



Supply Chain Distribution and Transportation Guide

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Table of Contents

Chapter 1: Distribution and Transportation	4
Purpose of this Section.....	4
Applicability of Guidelines	4
Environmental Goals	4
For More Information or Questions	4
Chapter 2: Packaging.....	5
Introduction.....	5
General Packaging Requirements	5
Materials/Equipment.....	5
Product Label Positioning	5
Product Label	5
Smaller Folding Cartons	6
Corrugated Packaging.....	6
Wood.....	6
Requirements for Wooden Packaging Material	6
Solid Wood	7
Engineered Woods	7
Unitization	7
Pallets - Wood Quality Tolerance Levels.....	7
Slip Sheets.....	10
Stretch-wrapping	10
Shipping Containers/Handling Units (HUs)	10
Master Packaging.....	11
Material Master.....	11
Weight Measurements.....	11
Material Measurements and Dimensions	11
Quantity Unit Packs (QUPs)/Units of Measure (UOMs).....	11
Material Inspections	12
Other Supplier Responsibilities and Assumptions of Cost	12
Shipments of Dangerous Drugs and Devices to Kaiser Permanente Licensed Pharmacies in California	12
Chapter 3: Shipping Documents.....	13
Preferred Shipping Documents.....	13
Proof of Delivery.....	13
Shipping Labels.....	13
Shipping Label – Single Item	13
Shipping Label – Single P.O. Multi-item.....	14

Shipping Label – Multi-P.O. Multi-item	15
HU Number (if applicable).....	16
Single Line/Miscellaneous/Arrows/Fragile/Other	16
Miscellaneous.....	16
Arrows	16
Chapter 4: Delivery	17
General.....	17
Prior to Delivery.....	17
Advance Shipping Notice (ASN).....	17
Electronic Data Interchange (EDI)	17
Receipt Via Advance Shipping Notice (ASN)	17
Direct to Site/JIT.....	17
Delivery Conditions	17
On-Time Delivery	18
Delivery Issues to Kaiser Permanente Docks.....	18
Other Delivery Requirements.....	19
Chapter 5: Transportation	21
Material Routing	21
Transportation Damages	22
Overview of Freight Terms.....	23
Chapter 6: Outsourced/Third Party Logistics (3PL).....	24
Standard Operating Procedures (SOPs).....	24
Penalties	24
Special /Non-Standard Circumstances.....	24
Special Notices.....	24
Chapter 7: Environmental Stewardship.....	25
Chapter 8: Supplier Scorecard	26
Supplier Delivery Performance System.....	26
Quality System Requirements	26
Material Substitutions	26
Chapter 9: Supplier Cybersecurity Protocols.....	27
Supplier Cyberattack Business Disruption Protocol	27
Acronyms and Glossary of Terms	28

Chapter 1: Distribution and Transportation

Welcome, supplier! We're pleased that you are interested in doing business with us and look forward to developing a relationship with you. At Kaiser Permanente, we value our supplier relationships, and rely on suppliers like you to deliver the goods and services we need, which enable us to deliver the best quality care at the best value to our patients and members.

Purpose of this Section

The purpose of this section on distribution and transportation is designed to help you understand what Kaiser Permanente expects of you. Please review this section carefully and ensure that everyone in your organization who is responsible for providing goods or services to us is familiar with these requirements. Reviewing this section will also help you be more efficient and work more cost-effectively to meet our needs, and it will also help you deliver the best customer service.

Also, this section helps ensure that the materials you provide to Kaiser Permanente are properly packaged and distributed so they can easily be warehoused, handled internally, and transported seamlessly. This will help guarantee that these materials will not lose their quality or value as they make their way through the supply chain to the customer.

In addition to simply meeting requirements, we want to work with you to help ensure a continuous and systematic improvement of your product's efficiency over the life of that product. We encourage you to suggest product or process improvements based on your knowledge and expertise, and to apply your expertise to applicable Kaiser Permanente business requirements. To do this, suppliers should conduct a cost/benefit analysis, as well as take into consideration standardization, safety and ergonomics, sustainable or environmentally friendliness of a packaging application, as well as new technology or innovative solutions available in the marketplace.

Applicability of Guidelines

These guidelines equally apply to all Kaiser Permanente suppliers, third party logistical (3PL) suppliers, and suppliers of material to any internal Kaiser Permanente repackaging or pick, pack, and ship operation. These guidelines do not pertain to Pharmacy, IT, Optical, or Marketing.

Environmental Goals

Kaiser Permanente is committed reducing our environmental footprint and counts on suppliers like you to use innovative methods to help us meet and exceed our environmental goals. For more information, read the Environmental Stewardship section of this guide and the [Sustainable Procurement section](#) of this site.

For More Information or Questions

If you have questions or suggestions on how to improve this guide, please contact Leslie Okabe, Supply Chain Operations, at Leslie.X.Okabe@kp.org or (626) 405-4654

We look forward to working with you!

Chapter 2: Packaging

Introduction

This section defines the requirements for packaging materials, material specifications, packaging validation, and general requirements for package development. Additionally, the general expectations regarding the performance of the combined packaging and materials are outlined here.

General Packaging Requirements

All materials must be packaged in a way that will protect the packaged material from the rigors of shipping and handling between the point of supply to the end customer.

Materials/Equipment

Materials must be packaged in a way that fully protects the materials/equipment from the shock, vibration, and other rigors of shipping and handling.

Product Label Positioning

Packaging/box labels should be affixed in such a way that packages kept in containers in the warehouse can always be easily identified from the outside.

Product Label

Product label requirements have been defined for medical surgical supplies, devices and implants. Suppliers must utilize the GS1 label format on the outside of all packages as well as internal packaging including the lowest packaged unit of use for patient care. UPC codes alone are not an acceptable substitute for GS1 UDIs for medical devices and products.

Kaiser Permanente supports and is enforcing the implementation of the GS1 Unique Device Identification “UDI” standards in the health care industry. Having products labeled with a GS1 formatted barcode at the lowest unit of use allows KP clinicians to easily scan and capture the products used for patient care. This barcode scan enables our supply chain demand planning capabilities ensuring we always have the right product, at the right cost at the time when our clinicians need it for patient care. This barcode scan also alerts on expiration date and tracks lot or serial numbers in the event a recall occurs.

Unique Device Identification Package Labels



GS1



(01) 1 0304040 12345 1 (17) 101231 (10) ABCD12345 (21) 54321DCBA



(01) 1 0304040 12345 1
 (17) 101231
 (10) ABCD12345
 (21) 54321DCBA

*2D Format Preferred

Include near the GS1 barcode in human readable format:

- Global Trade Identification Number
- (10) Lot# (if applicable)
- (17) Expiration Date
- (21) Serial Number

Place on the package in human readable format:

- Catalog number
- Name and description of product
- Quantity/count

Smaller Folding Cartons

For smaller folding cartons, the label position is indicated on the lid flaps by a pre-printed box. On very small boxes, the label should be placed on the free space, preferably on the lid. Otherwise, the label should be placed on the front long side.

Corrugated Packaging

Generally speaking, label fields are not pre-printed on larger folding corrugated cartons. How the material will be stored influences where the label is placed. Labels should be applied to the top left-hand corner of either the flat, long side, or on the end of the carton.

Wood

Suppliers may use wooden pallets, crates, boxes, and other wood items to supply products to Kaiser Permanente. However, some blemishes or other imperfections in the wood are acceptable, while others are not.

Requirements for Wooden Packaging Material

The use of certified woods may be considered part of Kaiser Permanente's quality verification checks. Furthermore, the wood used should correspond with the applicable IPPC standard ISPM15. The material should be free of living pests, and may not show any signs of worm grooves or remains of

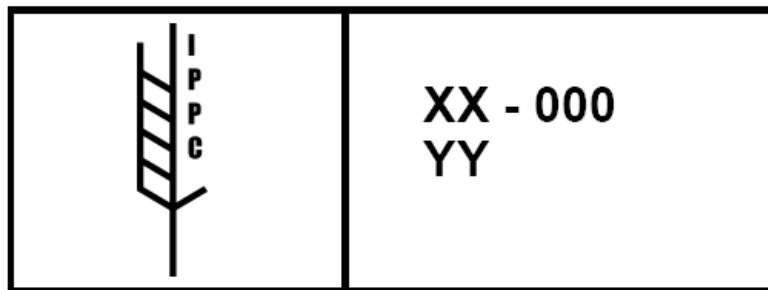
bark.

Packaging wood may not exceed relative wood moisture of 20 percent. With chipboard, plywood, and OSB, the relative wood moisture cannot exceed 19 percent. The supplier should document the performance of recognized treatment methods by marking each wooden packaging, as described below.

Requirements for Wood Packaging in Accordance with the IPPC Standard ISPM No. 15

The marking should:

- Correspond with the diagram illustrated below, including the outer frame and separating line
- Be permanently legible (branding stamps or printing is preferred)
- Be applied to at least two clearly visible points opposite each other on the packaging material
- Be printed in black or white if it is very dark wood



Note: The packaging material supplier assures that only wood that meets the applicable IPPC standard may be used. Suppliers are responsible for staying informed and up to date on the latest versions of the IPPC standard.

Solid Wood

When used in solid form, the wood has its unaltered grown structure. Solid wood is used in the form of sawn timber.

Engineered Woods

Engineered woods are manufactured by combining bits of solid wood matter together with different grain directions. The following requirements apply to the use of engineered wood:

- All board materials should be checked to determine whether weatherproof gluing is necessary.
- The glues used are not allowed to have any corrosion-causing properties that could have a negative effect on the part's quality, personal health, or the environment.
- The surface qualities need to be defined individually according to the function.

Unitization

For packaged product that you are supplying to Kaiser Permanente in unit loads, or multiple primary packages per load, the following components of unitization should be observed:

Pallets - Wood Quality Tolerance Levels

In most cases, unitized loads will require the use of a base platform or pallet. Unless otherwise specified, pallets should have a standard 48" x 40" footprint. Pallets should also have four-way forklift access, unless we have agreed to something else.

The photos below detail varying degrees of wood quality. These are examples of what is acceptable and what is not acceptable to Kaiser Permanente.



Knot Hole and Resin: **OK**



Knot Hole and Resin: **OK**



Knot Hole in Plywood: **OK**



Knot Hole in Plywood: **OK**



Knot Hole in Plywood: **OK**



Resin: **OK**



Blue Stain: **OK**



Blue Stain: **OK**



Blue Stain: **OK**



Blue Stain: **OK**



Bark: **Not OK**



Warped Runners: **Not OK**



Blue Stain: **OK**



Bark: **Not OK**



Warped Runners: **Not OK**



Dampness and Mold: **Not OK**



Knot and Mold: **Not OK**



Knot and Mold: **Not OK**



Knot and Mold: **Not OK**



Rotten Wood: **Not OK**



Bark and Mold: **Not OK**



Knot and Mold: **Not OK**



Bark: **Not OK**



Bark: **Not OK**



Bark: **Not OK**



Bark: **Not OK**



Bark: **Not OK**



Mold: **Not OK**



Mold: **Not OK**



Mold: **Not OK**



Mold: **Not OK**



Worm/Pest Hole: **Not OK**

Slip Sheets

For unitized loads consisting of many smaller cartons, or loads that may be unstable, slip sheets between layers may be required. This increases the stability of pallet loads or separate materials.

Stretch-wrapping

Depending on the nature of unitized loads of packaged product, Kaiser Permanente may require the use of stretch-wrap on the exterior of the pallet load, in order to ensure a higher level of stability for the pallet load. Stretch-wrap or banding should be used on all pallet loads taller than two layers. Kaiser Permanente will determine, on a case-by-case basis, whether additional stretch-wrap on palletized loads is needed.

Shipping Containers/Handling Units (HUs)

- Supplier will provide HUs (if applicable)
- The supplier should have a tracking system in place, and a barcode should be provided

Master Packaging

Depending on the nature of unitized loads of packaged product, Kaiser Permanente may require the use of a master pack, or shipper carton, to be used as part of the packaging requirements for a particular pallet load. Kaiser Permanente will determine, on a case-by-case basis, whether a master pack is required.

Material Master

Prior to the delivery of any new material, suppliers must provide documentation to Kaiser Permanente that describes the physical attributes of the materials and various levels of packaging.

If there are any changes to existing or current materials being supplied, Kaiser Permanente must be aware of this, and approve these changes in advance of delivery. Contact your designated Kaiser Permanente representative immediately and notify him/her of any change(s).

Weight Measurements

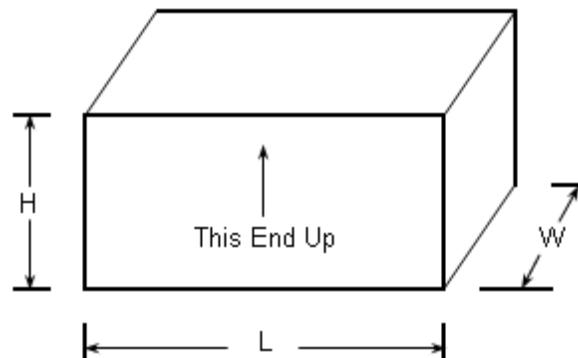
For each packaged material, the material weights for it must be provided by the supplier. Supplied weights are for individually packaged materials.

Material Measurements and Dimensions

Suppliers must provide Kaiser Permanente with the following levels of exterior dimensions:

- Loose or unpackaged (if applicable)
- Primary or single part dimensions
- Secondary packaging (over pack or pallet load, where applicable)
- Tertiary packaging (over pack or pallet load, where applicable)

All packaging should be documented as **Length x Width x Height**, and should reflect the exterior measurements as follows:



For small, unitized materials, dimensions should include “blank” or loose materials. For materials that must be stored in a certain direction (i.e., bottles of fluid, etc.), the order of dimensions should reflect any specific product orientation requirements.

Quantity Unit Packs (QUPs)/Units of Measure (UOMs)

Kaiser Permanente will require certain supplied packaged material to have specific Quantity Unit Packs (QUPs)/Units of Measure (UOMs). Specifically, material with a defined QUP/UOM must always be supplied in incremental packaged quantities that are established between us and the supplier. The three factors that determine a QUP/UOM are:

1. Parts Applications: Certain materials, as defined by Kaiser Permanente, must have

- QUPs/UOMs defined to suit the particular use of the material.
2. Picker Friendly: QUPs/UOMs, as specified by Kaiser Permanente, must be designed so that they support the picking process.
 3. Cost Effectiveness: QUPs/UOMs must be designed and defined cost-effectively. A cost-effective QUP/UOM may:
 - Save time during the order fulfillment (picking) process
 - Reduce errors and quality deficiencies during fulfillment request
 - Maintain a high level of protection and structural integrity of the unit pack

General: All levels of QUPs/UOMs must be evenly divisible by the next lowest unit pack quantity. For example, defined packaging QUPs/UOMs could be (1/10/100). Additionally, all defined unit pack quantities must be consistently maintained by the supplier. Updates must be approved by Kaiser Permanente and updated in the Material Master.

Material Inspections

If a material or stock inspection is required due to the supplier, and the inspection requires changes to packaging, the supplier is responsible for any labor and materials required as a direct result of the inspection.

This includes providing any replacement packaging, rework, or labeling that is required as a result of the stock inspection, as well as reimbursement for any unforeseen labor associated with the stock inspection.

Other Supplier Responsibilities and Assumptions of Cost

Kaiser Permanente must know as soon as possible about, and agree to, any deviations to any of the requirements outlined in this guide. This must happen prior to any packaging or packaged product with such a deviation being delivered.

Shipments of Dangerous Drugs and Devices to Kaiser Permanente Licensed Pharmacies in California

California law states that wholesalers using the services of third-party logistics providers or carriers, including but not limited to, the United States Postal Service or a common carrier, shall be liable for the security and integrity of any dangerous drugs or dangerous devices until such drugs or devices are delivered to the transferee at its board-licensed premises.

A third-party logistics provider that uses the services of a carrier shall have in place and comply with written policies and procedures that provide for both of the following:

- Verification that the third-party logistics provider, or the owner of the dangerous drugs or devices, has imposed obligations on the carrier that provide for the security and integrity of any dangerous drugs or devices during transportation until delivered to the transferee at its licensed premises.
- Confirmation prior to shipping a dangerous drug or device that the intended recipient is legally authorized to receive dangerous drugs and dangerous devices.

For the full text of this law, please refer to the following website:

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=4166&lawCode=BPC

Chapter 3: Shipping Documents

Kaiser Permanente requires that all material shipped be identified on a packing slip or bill of lading. The following information must be included:

- Shipment date
- Invoice/packing slip or bill of lading number
- Sold to information
- Ship to information
- One line item for each material number shipped
- Kaiser Permanente purchase order number for each product number must be noted on the same line as the product number and quantity
- Quantity ordered and shipped
- Number of containers of each material number shipped (with extended quantity noted)
- Total number of cartons and weight
- Applicable hazmat information
- Applicable expiration dates

Preferred Shipping Documents

- Bill of lading (paper and electronic copy)
- Packing slip (paper and electronic copy)
- Material Safety Data Sheet (MSDS) (if applicable)

Proof of Delivery

Kaiser Permanente prefers this information be supplied electronically; however, a paper copy is acceptable in instances where an electronic copy is not available. The following information must be included:

- Delivery date
- Delivery time
- Signature (scanned or handwritten)
- Printed name of receiver
- Delivery location
- Pieces of weight, and
- Kaiser Permanente purchase order number

Shipping Labels

We ask that you consider usability in your label design. For medical devices, at this time we are requiring GS1 Code 128 linear format or 2D barcodes. Due to the variability and potential size of the barcodes, we have decided to provide flexibility in the number of barcodes used to carry the required information. We are currently evaluating additional package data carriers such as RFID and in the future, we may revise this specification. (NOTE: We are already using 2D barcoding and that is actually a preference in the clinical space.)





Shipping Label – Single Item

Place the following data on the shipping package label:

1. In GS1 barcode as well as in human readable format
 - ASN reference number (preference is use of GS1 Serial Shipping Container Code [SSCC] but not a required attribute)
 - P.O. number
 - Ship to Global Location Number (GLN)
1. In GS1 barcode as well as in human readable format:

- Global Trade Item Number (GTIN)
 - Lot and/or serial number (if tracking is required)
 - Expiration (if tracking is required)
3. In human readable format place:
- Catalog number
 - Name and description of product
 - Quantity/count
 - Ship From name and address
 - Ship To name and address
 - Deliver To name and address

Example:




FROM Premier Supplier 1234 Niagara St. Buffalo, NY 44556	SHIP TO A Company 123 1st ST SW Buffalo, NY 44556 DELIVER TO J. Doe	
SSCC 393 123450000000013	PACK DATE 22/06/11	COUNT 20 Boxes
Description SOL IV NAACL.9 1000ML		
Mfg No 2B1324X	GTIN Number 09123484102687	
P.O. Number 61259485	 (400)6 1259485	
GLN 1100002738693	 (410)1 100002738693	
 (01)09123484102687(17)010816(10)012345		
 (00)39312345000000013		

Shipping Label – Single P.O. Multi-item

Place the following data on the shipping package label:

1. In GS1 barcode as well as in human readable format:
 - ASN reference number (GS1 SSCC is preferred)
 - P.O. number
 - Ship To Global Location Number (GLN)
2. In human readable format place:
 - “Mixed Pallet/Box”
 - Quantity/count
 - Ship From name and address
 - Ship To name and address

Example:



FROM Premier Supplier 1234 Niagara St. Buffalo, NY 44556		SHIP TO A Company 123 1st ST SW Buffalo, NY 44556	
		DELIVER TO A Company	
SSCC 39312345000000013	PACK DATE 22/06/11	COUNT 20 Boxes	
MIXED PALLET/BOX			
P.O. Number 61259485	 (400)6 1259485		
GLN 1100002738693	 (410)1 1000027 38693		
 (00)39312345000000013			

Shipping Label – Multi-P.O. Multi-item

Place the following data on the shipping package label:

1. In GS1 barcode as well as in human readable format:
 - ASN reference number (GS1 SSCC is preferred)
 - Ship To Global Location Number (GLN)
2. In human readable format place:
 - “Multi P.O.”
 - “Mixed Pallet/Box”
 - Quantity/count
 - Ship From name and address
 - Ship To name and address

Example:

FROM Premier Supplier 1234 Niagara St. Buffalo, NY 44556		SHIP TO A Company 123 1st ST SW Buffalo, NY 44556
		DELIVER TO A Company
SSCC 39312345000000013	PACK DATE 22/06/11	COUNT 20 Boxes
MULTI P.O.		
MIXED PALLET/BOX		
GLN 1100002738693	 (410)1100002738693	
 (00)39312345000000013		

HU Number (if applicable)

- All label templates will be provided
- Lot number

Single Line/Miscellaneous/Arrows/Fragile/Other

- All single line cases (HU with only one material number inside) must be labeled on all four sides with a factory label stating the material number and quantity inside the case
- Standard labeling section is top left side

Miscellaneous

- All cases with miscellaneous contents (more than one line) must be labeled as such on all four sides
- Standard labeling section is top left side

Arrows

- If required due to the material shipped, labels with arrows must be attached on the outside of the packaging of the material as well as the pallet of the container on all four sides and must be clearly visible
- The same applies to glass labels or other labels required due to the content of the container

- The labeling section for those labels is not defined, but it must be clearly visible

Chapter 4: Delivery

General

Beyond the material specifications or packaging designs, Kaiser Permanente requires certain service, performance, and other general requirements from suppliers. These performance requirements are designed to optimize the flow of supplied materials to our facilities with respect to local requirements, and to minimize the space required for raw material storage in any Kaiser Permanente facility.

Note: Any exceptions must be arranged and approved by the purchasing Kaiser Permanente facility.

Prior to Delivery

Prior to making your first delivery, Kaiser Permanente will assess the type of material being delivered, including all applicable bid processes. Next, a decision will be made on supplier selection and production delivery. Kaiser Permanente may also request a sample order, prior to first delivery. This sample must also be approved by Kaiser Permanente.

Advance Shipping Notice (ASN)

Kaiser Permanente purchases billions of dollars of medical and capital equipment, materials, supplies, and services from suppliers each year. Prompt and accurate receiving of purchased items and timely recording of purchasing transactions are critical to the procurement process and the accuracy of the financial statements.

Electronic Data Interchange (EDI)

Kaiser Permanente may use EDI, an agreed upon format and protocol for transmitting invoice-related data from an authorized supplier to Kaiser Permanente. In the EDI X 12 systems, it's known as the EDI 810 document.

Receipt Via Advance Shipping Notice (ASN)

Kaiser Permanente may require certain suppliers to provide ASN. ASNs inform Kaiser Permanente of pending deliveries, similar to a packing list and are usually sent in an electronic format via EDI. Receipt information is processed via EDI directly from the supplier to Kaiser Permanente.

In situations where an ASN is required, specific procedures must be implemented with each approved supplier to ensure the accuracy and completeness of product received and to hold the supplier accountable to the agreed upon contractual Service Level Agreement(s).

Direct to Site/JIT

In conjunction with the supplier's in-person inventory management, and to ensure an optimal balance between material delivery frequency and storage space required within Kaiser Permanente's facilities, all deliveries are to be Just-In-Time (JIT), unless otherwise specified. Many JIT deliveries will require a pre-scheduled appointment with a designated Kaiser Permanente representative, prior to delivery. If you have questions, check with your Kaiser Permanente sourcing contact. Kaiser Permanente must approve all delivery schedules.

Delivery Conditions

Damage to goods and transport vehicles, as well as injuries to persons who load, unload, or transport goods, can be avoided by properly securing the cargo for shipping. At Kaiser Permanente, securing the loads means ensuring all loads are:

- Properly palletized, unitized, and secured (i.e., stretch-wrapping miscellaneous

- cartons on a pallet, etc.)
- Either shrink wrapped, strapped or fully enclosed to prevent any of the load from tipping over causing injury
- Secured within the delivery vehicle
- Loaded and unloaded in such a way as to prevent damage to the contents of the palletized load
- Keep boxes, totes and other objects from hanging over the edge of the cart. Nothing should protrude over the sides of the cart.

On-Time Delivery

At Kaiser Permanente, we expect all deliveries to arrive on time, undamaged, and properly labeled or as agreed upon between Kaiser Permanente and the supplier.

Depending on the final destination, the maximum delivery time is calculated using the date the order was placed, as well as processing and shipping time.

If a delivery does not meet the previously agreed-upon specifications, the supplier must provide a replacement within 24 hours. Any exceptions must be approved by Kaiser Permanente.

If the delivery time or requirements are not met by the supplier or there is damage to the product being delivered, the supplier is liable for all subsequent damage. In the case of a delayed delivery, a fine will be assessed that amounts to a maximum of five percent of the order sum. If there continues to be problems with the delivery, the schedule, or the product being delivered, Kaiser Permanente reserves the right to cancel the contract with a 30-day notice.

Delivery Issues to Kaiser Permanente Docks

When a supplier’s driver is unable to complete a scheduled delivery due to an issue at a Kaiser Permanente receiving dock, Kaiser Permanente requires all suppliers adhere to the following instructions to ensure a consistent, documented escalation process. The following instructions should be included in the supplier’s SOP(s) that govern deliveries to Kaiser Permanente docks:

Step	Description
1	If the load is unable to be delivered due to the following: <ul style="list-style-type: none"> • Dock not being available • Dock space not clear enough • Obstructions in dock area that may cause unsafe delivery conditions for the driver • Conflicts with another delivery vendor creating a hostile, unsafe delivery environment The driver will: <ul style="list-style-type: none"> • Contact security for assistance with timely resolution to ensure other deliveries on the truck/route are not delayed. • Request assistance from receiving dock personnel when available to assist with addressing concerns and involving security when necessary. • Take photos of the constraints or obstructions (<i>ex: items blocking dock, vehicle license plates</i>) and provide to their Operations Manager or Supervisor. • After a 20-minute delay the driver will depart location and move on to next steps.
2	The driver’s Operations Manager or Supervisor will <ul style="list-style-type: none"> • Forward delivery issue notification and accompanying photo(s) to the dedicated Kaiser Permanente (KP) Account Representative.
3	The dedicated KP Account Representative will: <ul style="list-style-type: none"> • Document the incident via email, including photo(s) and explanation of the issue, and send to the following KP contacts:

	<ul style="list-style-type: none"> ○ Leslie Okabe, Senior Director, Supply Chain National Distribution Operations; Email: Leslie.X.Okabe@kp.org ○ KP Supply Chain Distribution and Logistics Senior Manager responsible for specific supplier
4	<p>The driver will:</p> <ul style="list-style-type: none"> ● Attempt re-delivery at end of their route. ● If re-delivery is not possible, the delivery will be rescheduled to another agreed-upon day or added to the next scheduled delivery day.
5	<p>(If applicable per vendor) The dedicated KP Account Representative will:</p> <ul style="list-style-type: none"> ● Record the first delivery attempt per the normal on-time performance guidelines (On-Time or Late) based upon arrival time of driver with a reason code of "Customer Dock Delay." ● Record the re-delivery as "on-time" on the on-time delivery performance reporting.

Other Delivery Requirements

- The delivery schedules must be agreed upon in advance by Kaiser Permanente and the supplier.
- Par levels are defined for individual materials, and must be delivered within 24 to 48 hours.
- Delivery exceptions must be reviewed and approved by Kaiser Permanente.
- All personnel delivering to a Kaiser Permanente facility and parking lot must wear a reflective vest when in the parking lot or facility.
- If deliveries require a pallet, a standard 48" x 40" four-way entry wood pallet, or another type of pallet as agreed upon by Kaiser Permanente, is required. Packaging must be protected from the elements during the handling and transport process.
- The borrowing of Kaiser Permanente's manual and power handling equipment to non-Kaiser Permanente personnel is prohibited. Drivers are responsible for bringing the appropriate equipment necessary to successfully transport deliveries.
- All loads being moved within a Kaiser Permanente facility and parking lot must be arranged so that the delivery person has clear visibility over the top, in front and on the sides of the load. Recommend that the load does not exceed the chest level of the delivery person. And, loads cannot exceed 6 feet in height and the length and width of any cart or pallet.
- Any other special requirements (and exceptions) pertaining to the height, quantity per pallet, etc. need to be defined by the purchasing Kaiser Permanente facility, who can decide whether an escort is needed for the delivery of the load.
- Pallets are constructed with liquids and heavy cases loaded on the bottom of the pallet with lighter cases towards the top of the pallet.
- **ABSOLUTELY no multi-cart delivery, such as pushing and pulling two separate carts or delivery equipment simultaneously with the same delivery person.**
- When pushing or pulling a loaded cart through our facilities:
 - Use extreme caution when traveling through hallways. Move at an appropriate pace to avoid collisions.
 - Be aware of overhead mirrors and use them to identify potential hazards around blind corners.
 - When approaching doors, if swinging doors have glass inserts, be certain the other side is clear before opening. If not, open the door slowly using the handle or push-plate.
 - Keep areas in front of Fire alarm pulls, Fire Extinguishers, Safety and Spill Kits and Doorways clear. Do not unload or leave boxes, totes, pallet jacks, or other objects in these areas.
- When removing shrink wrap or strapping, remove only enough of the wrap or strapping to access the top level of the load. Remove just enough wrap or strapping for each level, as you continue to work towards the bottom of the loaded cart, pallet, etc.
- Delivery is made according to a plan approved by Kaiser Permanente.
- A delivery note must be affixed to each pallet. On it, include the packaging number/material,

supplier name, production date, company name and address, and any other information requested by Kaiser Permanente. (Please reference the “Shipping Documents” section of this guide for a detailed list of required information)

Chapter 5: Transportation

Material Routing

The material routing guidelines describe Kaiser Permanente's (KP's) desired transportation routing instruction for all purchased materials. If there is a master agreement or an applicable contract, refer to the master agreement and or the contract. If you do not have a master agreement and or contract, refer to the transportation as outlined below. If you have any conflicts, contact your sourcing manager. These instructions must be followed when freight charges apply unless you have written authorization from your Kaiser Permanente sourcing contact or Kaiser Permanente's Transportation department or if your contract or purchase order specifies a different form of transportation.

1. Freight and handling will not be added to Kaiser Permanente invoices.
2. Shipping terms will be FOB Origin Collect. (see page 22)
3. If your shipment is over 150 lbs., you must contact Kaiser Permanente's Load Control Center via email at freight@kp.org or call **1-855-425-5266 opt 3**.
4. Small Package shipments to all Kaiser locations Freight program, please contact Kaiser Permanente Load Control Center (LCC) at **1-855-425-5266 opt 3** or email lcc@kp.org for either the UPS account number or FedEx account number.
5. These account numbers will be used for all small packages shipped via air and ground to Kaiser Permanente locations.
6. Kaiser Permanente's purchase order (P.O.) number must appear in the shipper reference field.
7. Miscellaneous fees, including but not limited to handling, processing, collections, expediting, and minimum order, repeat delivery, etc., may not be added to an order without prior written approval from the buyer/Kaiser Permanente.
8. For high value shipments (>\$10,000 per carton) with any special requirements or for all shipments over 150 lbs. either in aggregate or to a single location, please call **Kaiser Permanente's Transportation Load Control Center (LCC) for routing at 1-855-425-5266 opt 3** or email freight@kp.org
9. Requests to Kaiser Permanente's Transportation department should include the following:
 - a. Shipper's contact name, phone number, and email address
 - b. Complete shipping facility name and address
 - c. Kaiser Permanente purchase order number
 - d. Type of shipment (palletized or loose)
 - e. If palletized, will product(s) be double stacked
 - f. National Motor Freight Classification (NMFC) (if known)
 - g. Pieces, weight, and cube of the product (excluding pallet) and total weight and cube of entire shipment (including pallet weight and cube). Actual dimensions for all products must be provided
 - h. Date the order will be ready for pick up
10. Routing for collect shipments requiring any "special handling" such as refrigeration must be validated with Kaiser Permanente's Transportation department.
11. Routing for shipments in excess of 5,000 lbs. must always be reviewed by Kaiser Permanente's Transportation department regardless of the shipping instructions on the purchase order.
12. The supplier is responsible for making sure the order is properly packaged and loaded to prevent damage or tampering.
13. All Kaiser Permanente orders are considered 'shipper load and count'. The supplier is responsible to ensure the order is properly packed and loaded to prevent any transit damage and tampering. Any blocking or bracing that is required must be done by the vendor or at the vendor's expense. It is also the responsibility of the supplier to ensure an accurate piece count of the load and the piece count is to be clearly stated on the bill of lading. Additionally, Kaiser Permanente's carrier must be given the opportunity to count. The supplier will be responsible for any detention

- charges caused by the lack of opportunity to count.
14. Please do not declare value or insure shipments to Kaiser Permanente.
 15. If there are any questions about this process, your shipment, or if you have questions about the preferred routings please contact **Kaiser Permanente's Transportation Load Control Center via email at freight@kp.org or call 1-855-425-5266 opt 3.**
 16. Alternative carrier routing can only be authorized by your Kaiser Permanente sourcing contact or Kaiser Permanente's Transportation department.
 17. Kaiser Permanente reserves the right to charge back all additional transportation expenses incurred as a result of carrier misrouting, incorrect freight invoicing, or otherwise failing to follow these routing guidelines.
 18. Unauthorized transportation charges on invoices will be brought to the attention of Kaiser Permanente's Transportation department and deducted from payment.
 19. Unless otherwise agreed to between Supplier and any Customer, Supplier must ship an ordered Product to the Delivery Location within two days after Supplier's receipt of the Customer's order for the Product. All Products must be properly packed. Customer's prior written approval is required for any partial shipments. Shipping terms are as follows:
 - (i) Products Excluding Capital Equipment - FOB Origin, Freight Collect. Except as set forth below, prices for Products are FOB Origin, Freight Collect, with risk of loss passing to Customer upon delivery to Customer's common carrier. Supplier shall arrange shipment of the Product (including any expedited or overnight shipment) using the carrier, shipping and billing information provided by Customer.
 - (ii) Capital Equipment - FOB Destination. Prices for capital equipment Products, which are individually priced at \$5000 or more ("Capital Equipment"), are FOB Destination, with risk of loss passing to Customer upon delivery to Customer. Upon Customer's request, Supplier will ship Capital Equipment FOB Origin, Freight Collect using the carrier and billing information provided by Customer and with the prices for the Capital Equipment decreased to remove the freight.

Any changes in how material will be delivered from the supplier—the agreed type, route, or mode of transportation—must be discussed with both the designated facility and Kaiser Permanente's Transportation department. All involved parties must accept all changes prior to shipment from the supplier facility. Any costs incurred due to these changes must be paid by the supplier (if not mutually agreed upon otherwise).

If a supplier wants to reroute materials, it is considered an exception to the agreement. If rerouting changes impact more than 10 percent of all deliveries per material, the agreement must be renegotiated.

Transportation Damages

1. A representative from Kaiser Permanente who is at the destination facility will conduct a visual check on all deliveries. If there are any transportation damages that have occurred during shipping, Kaiser Permanente will file a report within 48 hours after the material has been delivered. Damages will be noted on proof of delivery or bill of lading.
2. Damages to materials will be claimed through the agreed upon claims process and will be filed using the agreed upon transaction code.
3. Replacement materials will be supplied on request by the receiver matching the claimed quantities or will otherwise be charged to the supplier.
4. In case replacement material is not available in the U.S., the receiver will request/require replacement material from the vendor.

Overview of Freight Terms

Terms	Payment of Initial Freight Charge	Bears Final Freight Cost	Owns Goods in Transit	Files Claims, If Any
FOB Destination, Freight Prepaid (Allowed)	Seller	Seller	Seller	Seller
FOB Destination, Freight Collect	Buyer	Buyer	Seller	Seller
FOB Destination, Freight Prepaid and Added (Charged back to KP on Invoice)	Seller	Buyer	Seller	Seller
FOB Origin, Freight Prepaid (Allowed)	Seller	Seller	Buyer	Buyer
FOB Origin, Freight Collect	Buyer	Buyer	Buyer	Buyer
FOB Origin, Freight Prepaid and Added (Charged back to KP on Invoice)	Seller	Buyer	Buyer	Buyer

Chapter 6: Outsourced/Third Party Logistics (3PL)

All outsourced services or third party logistics (3PLs) suppliers must adhere to the packaging requirements outlined in this guide. Kaiser Permanente must approve any deviations or special circumstances with regard to the shipping and delivery requirements outlined in this guide.

Standard Operating Procedures (SOPs)

All defined packaging processes and procedures performed by 3PLs should be clearly defined with step-by-step standard operating procedures (SOPs).

Penalties

In the event a 3PL has not sufficiently performed the required services, the supplier will be responsible for any additional costs that may be incurred by the 3PL.

Special /Non-Standard Circumstances

Kaiser Permanente must approve any deviation from approved SOPs.

Special Notices

Kaiser Permanente requires all suppliers to provide advanced notification for all non-standard situations that may affect the nature of how a material is packaged or delivered. Specifically, any non-standard primary, transport, or other packaging must be approved by Kaiser Permanente, prior to delivery.

Chapter 7: Environmental Stewardship

Environmental impact from packaging is caused both in the manufacturing and the disposal process. Suppliers should keep this in mind when developing their product packaging. By using environmentally preferable manufacturing methods, as well as environmentally preferable materials, suppliers can help minimize the impact of their packaging on the environment.

Kaiser Permanente counts on suppliers like you to use innovative methods to meet and exceed our expectations in environmental stewardship. Specific considerations should be to:

- Manufacture products without the chemicals and materials listed in the Kaiser Permanente Environmental Preferable Purchasing Standard, and in accordance with national and international chemical and material standards.
- Manufacture products using minimal energy and water, and develop products that require minimal resources during normal operation.
- Manufacture products to reduce total cost of ownership and improve end-of-life responsibility by using “take-back” provisions.
- Design packaging to contain high post-consumer recycled content.
 - Primary packaging that contains more than 10% post-consumer recycled content, and Secondary Packaging that contains more than 30% post-consumer recycled content is desired.
 - Packaging made of wood that has received Forest Stewardship Council Certification is preferred for wood packaging materials
- Design packaging to be readily recycled, reprocessed, reused, and/or composted.
 - Packaging is considered recyclable if it can be collected, separated, or otherwise recovered from the waste stream through an established recycling program for reuse or use in manufacturing or assembling another item, with recycling facilities for the item available to at least 60 percent of communities where the item is sold.
 - Packaging that is labeled with consumer-friendly recycling information, meeting How2Recycle Label guidelines (<https://www.how2recycle.info/labels>) is preferred.
 - Packaging should not contain polyvinyl chloride
- Transport and package units in minimal packaging that is recyclable, non-toxic, and bio-based.
- Improve transport and production methods to reduce greenhouse gas emissions.

For more information on environmental stewardship, please visit the Sustainable Procurement section of our website <https://supplier.kp.org/impactspending/what-we-do/sustainable-procurement/>.

Chapter 8: Supplier Scorecard

Supplier Delivery Performance System

Kaiser Permanente selects suppliers to be eligible for a supplier scorecard based on a variety of criteria and key performance indicators (KPIs) such as:

- On-time delivery (calculated based on the terms in the Outline Agreement)
- Accuracy of order fulfillment (1/1000 or .007% error rate)
- Willingness to make process improvements
- Accuracy of shipping and invoice documents
 - Fill rate
 - Unadjusted fill rate
 - Unadjusted fill rate within three days
 - Unadjusted fill rate within five days

Note: Although all these factors are considered, the measure that is most important is on-time delivery.

The scorecard criteria is customized for each vendor and is based on the vendor's contract terms and conditions, KPIs, and the agreed upon method of delivery (see page 23). Kaiser Permanente will regularly review performance and provide suppliers with feedback.

The delivery date is calculated from the time the purchase order is released to the time the material is ready for Kaiser Permanente to pick up at the supplier's location (FOB supplier's dock). Transit time to the delivery site is the responsibility of Kaiser Permanente's Transportation department and is based on the Service Level Agreement of the transportation vendor Kaiser Permanente has chosen.

Quality System Requirements

Kaiser Permanente has a zero defect policy. This means materials found to be non-compliant will be returned to the supplier or scrapped at the supplier's expense. For non-conforming goods the supplier must furnish:

- Corrective action plans
- Proof of controlled shipping containment
- Defective material notice
- Return Goods Authorization (RGA) form or authorization to scrap

Material Substitutions

Kaiser Permanente must approve any material substitutions prior to delivery. Under no circumstances are materials to be substituted without prior approval from Kaiser Permanente. Substitutions include supplying the same type of product, but switching from one brand to another.

Chapter 9: Supplier Cybersecurity Protocols

Supplier Cyberattack Business Disruption Protocol

When a supplier experiences a business disruption due to a cyberattack, Kaiser Permanente requires all suppliers adhere to the following instructions to ensure immediate notification to the KP Relationship Manager and backup contact, who will initiate Kaiser Permanente's internal cyber incident process. The following instructions should be included in the supplier's SOP(s) that govern incident response/business continuity for Kaiser Permanente:

- Immediately notify KP Relationship Manager and backup contact of any business disruption due to a cyberattack
 - KP Relationship Manager: Leslie Okabe, Senior Director, Supply Chain National Distribution Operations; mobile: (909) 549-1684, email: Leslie.X.Okabe@kp.org
 - Backup Contact: KP Supply Chain Distribution and Logistics Senior Manager responsible for specific supplier
- Include the following information when notifying KP contacts:
 - Type of cyber threat:
 - Presence of malware/computer virus
 - Received threatening communication
 - Download and installation of software from the internet
 - Suspicious behavior (mouse/keyboard operating on their own, files being automatically downloaded, unexpected MFA requests)
 - Unusual error messages (applications being blocked)
 - Issue with a quarantined email
 - Other
 - Written description of cyber threat

Acronyms and Glossary of Terms

#

3PL: Third Party Logistics

A

ASN: Advanced Shipping Notice

E

ECT: Edge Crush Test

EDI: Electronic Data Interchange

EPP: Environmentally Preferred Purchasing

F

FOB: Freight on Board

G

GTIN: Global Trade Item Number (GTIN)

H

HU: Handling Unit

I

IPPC: International Plant Protection Convention

ISTA: International Safe Transit Association

ISPM 15: International Standards for Phytosanitary Measures No. 15

J

JIT: Just in Time

K

KP: Kaiser Permanente

KPI: Key Performance Indicator

L

LCC: Load Control Center

M

MC: Medical Center

MSDS: Material Safety Data Sheet

N

NCAL: Northern California Region

NMFC: National Motor Freight Classification

O

OSB: Oriented Strand Board

Q

QUP: Quantity Unit Pack

P

PE: Polyethylene
PP: Polypropylene

R

RFQ: Request for Quote
RGA: Return Goods Authorization
RSC: Regular Slotted Container

S

SSCC: Serial Shipping Container Code
SOP: Standard Operating Procedure
SSD: Strategic Supplier Relations Program
STC: Staging and Tagging Center

U

UOM: Units of Measure