

Sleep Number Shipping and Receiving Guidelines

April 22, 2022

Compliance

All Suppliers, including domestic, import and third party, must adhere to all requirements set forth in these guidelines. Any deviation by Supplier without the prior written approval of TBG may, at the sole discretion of TBG, result in penalties.

Product Shortages and Damages

The TBG Receiving Department will accept delivery of the Supplier's product by pallet/container count, but the product count and merchandise shortages or overages will be determined as product is put away. Any shortages or overages of merchandise will be noted and reconciled by TBG and Supplier in writing.

TRANSPORTATION

Collect Air, Expedited Shipments

TBG will not be responsible for payment of collect air or expedited shipments.

Bills of Lading (BOL) - Merchandise Descriptions

Merchandise descriptions on all BOL must conform to the national motor freight classification description and class number(s) and shipping container requirements.

Required Information

- All shipping containers, BOL or other receipts must indicate:
- The full Supplier name followed by street address, city, state, and zip code.
 - Correct freight terms to be applied: "Prepaid", or "Third Party Bill-To".
 - The shipper's name followed by street address, city, state, and zip code.
 - Number of pieces and pallets and weight (place on BOL only).
 - RO# (receiving order number)

Single Daily Shipment

Supplier shall combine all shipments for any TBG distribution center and/or PDQ warehouse on one BOL and one BOL per truck, provided the due date will not be affected, and make a single daily shipment to the distribution center.

Hazardous Material, Chemical, Liquid Shipments

General. When applicable Supplier shall include MSDS and placards. All chemical and liquid shipments shall be securely sealed to prevent leaks. Product that is leaking when received may be returned to Supplier, if faulty packaging causes the leaking. In addition, Supplier may be charged for labor required for cleaning the product. Where required, inner seals and/or childproof lids must be used.

Hazardous Material Shipments. All hazardous material shipments must conform to all federal, state, and local laws including, but not limited to, the US Department of Transportation-Hazardous Materials Regulations – CFR, Title 49, Sections 171-177, specifying the proper descriptions, labels, shipping papers, placarding, packaging, markings, and exceptions.

Aerosol Products. All aerosol products shall be identified by the Supplier on the exterior of the cartons including the aerosol product's hazard level and classification.

DISTRIBUTION CENTERS RECEIVING

The Supplier, or their designate, shall request, not less than 24 hours to TBG, a delivery appointment for the shipments to be delivered to an TBG distribution center (see below for telephone numbers and email). Requests placed outside of the normal business hours of 7:00 a.m. to 5:00 p.m. CST, will not be replied to until the next normal business hours.

Note: Regardless of which party schedules the delivery appointment, the Supplier is solely responsible for assuring the delivery is made. This includes being accountable for any fines for late delivery or low-order fill because of late or missed deliveries.

ADDRESS:

The Bernard Group
Attn: Sleep Number Fulfillment
3200 4th Avenue East
Shakopee, MN 55379

8:00 a.m. – 4:00 p.m.

Dock location: Please use Docks 1-5 for Sleep Number deliveries.

APPOINTMENT

All deliveries to TBG require an appointment.

TBG distribution center requires a delivery appointment to be set as outlined below.

Appointment Information.

When requesting an appointment for delivery, the Supplier will be responsible for providing the following information.

- a. Carrier
- b. Pallet count and piece count
- c. Number of trailers, if applicable
- d. Requested day/time of delivery
- e. An explanation if requested appointment date is different from "Ship to Arrive" date
- f. RO# (receiving order number)

TBG will reply with a confirmation within 3 hours of receiving your email request when received during the normal hours of operation, 7:00 a.m. to 5:00 p.m. Requests received outside of the normal hours of operation will be replied to during normal business hours the next business day.

Appointment Changes

Once an appointment has been confirmed, the Supplier shall notify the receiving office via email immediately if there are any changes regarding the information in Section A.1

above. Failure by the Supplier to notify the receiving office may result in the assessment of penalties as set forth herein.

Appointment Rescheduling

If an appointment cannot be kept for any reason, the Supplier shall notify the receiving office via email during hours of normal operation and in no case less than 12 hours prior to the scheduled time. Failure by the Supplier to notify the receiving office may result in penalties as set forth herein.

Missed Appointments

All missed appointments may result in financial penalties. An appointment is defined as missed if the actual delivery time is not within one hour of the scheduled appointment time.

Receiving Office Contacts

Below are the email addresses and telephone numbers for all TBG shipping. Their preferred method of communication is highlighted in yellow.

Shipping Contacts:

tbg4shipping@thebernardgroup.com – USE GROUP EMAIL

Jim McKenzie Transportation Manager-cell - 952-217-6331

Brad Shaw Shipping Manager- cell - 612-483-7889

Greg Corbett Shipping Manager- cell- 952-820-5879

Receiving Contacts:

tbg4receiving@thebernardgroup.com - USE GROUP EMAIL

Mike Lee Receiving Manager- cell - 952-292-7307

Jim Peterson - cell - 952-715-1324

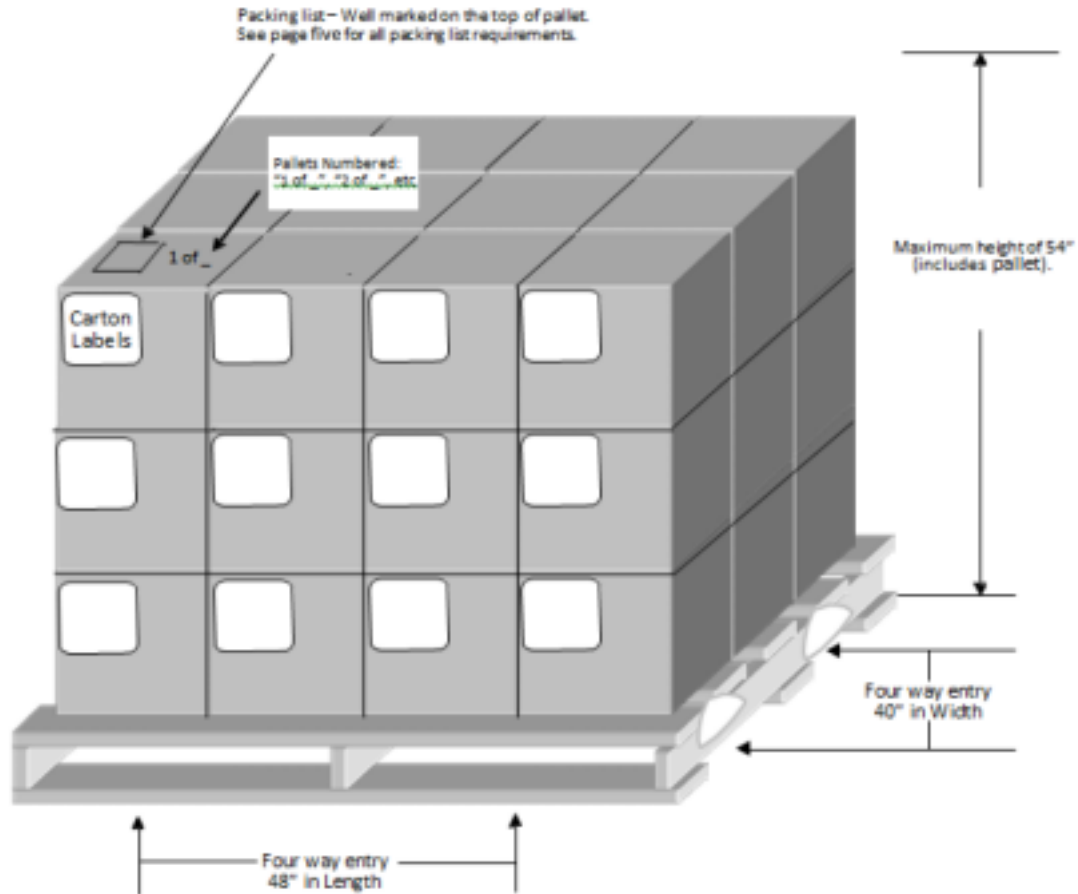
Pallet Requirement

Pallet Inspection

Pallets will be inspected at our receiving docks. Product delivered on pallets that are determined to be unacceptable will be restacked or reworked. TBG may elect to charge the Supplier for reimbursement for labor required to correct shipping problems.

Pallet Specifications

- a. Pallets will be rejected if the following specifications are not met: b. Measurement – 48" deep x 42" or 40" wide 4-way entry, hardwood construction.
- c. Top Deck Boards – 7 boards, 5/8" to 3/4" evenly spaced with 4" maximum spacing; both end boards 5 1/2", other boards 3 1/2". (See Fig. A)
- d. Bottom Deck Boards – Both end boards and a minimum of 3 center boards are to be the same board dimensions as top deck boards. No loose boards.
- e. Stringers – No split or broken; no double stringers or block patched stringers; stringers 1 3/8" to 1 3/4" x 3 1/2" to 3 3/4" x 48"; no protruding nails. f. Contamination – No chemicals, grease, or other agents that could soil or damage the product.
- g. Bulk Fluids – must be shipped on "A" grade pallets.



CHEP Pallet – TBG does not participate in the CHEP Pallet program or any other pallet programs and is not responsible for returning the CHEP Pallets or any other pallets.

Pallet Height

The following pallet height requirements will be observed:

- Single Part Number Pallet – For a product that has a single part number per pallet the maximum pallet height is 54 inches from floor to top of top layer.
- Mixed Part Number Pallet – For product that has mixed part numbers per pallet the maximum pallet height is 54" from floor to top of top layer. Items shipped in quantities that would facilitate a single SKU 45" pallet must be shipped on a single pallet and not mixed.
- Bulk Chemicals – For bulk chemicals the maximum pallet height is 72 inches from floor to top of top layer.
- Unusual Shaped Items – For unusual shaped items, including, but not limited to headboards and other large items; pallet height requirements are waived. However pallets must be packed to facilitate ease of handling and to maximize trailer utilization.
- Promotional Items – For promotional items, one-time buys, prepacks or other products that will not be stocked in TBG distribution centers, pallets will be packed to achieve ease of handling and maximum trailer cube. Prepack should have TBG approved labeling reference, example below.

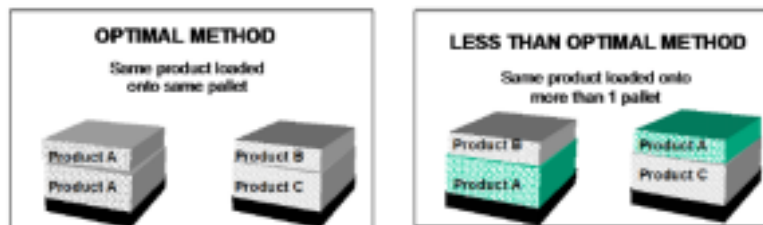
Pallet Preparation

All pallets shall be packed and arrive as set forth below:

- a. Product shall be positioned on the pallet in such a manner that there is no overhang to the edges of the pallet.
- b. If a 'mixed' pallet is shipped, the S number with the smaller quantities must be stacked on top of the larger quantities. Like product should be grouped together. The only exception to this is if the smaller quantity of product is heavier than the larger quantity which could result in damages.
- c. Part numbers are not to be mixed on pallets where the quantity ordered of a single part number is sufficient to make a full pallet load.
- d. If a full pallet cannot be made of a single part number, then it must be grouped together by layer and not mixed throughout the pallet or segregated across multiple pallets.
- e. Products must be secured to pallets by plastic banding and/or stretch wrap film. Loads using stretch-wrap film must use sufficient material to retain the load, preferably machine-wrapped and cover the pallet to prevent load shifting.
- f. Mixed pallets cannot exceed 54" in height.

Mixed Cartons

- a. Product must have individual part numbers grouped and segregated within the case or carton.
 - Like product must be grouped using dividers, plastic bags, or rubber bands. No tape, staples, or any other product that may damage the product.
 - ii. Each carton should be marked as 'MIXED' with detailed part number and quantity inside.
 - iii. For larger mixed product in cartons, products need to be layered inside the case with like numbers together.
- b. The outside of the carton should have a carton manifest with SKU and quantity details of what is in the carton.



Product Pallet Labeling

Pallets will be labeled as follows:

- a. Each pallet will have a pallet manifest, which at a minimum will contain:
 - i. Ship From information
 - ii. Ship To information
 - iii. SKU number(s)
 - iv. Quantity per SKU/part number
 - v. Total pallet quantity
 - vi. Pallet # of #
- b. If a pallet contains mixed part numbers or SKUs the pallet will be labeled with a 'MIXED' sign. This sign must be clearly distinguishable from other

documents on the pallet. A colored sign is recommended. Master cartons cannot exceed 50 lbs.

c. If a pallet contains one part number or SKU the pallet will be labeled with a 'FULL' sign. This sign must be clearly distinguishable from other documents on the pallet. A colored sign is recommended. d. Prepacks are excluded from the pallet manifest requirements.

Pallet Exchange

TBG will not pay for pallets and will not exchange pallets.

Unload Time Requirements

TBG requires a minimum of two hours to unload floor-stacked containers. It shall be the Supplier's responsibility to arrange unload time with the Carrier, unless the Supplier is using TBG's Transportation Management System in which case TBG makes delivery arrangements.

Container Condition

Floor-loaded containers must be stacked and secured to prevent the contents from shifting or falling.

Detention or Late Fees

If detention or late fees are charged due to a poorly stacked container or due to the Supplier's failure to arrange two hours for delivery, the Supplier will be responsible for the payment of all late fees.

Packing Slip

Every shipment into TBG must have a packing slip.

Packing Slip Information

The packing slip must cover only what is shipped on that delivery. Packing Slip Requirements.

- i. The packing slip must not arrive on carbon paper. TBG requires a legible document.
- ii. The packing slip shall either be attached to the BOL or shrink-wrapped to the last pallet loaded on the truck.

iii. The packing slip needs to have an RO# (receiving order number)

Mis-shipments

Product Mis-shipments are defined as:

- i. Quantities are shipped in excess of the amount
- ii. Merchandise is currently not TBG in the receiving DC

TBG's Discretion

- i. It is TBG's discretion if mis-shipments will be kept or returned to the Supplier.
- i. If merchandise will be returned by TBG to the Supplier and the Supplier requires a RGA (Return Goods Authorization), TBG will request this in writing. The Supplier will provide the RGA to TBG within 24 hours of TBG's request. The Supplier will be responsible for any freight charges incurred; otherwise TBG will ship the product back to the Supplier collect.
- ii. Merchandise to be rerouted: Merchandise shipped to the incorrect Supplier will be

responsible for any additional freight charges incurred.

DEVIATION FROM REQUIREMENTS

Any deviation from the requirements and conditions listed in this must have prior approval from tbg4receiving@thebernardgroup.com.