNER is optimized to scan with the bar code placed in a vertical direction. This is called the “Ladder” Orientation.

INBOUND SHIPMENTS

To ensure proper receipt of Finished Goods, please comply with the following:

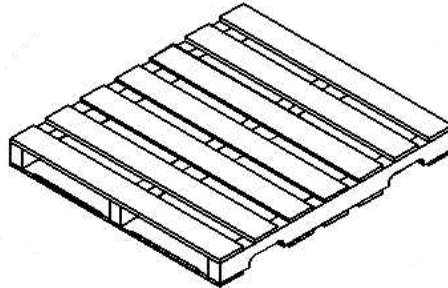
1. All shipments greater than 3 pallets require a **TWENTY-FOUR (24) HOUR ADVANCE DOCK APPOINTMENT** made by the Carrier. Shipments of up to 3 pallets in size may use the “speed door” and no appointment is required.
2. Dock appointments should be coordinated with Schiff’s Receiving Department during normal business hours at (801) 975-5332.
3. Materials must be on a #1 or #2, 40 x 48 GMA, 4-way pallet. Please see the pallet specifications on page 14.
4. All pallets must have a corrugate slip-sheet between the load and the pallet.
5. All pallets must be shrink-wrapped completely to ensure stability during transit. The load must be secure and stable. Any shipment found to be tipped or on the trailer floor may be rejected or fines will be assessed to cover the re-work costs.
6. Lot numbers must be clearly marked on each case of Finished Goods.
7. Packing slip must be attached to each shipment and must include the following:
 - A. Schiff Purchase Order Number
 - B. Item number(s) with description(s), lot number(s), and quantity by lot number.
8. Only one lot number per pallet – **DO NOT MIX LOTS ON PALLETS.**
9. Maximum weight on a single pallet must not exceed 3,000 pounds.
10. The load cannot exceed the pallet width by more than one inch.
11. Maximum pallet height (including pallet) is 54 inches for all Finished Goods.
12. All packaging for Finished Goods must be sufficient to protect contents from damage, loss or contamination.
13. For all inbound collect freight deliveries, please use the Carrier listed on the purchase order or call Schiff Logistics at (801) 975-5332 for additional assistance.

14. All full truckload (FTL) trailers must be inspected for cleanliness before loading the Materials. Trailers for FTL quantities must be sealed and locked when they arrive at Schiff; supplier's warehouse personnel must record the seal tag ID number on the bill of lading at the time of shipment, and the ID number on the bill of lading must match the seal tag ID number upon arrival at Schiff or the shipment may be refused or a fine assessed (see page 15).
15. Finished Goods consigned to Schiff must not be shipped in trailers or shipping containers holding hazardous or waste material. Shipments not meeting this requirement will be refused.

NOTE: Any shipment that does not meet the above requirements may be subject to rejection or assessed a fine to compensate for lost time and handling charges (see page 15).

PALLET SPECIFICATIONS

1. **Type**
Grocery Manufacturers Association (GMA) #1 or #2



2. **Measurements**
48" x 40" 4-way entry
3. **Top Deck Boards**
7 boards, 5/8" to 3/4" thick, evenly spaced with 4" maximum spacing between boards. Both end boards shall be at least 5-1/2" wide, and all other boards shall be at least 3-1/2" wide.
4. **Bottom Deck Boards**
Both end boards shall be at least 5-1/2" wide, and all other boards shall be at least 3-1/2" wide. A minimum of 3 center boards are required and each center board shall be at least 3-1/2" wide.
5. **Stringers**
No split, broken or disintegrating boards.
No double stringers or block-patched stringers.
Three (3) stringers: (1-3/8" to 1-3/4") x (3-3/4") x (48")
6. **Protruding Nails are unacceptable**
7. **Contamination**
No grease, chemicals, or any other substance that would spoil or damage the Materials or Material packaging.
8. **Non-Specified Pallets**
Materials shipped on non-specified pallets will be transferred onto an acceptable pallet by Schiff associates and will be subject to the associated fines (see page 15).

NON-COMPLIANCE SCHEDULE OF FINES

NOTE: \$150 Administrative Fee will be added to all fines assessed

Non-Compliance Issue	Fines**
Overweight pallets	\$500
Poor label quality (barcode size, not readable by scanner, label not legible, improper placement, incorrect weight count, improper product identification)	Subject to Rejection OR Materials plus Hours*
Mixed lots on pallets	Materials plus Hours*
Improperly secured loads (inadequate wrap); missing protective base (corrugate or other)	Materials plus Hours*
Exceeding pallet overhang limit	Materials plus Hours*
No packing list or inadequate information on packing list	\$250 + \$50/day until receipt
No 24-hour Carrier appointment (when required)	\$250
No Certificate of Analysis or inadequate information on the C of A	\$250 + \$50/day until receipt
Non-Specified Pallets	Materials plus Hours*
Shipments in excess of 10% over PO quantity	Subject to Rejection OR Materials plus Hours*
Unauthorized carrier on collect shipments	\$250 OR The difference between actual freight charges invoiced and the amount that PO-specified carrier would have charged, <i>whichever is greater</i>
Non-conforming pallet height	Materials plus Hours*
Missing tamper-evident seal	Subject to rejection AND/OR \$250
Seal tag ID number missing from Bill of Lading or Bill of Lading and trailer tag ID don't match	Subject to rejection AND/OR \$150

* Hourly rate is \$20.00 per hour, and is subject to change without notice

** Purchase orders of \$2,500 or less are subject to fines at a maximum of 10% of shipment value;
Purchase orders over \$2,500 will be fined according to the above schedule.