



VENDOR POLICY

The following supplier and carrier policies & guidelines have been established to create consistency within all of Navajo Incorporated and subsidiary facilities, increase efficiency, and to minimize the overall cost of business operations, both for us and for each company providing or delivering products or services to Navajo and its subsidiaries.

It is essential that all suppliers and carriers thoroughly read this entire guide to understand all the policies and guidelines that apply to their company. Navajo and its subsidiaries expect every supplier or carrier, and their personnel, who interact with Navajo and its subsidiaries, to fully understand and adhere to these written policies and guidelines. Not all sections of this guide will apply to every supplier and carrier, however, all policies and guidelines apply to the supplier or carrier unless expressly excluded otherwise.

Navajo, Cashco, and any of its subsidiaries expect all suppliers and/or carriers to comply with the guidelines and policies detailed in this document except, where prohibited by law. These policies and guidelines comprise the general terms, agreements, and conditions of doing business with Navajo and any of its subsidiaries. Any supplier or carrier who fails to comply with these policies and guidelines may be subject to a reduction and/or termination of any business arrangement with Navajo or its subsidiaries.

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1.0 DEFINITIONS

Active Ingredient – any component intended to furnish pharmacological activity or direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease.

Cosmetic – articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof for cleansing, beautifying, promoting attractiveness, or altering the appearance; articles intended for use as a component of any such articles, except that such term shall not include soap.

Establish - define, document, and implement (do).

Labeling – all labels and other written, printed, or graphic matter (1) upon any article or any of its container or wrappers, or (2) accompanying such article.

Lot Number/Batch Number/Control Number – any distinctive combination of letters, numbers, or symbols, or any combination of them, from which the complete history of the manufacture, processing, packing, holding, and distribution of a batch or lot of drug product or other material can be determined.

Non-conformance - a deficiency in quality characteristic, documentation, or process implementation.

Procedure - a document that specifies or describes how an activity is to be performed.

Process – any activity or set of activities that uses resources to transform inputs to outputs.

Quality - the totality of features and characteristics of a product or service that bear on its ability to satisfy a given need. In order to be able to assure, control, or improve quality, it is necessary to be able to evaluate it. This definition initiates the identification of those characteristics and features bearing upon service. The “ability to satisfy a given need” includes economics as well as availability, maintainability, reliability, design, and all other characteristics that the need for a product or service involves.

Safety Alert – any communication issued by a manufacturer, distributor or other responsible party or a regulatory agency to inform health professionals or other appropriate persons or firms of a risk of substantial harm from a medical product in commercial use.

Vendor - a company or service that manufactures, fabricates, distributes, or services components, raw materials, service, or consulting for use in the production of product.

Verification – conforming and documenting, with objective evidence, that stated requirements have been met. Verification includes the process of examining the results of an activity to determine conformity with the stated specifications for that activity and ensuring that the product and/or process is adequate for its intended use.

2.0 PRODUCT MANAGEMENT

2.1 ITEM SETUP

We often must set up items for submission to customers in a short notice and we rely on Vendors to supply accurate Product information including, but not limited to weight, dimensions, case pack, and product images. A GHS compliant Safety Data Sheet must also be sent for all items that require one.

A sample case of Product is requested to be sent to Navajo of all new Products that Navajo agrees to purchase.

2.2 DECLARED NET CONTENT

The ability to flow through product changes is extremely compromised when a Product changes declared net content without changing GTIN. We have many systems that require unique weights and measure by GTIN. When a Vendor changes the weight or size of a Product or case and does not change the GTIN, the ability for Navajo and our customer's systems to function properly is in jeopardy. Examples of systems that require accurate unique GTIN level information include:

- POS/U-Scan
- Warehousing Systems
- SATH (Store item authorization)

2.3 ATTRIBUTES

It is imperative that Navajo is given timely accurate information regarding item attribute changes. If your company changes the attributes (GTIN, case pack, weight, dimensions, description, ingredients, product images, etc.) of any item, Navajo requests a 90-day notification.

Advanced notice is imperative for ingredient changes on Products that are repackaged/re-labeled by Navajo to allow for adequate time to update and print artwork to avoid gaps in distribution to customers. Costs of disposing of artwork that is not compatible with Product received by Navajo will be charged to the vendor. These charges will include the cost of the printed artwork, fees associated with disposal procedures, and labor associated with the disposal.

Changes in attributes should be sent via email to QA@navajoinc.com and buyers@navajoinc.com.

2.4 PRODUCT AVAILABILITY

It is imperative that Navajo is given accurate information regarding availability of all items. It is crucial that your company supply us with firm dates regarding shipments of our items.

Navajo needs to have Product at least 6 weeks before a customer reset date to allow for production and shipping.

If a Product become unavailable (ex. due to ingredients or packaging issues, production problems, recalls, forecasting errors, etc.), it is critical that the Vendor provides Navajo with accurate recovery information so that we can decide how best to manage Product and communication with Customers. A Vendor Out-of-Stock letter is requested for any unavailable Products.

Similarly, if a Vendor elects to discontinue a Product, Navajo must be given a written notice within 90 days of electing to discontinue the product.

2.5 PRICE INCREASES

Navajo requires 120 days' notice for all price increases. With the price increase notice we also need the reason for the increase. All prices increase must be communicated in a meeting with Deborah Levy-Abreu and/or Jimmy Phan. Retailers require this information to take the increase. If a retailer does not accept the price increase, Vendor has the option of offering a rebate back to Navajo to continue to have item in the Retailer or Navajo will stop shipping and item will be replaced upon next reset. Navajo may establish additional cost change notice procedures from time to time upon written notice to Vendor. Navajo will not be obligated to pay applicable cost increases for Products for which Vendor did not deliver such notice.

2.6 WERCS

To meet compliance with Customer guidelines with the WERCSmart program, Vendor must provide Navajo with the WERCS ID associated with all Product that must be registered. Information related to WERCS can be found at <https://www.ulwercsmart.com/>.

2.7 PRODUCT RECALLS

A product recall that is either (i) agreed between Vendor and Navajo, or (ii) required (either by law or in the commercially reasonable judgment of Vendor or Navajo) because Vendor or Navajo has reason to believe the Products are defective, dangerous, incomplete, infringe upon intellectual property rights, or are not in compliance with applicable laws or regulations, must be communicated to Navajo within 24 hours of determining to do a product recall or withdrawal. *Note: Notifications via the FDA MedWatch program or via Navajo's customer's will not be considered sufficient to meet this requirement.*

Vendor must supply Navajo with, to the best of Vendor's ability:

- List of Lot Numbers affected,
- List of Purchase Orders affected product was shipped on,
- Reason for recall or withdrawal,
- Instructions on how to handle affected product,

- Formal letter to provide Customers about recall or withdrawal,
- Information related to crediting affected inventory at Navajo,
- Information related to crediting affected inventory at customer's distribution center or retail stores.

Vendor is responsible for all costs related to recalling affected products including transportation and destruction costs.

3.0 PURCHASE ORDERS

3.1 REQUESTED SHIP DATES

Vendor shall ship Product based on the requested date on Navajo Purchase Orders. Any delays of a Purchase Order shipment should be communicated with Navajo as quickly as possible.

3.2 INVOICES

All invoices submitted for payment by Vendor must be sent directly to Accounts Payable (NavajoAP@navajoinc.com) with a valid Navajo purchase order number referenced.

3.3 VENDOR RETURNS

Vendors must provide a Return Authorization (RA) for over shipments, wrongly delivered items, damages, etc. within 15 business days from the date they receive the OS&D report. After 15 business days, Navajo will donate/dispose of product at the cost of the Vendor.

If product arrives damaged at Navajo, the Vendor must issue an RA to have Product returned at the Vendors cost or accept labor charges for inspecting and sorting through damaged product. Navajo will provide documentation of all damage claims and non-conformance reports initiated.

Navajo has the right to request additional delivery precautions including corner guards to limit damages or a preferred freight carrier.

3.4 PRODUCT EXPIRATION DATING

Navajo's standard expiration dating for Product is 16 - 24 months. Any Product received with dating between 12 – 15 months will be paid at a discounted rate of 5%. Product received with less than 12 months of dating will require an RA to be issued unless previously agreed upon between Vendor and Navajo.

3.5 PRODUCT LOT NUMBERS AND CASE MARKINGS

Vendor shall ship product with accurately labeled case markings. All cases must be of a singular lot with the lot number and expiration date printed clearly on the outer case.

Navajo requests that one lot number of product be placed per pallet. If this is not a feasible request, labeling on the pallet must indicate that the pallet is a “MIXED LOT” pallet. Documentation for each pallet, including a breakdown of the lot and expiration date for each lot-tracked item, must be included with the Purchase Order delivery.

3.6 TITLE AND RISK

Unless otherwise indicated on the Navajo PO, title and risk of loss with respect to the Products will remain with Vendor until the Products have been delivered to and accepted by Navajo, or an agent or consignee duly designated by Navajo.

- A packing slip must accompany each shipment. If a shipment is to a consignee or agent of Navajo, a copy of the packing slip must be forwarded concurrently to Navajo.
- If no packing slip is sent, the count or weight reported by Navajo or its agent or consignee will be final and binding upon Vendor with respect to such shipment.

3.7 PALLET QUALITY

Navajo has an expectation that product is delivered on pallets of decent quality from the Vendor. A fine may be issued to the Vendor when POs are delivered on substandard pallets.

A quality pallet will have the following characteristics:

- 48x40 GMA Grade B 4-Way Pallet.
- Lead boards must be no more than ½” recessed from end of stringers.
- All top and bottom boards must be securely attached to stringers.
- No missing or broken boards across the width of the top or bottom.
- Nail heads or nail points are hammered down into the stringer.
- No partial footings. *Partial footings are when ¼ or more of the stringer’s width has been removed exposing securing nail shanks.*
- Spacing between top deck boards must not exceed 3 1/2”.
- Pallets should be free of contaminants.

4.0 SUPPLIER AND CARRIER GUIDELINES

4.1 CARRIER GUIDELINES

Transportation carriers that transport product to or from Navajo or its subsidiaries are key players in the effort to develop and maintain an efficient and effective supply chain. Navajo and its subsidiaries expect all carriers to comply with the guidelines and policies in this carrier management section and all other applicable sections therein.

In situations where a supplier utilizes a carrier to transport product to or from Navajo or its subsidiaries, the supplier shall be responsible for the proper handling and transportation of their products by the carrier. The supplier shall ensure that applicable bill of lading (BOL) is marked “prepaid” where applicable. The supplier shall provide carriers with a copy of this

Navajo supplier policies & guidelines specification manual and require the carrier to comply with such specifications through their contractual arrangements with the respective carrier(s).

All carriers must be qualified to transport products in:

- Intrastate commerce under the authority issued by the states or state involved.
- Interstate commerce under the authority issued by the U.S. Department of Transportation (DOT)
- Interstate commerce under the authority issued by the former Interstate Commerce Commission (ICC)

4.2 TRANSPORTATION BROKERS

Navajo or its subsidiaries may utilize brokers to obtain carriers to transport product to or from Navajo or its subsidiaries. Any transportation broker who is approved by Navajo or its subsidiaries shall ensure that any carrier hired to ship product on behalf of Navajo to be provided with a copy of these policies and guidelines. Any contract between the broker and the carrier must provide that the carrier to seek payment for the shipment only from the broker and that the carrier is not entitled to seek payment from the consignor or consignee. These payment terms supersede and take precedence over any terms or conditions listed on the bill of lading (BOL) used by a carrier for a shipment.

4.3 INBOUND APPOINTMENT REQUESTS

Navajo and its subsidiaries utilize appointment software for all inbound deliveries. Appointment requests are evaluated and either accepted, declined, or deferred to a later date, based on the information submitted and by utilizing inbound load maximization software and methodologies.

Submit delivery appointment requests through Appointments Plus. Below are the instructions for scheduling:

- To get started, please click on this link <https://booknow.appointment-plus.com/y3gqxvns/>
- Select your shipment's Load Type from the "Load Type" drop down menu.
- Click the date of your shipment appointment on the calendar.
- The appointment time will populate on the right with available times. Select your appointment time.
- Select the "New User" option and fill out your information. OR you may select "Returning User" if you have already registered.
- Be sure to enter our PO#, # of Pallets and # of Cases (if available), before submitting your request.

Please Note: After you have requested your first Inbound shipment through our online scheduler, you will only need to login and provide the PO#, # of Pallets and # of Cases going forward. You will receive an email confirming your requested date/time.

- If you cannot select a date or if times do not populate, then they are not available. If you have any questions or concerns, please contact:
 - Denver HQ - 5330 Fox St.
 - Call 303-292-3090 ext. 8128 or email whs1rec@navajoinc.com
 - Denver South Warehouse - 601 W 50th Ave.)
 - Call 303-292-3090 ext. 8617 or email whs2rec@navajoinc.com
 - Portland - 6430 NE Columbia Blvd)
 - Call 503-893-1213 or email pdxrec@navajoinc.com
 - Morristown - 220 Rockwell Drive
 - Call 503-893-1206 or email tn_receiving@navajoinc.com

4.4 CARRIER RESTRICTIONS

Navajo has the right to restrict carriers utilized by Vendors to deliver products. These restrictions may be due to regulatory reasons or due to carriers being in unfavorable standing with Navajo.

The following carriers are currently on the restricted list and should not be used to deliver Products to the specified Navajo facilities.

- All Navajo Facilities
 - XPO Logistics
- Portland and Morristown Facilities
 - Saia

5.0 SUPPLIER AND CARRIER ON-SITE GUIDELINES

5.1 SAFETY GUIDELINES

When on-site at any Navajo facility, all carriers must adhere to the following safety guidelines:

- Supplier or carrier representatives are required to follow the instructions of any on-duty employee.
- Supplier or carrier representatives should immediately report any unsafe hazards, conditions or concerns to the on-site receiving supervisor or manager.

- Supplier or carrier should not load and/or unload product within Navajo or its subsidiaries facilities. This task is the responsibility of the receiving team, unless otherwise authorized.
- Supplier or carrier representatives are not permitted to use Navajo's or its subsidiaries equipment or technology unless permitted. This includes, but is not limited to, pallet jacks, motorized pallet jacks, forklifts, scissor lifts, computers, handheld scanning devices, carts, box cutters, balers, or trash compactors.
- Supplier or carrier representatives are asked to remain in designated areas during the loading and unloading process, unless otherwise authorized. This is to ensure the safety of all parties and furthermore is designed to facilitate the free and unobstructed movement of personal, equipment and personnel in the completion of their tasks.
- Supplier or carrier representatives must follow all posted safety policies and instructions.

To maintain a safe and secure environment, Navajo will not tolerate any threat of injury, act of violence, or assault towards any individuals. This includes but is not limited to:

- Making statements which threaten or are intended to anger or incite an individual.
- Obstructing, restraining, or blocking the movement of another individual to intimidate, threaten, anger, or injure the other.

Any aggression or act of violence, as indicated above, whether initiated by the carrier representative or not, may result in the supplier or carrier representative being asked to leave the premises permanently, result in their being reported to their superiors and may be reported to law enforcement.

Supplier or carrier representatives are prohibited from bringing the following items into any Navajo parking lot or building:

- Switchblades or knives with blades longer than four inches, if not required for a job function.
- Any objects, substances, or explosives carried for the purpose of threatening or harming others.

5.2 USE OF ELECTRONIC DEVICES ON-SITE

Supplier or carrier representatives may use electronic devices within the premises of Navajo facilities with the understanding that these devices are not to be used to collect unauthorized photographs, data, or information unrelated to function of delivery or pick up from the respective facility.