



**MATERIALS**

**SUPPLIER**

**SHIPPING & COMPLIANCE GUIDE**

Revision 6  
June 2010

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For additional information please visit our corporate website at  
[www.schiffnutrition.com](http://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. Materials 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](mailto: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 raw materials, packaging components, and bulk (collectively referred to as “Materials”) 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 Materials for any observable defects or contamination. Sampling plans include ANSI 1.4, MIL-STD 105E, etc.
  3. Sampling and testing of the Materials 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 Materials are found to not comply with specifications, those non-complying Materials 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 Materials 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 11). 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; relevant physical, chemical, and microbiological data as required by the Schiff's specifications.

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

# INBOUND SHIPMENTS

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

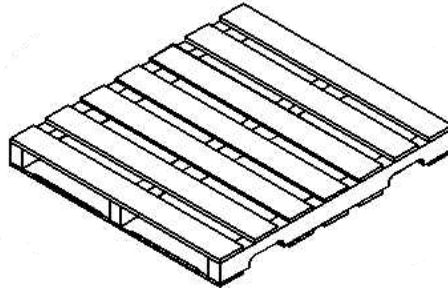
1. All shipments greater than 3 pallets require a **TWENTY-FOUR (24) HOUR ADVANCE DOCK APPOINTMENT** made by the Carrier. Shipments of up to 3 pallets in size may use the “speed door” and no appointment is required.
2. Dock appointments should be coordinated with Schiff’s Receiving Department during 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 10.
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 container (case, bag, drum, etc.) of the Materials.
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** (exceptions are product labels and shrink bands).
9. Maximum weight on a single pallet must not exceed 3,000 pounds.
10. Materials packaged in bags (excluding super sacks) cannot exceed the pallet width. All other Materials cannot exceed the pallet width by more than one inch.
11. Maximum pallet height (including pallet) is 54 inches for all Materials excluding empty bottles and caps.

12. Materials packaged in any type of bag (excluding super sacks) must have a protective cardboard base, which begins at the first layer of Material and extends up all four sides of the pallet sufficiently to protect the bags from tears or punctures during transit.
13. All Materials will be packaged with tamper evident seals when possible.
14. All packaging for Materials must be sufficient to protect contents from damage, loss or contamination.
15. 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.
16. 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 11).
17. Materials 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 11).

# 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 11).

# NON-COMPLIANCE SCHEDULE OF FINES

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

<b>Non-Compliance Issue</b>	<b>Fines**</b>
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.