

Vendor Compliance Domestic Manual

Revision 9.2

This manual is effective immediately and replaces all previous versions.

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INTRODUCTION:

Please read this guide carefully. We want to address requirements “up front” to minimize back-end operating disruptions. If a shipment is received that does not conform with our requirements, a chargeback to recoup the costs of special handling could result. It is our desire to eliminate chargebacks by educating our vendor partners of our requirements prior to receipt of the first shipment.

We look forward to a successful and long-term relationship.

TERMS AND CONDITIONS FOR PURCHASE ORDERS

ALL PURCHASE ORDERS ISSUED BY BALLARD DESIGNS, INC (“BD”) TO THE UNDERSIGNED SELLER (“YOU,” “YOUR”) ARE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS (“T&Cs”):

- 1. Description of Products; QA Procedures.** All products purchased from You by BD (“Products”) pursuant to a purchase order (“PO”) will conform to the samples and other descriptions provided to BD. You will comply with all of BD’s quality assurance and fulfillment policies, standards, and procedures, including those contained in BD’s most current Vendor Compliance Manual (“VCM”). Any costs or expenses You incur as a result of commencing production of Products prior to obtaining the written approval of BD’s quality assurance department of requisite sample(s) of the Products, or as a result of Your efforts to satisfy BD’s procedures, standards or requirements, are Your sole responsibility. In addition to Your submission of QA samples, any other samples that You provide to BD, including any “Buyer” samples, will become the property of BD and will not be returned to You.
- 2. Shipment; Delivery.** Time is of the essence with regard to the shipment of Products. Unless otherwise mutually agreed in advance in writing, You will ship the Products to BD not later than the shipping date set forth on the applicable PO. The Products will be shipped in accordance with the PO (or if no instructions in the PO, the Products are to be packaged, shipped and routed in accordance with the VCM), unless otherwise authorized by BD. You will indicate BD’s PO number on all invoices, packages and other communications with BD. You will immediately notify BD if You are unable to ship all or any portion of the Products by the ship date specified in the PO or as otherwise authorized by BD. Any POs that are not delivered by the ship date specified on the PO and for which BD has not authorized any other ship date may be canceled by BD and/or penalties and chargebacks may result as set forth in the VCM. If Your acts or omissions result in Your failure to meet BD’s delivery schedules and requirements and BD requires a more expeditious method of transportation for the Products than the transportation method originally specified by BD, You shall, at BD’s option, (a) promptly reimburse BD the difference in cost between the more expeditious method and the original method, (b) allow BD to reduce its payment of Your invoices by such differences, or (c) ship the Products as expeditiously as possible at Your expense and invoice BD for the amount which BD would have paid for normal shipment. Unless otherwise specified on the PO, all “Domestic Products” (e.g., Products purchased by BD which are picked up by BD’s carrier within the continental United States) shall be delivered on a FOB BD’s Place of Destination/Warehouse, Freight Collect basis. Notwithstanding such delivery, title and risk of loss or damage to Domestic Products will not pass to BD until the Products are received at BD’s distribution center or place of business. Unless otherwise specified on the PO, all “International Products” (e.g., Products purchased by BD which are picked up by BD’s steamship/ocean carrier at an origin port outside the United States) shall be delivered on a FOB Origin, or as otherwise specified on the PO. Title and risk of loss and damage to International Products will pass to BD in accordance with the freight terms on the applicable PO. You will provide BD, at Your expense, all assistance and documentation requested by BD for clearing the International Products through applicable customs agencies throughout the world.

3. **Inspection and Acceptance.** BD or BD's authorized agent shall have the right to enter Your production facilities at reasonable times to inspect the facilities, goods, materials and any property of BD covered by this PO. BD's inspection, whether during manufacture or storage, prior to shipment or after delivery, shall not constitute acceptance. Notwithstanding any prior inspection or payments, all Products will be subject to final inspection and acceptance or rejection at BD's distribution center or place of business within a reasonable time after delivery. BD may reject any damaged, defective or non-conforming Products, or Products which otherwise do not conform to approved samples and specifications for color, style, fit, packaging, labeling, materials, design, and construction. Products that are damaged, defective, or non-conforming may be returned and charged back to You. Additionally, BD may choose, at Your risk and expense, to either hold such damaged, defective, or non-conforming Products pending Your instruction or return ship them to You, at Your risk and expense, at the address shown on the applicable PO.

4. **Payment.** Payment will be made in accordance with the terms shown on the face of the PO, based on the actual Products received. BD reserves the right to hold payment on those Products shipped early without preauthorization and in such case the payment terms as stated on the PO will still apply. All invoices will clearly reference the shipment date, PO number, and any applicable Product number(s). If You instruct BD to pay a third party, You will remain obligated to BD under this "Agreement" (as defined in Paragraph 13, below). You will immediately pay any debit balance owed to BD if BD demands payment, or if such debit balance is outstanding for more than forty-five (45) days from the date of the occurrence giving rise to the debit balance. All of Your monetary claims are subject to set off by BD for any claim or counterclaim of BD. As reasonably requested from time to time, You will provide BD with a statement showing any amounts due to or owed by BD.

5. **Returns.** BD will have the right for any reason and at any time, in its sole discretion, to return all or any portion of the Products to You. BD's resale of any Product will not constitute a bar or waiver of BD's right to return Products under this Paragraph 5. Title and risk of loss to any Products to be returned to You pursuant to this Paragraph 5 will pass to You upon BD's delivery of the Products to a common carrier for return to You. BD will pay all freight charges incidental to the return of any Products returned under this Paragraph 5 to Your place of business or point of shipment. You will fully and immediately refund to BD any and all payments made for Products returned by BD to You under this Paragraph 5. You shall reimburse BD for all administrative expenses and lost profits associated with back orders or order cancellations due to rejection of Product, late delivery or delivery of insufficient quantities. If You do not authorize the return of Product, within ten (10) days after BD gives notice of its intent to return the Product, BD may return such Product without authorization. If You do not authorize the return of Product within such ten (10) day period, or refuse to accept any returned Product, BD may dispose of such Product in any manner and deduct from the proceeds thereof all losses, damages, claims, costs and expenses incurred by BD in connection with such Product. In addition, BD retains its right to pursue all other remedies available to it under the law or in equity. You shall not sell or otherwise transfer any returned Product, seconds or overruns which bear BD private labels, trademarks, service marks, trade names, logos, designs, hang tags or packaging to third parties unless all such BD indicia have been completely removed or obliterated from each and every article of Product and packaging and then in the context of such disposition no reference shall be made to BD and such disposition shall not occur in a market where BD competes. You acknowledge that BD does not inspect each item of Product at receipt of merchandise and therefore You understand that damages or imperfections or failure to meet specifications (including, but not limited to, compliance with any and all laws and governmental regulations), may not be discovered by BD until after they are purchased by the ultimate customer and returned by BD after customer uses or closely examines their purchase. Authorization is expressly granted by BD to allow such returns, in the sole opinion of BD at any time, to be made for credit (or cash if BD is not currently doing business with You). Request by BD for return authorization shall not be denied by You.

6. Representations and Warranties. You represent and warrant to BD that: (i) all information You provide to BD is and will be true and correct; (ii) Your entering into these T&Cs and the performance of Your obligations hereunder will not conflict with or be prohibited or restricted by any agreements or commitments with third parties; (iii) title to Products delivered to BD will be free of all liens, claims, debts, and rights of third parties; (iv) the Products are and will be genuine and not adulterated, misbranded, or mislabeled; (v) the Products will not infringe upon any “Intangible Rights” (as defined below), and You are the owner of, or are licensed to authorize BD to use, any and all Intangible Rights associated with the Products; (vi) the Products (and all components of the Products) will not be subject to any import quota, restriction, rule or regulation preventing the importation or sale of the Products or any component thereof; (vii) the Products will be new and not used, remanufactured, or reconditioned (unless otherwise mutually agreed upon), of consistent kind and quality, and free from all defects in material and workmanship; (viii) the Products will be safe and appropriate for the purpose for which products of that kind are normally used; (ix) all manufacturers’ warranties are completely transferable, effective, and enforceable by the ultimate consumer; (x) the Products and all materials provided to BD in connection with the marketing, promotion, distribution, and sale of such Products, including, without limitation, packaging, labeling, and advertising materials for such Products, have been produced in compliance with all applicable federal, state and local laws, regulations, rules, guidelines, ordinances and standards (“Legal Requirements”), including, without limitation, laws relating to discrimination, coercion, harassment, health and safety, compensation, the environment, and use of child labor, in all locations throughout the “Territory” (as defined below) where the Products may be sold, and neither the Products nor their purchase or sale by BD will violate any such Legal Requirements; (xi) the genuine origin of the Products will be stated on the Country of Origin Declaration, Invoice, Visa and other importation documents, and no shipment will be illegally transshipped from any other country; (xii) the Products have been manufactured in compliance with BD’s Code of Conduct for Manufacturers attached hereto as “Exhibit A” and incorporated herein by reference and (xiii) except as disclosed to BD in writing, the Products have not been subject to any products liability claims. The term “Intangible Rights” means any United States or foreign patents or copyrights or any United States, foreign, state or common law trademark, trade dress, trade name, service mark, publicity or privacy right or similar property or other right. You represent, warrant, and agree that the Products may be re-sold by BD and its affiliates in any location in which BD and/or its affiliates market, sell, or distribute Products and/or services (the “Territory”). These representations and warranties are in addition to and without prejudice to all other warranties expressed or implied by law. BD has specifically relied upon all of Your representations and warranties contained in these T&Cs, and BD will continue such reliance in purchasing Products from You as if such representations and warranties were made on the date of purchase of such Products. All of Your representations and warranties, both express and implied, will constitute conditions of sale, and will survive receipt, inspection, testing, acceptance, payment and use of the Products. You will fulfill Your warranty and other obligations to end use consumers and will be responsible for any product liability claims that arise from Products that You have supplied to customers.

7. Indemnity. You will assume full responsibility and will provide independent legal counsel reasonably acceptable to BD for the defense of any claims, threatened actions, filed actions, suits, investigations or proceedings (“Claims”) that may be brought against BD or its affiliates, officers, employees, agents or assignees by reason or as a result of or relating to: (i) any actual or alleged violation or breach by You of any of Your representations, warranties, covenants, or other obligations set forth in these T&Cs or in the VCM; (ii) any actual or alleged infringement of any Intangible Rights or any actual or alleged unfair competition; (iii) any claim, representation or statement made in connection with advertising or promoting the sale of the Products by any of Your employees or agents or by any celebrity or other person provided or made available by You who is not an employee of BD, or, to the extent consistent with or substantially based on information or materials provided by You, any claim, representation or statement made in connection with advertising or promoting the sale of the Products by any person whatsoever; (iv) any actual or alleged death of or injury to any person, damage to any property, or any other damage or loss, by whomsoever suffered, resulting or claimed to result in whole or in part from any actual or alleged defect in the Products, whether latent or patent, or the failure of such Products to comply with any express or implied warranties; and/or (v) any actual or alleged violation by the Products or their manufacture, possession, use or sale, of any law, statute or ordinance

or any governmental order, rule or regulation. You will indemnify, defend and hold BD and its affiliates, officers, employees, agents and assignees harmless from and against any and all liabilities, injuries, damages, settlements, royalties, penalties, fines and other losses of every kind and nature whatsoever, including without limitation all attorney fees and other costs and expenses, incurred by or imposed upon them as a result of or in connection with any such Claims, or as a result of or in connection with any recalls of Products, whether voluntary or involuntary, or any actions taken to comply with all laws, regulations, rules, guidelines, ordinances and standards governing the safety, labeling, advertising or invoicing of Products, or any actual or alleged failure to comply with any bulk sales law or similar law for the protection of creditors. No settlement of any such Claims may be made without BD's prior written consent to the terms of settlement. BD will have the right to participate in the defense of any such Claim at its own expense. If BD notifies You of a Claim to which the foregoing indemnification obligation applies ("Claim Notice"), You shall provide prompt assurance of Your ability and intent to indemnify BD, to BD's reasonable satisfaction, and You shall commence to defend such Claim, at Your sole cost and expense, within five (5) days of said Claim Notice. If You fail to provide such assurance or fail to commence such defense within said five (5) day period, in addition to the other rights and remedies available to BD at law or in equity, BD may, at its option, assume the defense or settlement of such Claim in its own name, and all recoveries from such Claim shall belong to BD, and all fees and costs (including reasonable attorney fees) in defending such Claim, and all damages or settlement costs arising therefrom, shall be Your sole responsibility.

8. Confidentiality. You will not advertise or publish the fact that BD has contracted to purchase Products from You, and will not disclose any information relating to these T&Cs to any third party. You will treat all information furnished by BD, its parent, subsidiary, and affiliated companies as confidential, property of BD and will not disclose any such information to any third party, or use such information for any purpose other than performing Your obligations under these T&Cs, except that You may disclose such information solely: (i) to Your employees, accountants, independent contractors, agents, and attorneys on a need-to-know basis, provided the recipient of such information has executed appropriate written agreements to ensure the confidentiality of such information consistent with these T&Cs; and (ii) under the terms of a subpoena or order issued by a court of competent jurisdiction or under a civil investigative demand or similar process, provided You agree (a) to promptly notify BD of the existence, terms, and circumstances surrounding such a request, and (b) if You are, in the opinion of Your counsel, compelled to disclose a portion of such information, You disclose only that portion of the information that Your counsel advises that You are compelled to disclose, and will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to such information. You will treat all information obtained from customers as confidential and will not disclose any such information to any third party, or use such information itself for any purpose other than performing Your obligations to BD. Specifically, but without limitation, You will not use any information obtained from BD or customers to offer for sale to such customers any Products or services. You will not issue any press or publicity release or statement relating to BD, any of its affiliates or operations, or these T&Cs without the prior written approval of BD. You acknowledge and agree that any communication between counsel for You and BD, or between You or BD or any of their principals, employees, contractors or representatives, and Your counsel or BD is protected by all applicable privileges, including without limitation the attorney-client, work product and joint defense privileges. You will not waive any such privilege without the express written consent of BD.

9. Standards of Conduct; Taxes; Customs

a. You will comply with all standards of conduct published and made available to You from time to time by BD and will promptly disclose in writing to BD any conflicts of interest or any circumstances that are inconsistent with or constitute a violation of the terms or spirit of such standards. Furthermore, You acknowledge and agree that there is a common interest between You and BD in advertising claims relating to the Products, and in ensuring that all such claims are in compliance with all laws, government rules, and regulations regarding deceptive advertising and substantiation of advertising claims. Without BD's prior written approval, You will not include Your address, telephone number, web site address, or other contact information in any packaging or labeling of the Products for the purpose of marketing or promoting any Products or services, other than customer or technical assistance services.

b. Any present or future sales, use, privilege, occupation, excise, value-added or other tax, fees or charges of any nature whatsoever imposed by any governmental authority on the transaction set forth in this PO shall be paid by You. No such taxes, charges, fees, etc. shall be paid by You on behalf of BD without BD's prior written consent. In the event that BD is required to pay any such taxes, fees or charges, You shall reimburse BD therefore.

c. You warrant and represent that You understand the United States Rules of Origin as set forth in Part 102 of the United States Customs Regulations and that its textile origin declaration, if applicable, will accurately and completely set forth the processes performed in each country and the source of all fabric and trim. You will not enter into any arrangement with any third party for the manufacture or sub-assembly of any International Products supplied to BD without prior written notice to BD. In order to maintain BD's high standard of quality control and to ensure that appropriate measures are taken against counterfeiting, such notice will include the following information: (i) name and address of each manufacturer; (ii) type and style of the Products to be manufactured; (iii) quantity of the Products to be manufactured; and (iv) any other relevant information. You acknowledge that You will remain primarily liable and completely obligated under all of the provisions of these T&Cs in respect of any such subcontracting arrangement.

10. Most Favored Nations; Exclusivity; Non-Compete; Non-Solicitation

a. All of the prices, terms or benefits granted by You for any Products purchased by BD under this Agreement are equal or better than the prices, terms or benefits being offered by You to any present commercial customer for the same or comparable product ordered in the same or comparable quantities. If during the term of this Agreement You enter into an arrangement with any other company for the same or comparable product ordered in the same or comparable quantities providing greater benefits of more favorable pricing or terms, You shall promptly notify BD in writing and then with respect to any open PO through date of delivery and any subsequent PO issued by BD and accepted by You shall, at BD's option, automatically be deemed amended to provide the same benefits or pricing to BD.

b. Any Products developed for BD by You under this Agreement will be made exclusively for BD for a minimum of one (1) year so long as the Product is not otherwise available in the U.S. marketplace. Notwithstanding anything contained in the Agreement to the contrary, all product designs, design process, artwork and all other proprietary information of BD furnished to You by BD must be used exclusively for Products supplied to BD and to no third party and You acquire no rights, title or interest in the foregoing.

c. You agree that for a period of six (6) months after Your sale of Products to BD, You will not, directly or indirectly, sell substantially similar Products by means of a direct mail catalog, or its associated website(s), other than BD.

d. For a period of one (1) year after each PO issued by BD to You, You will not solicit for employment (other than a general, publicly disseminated solicitation for employment) or offer to employ any employee of BD.

11. Insurance. You have and will keep in effect for five (5) years from the date of Your receipt of the first PO issued by BD, full general/products liability insurance coverage in amounts not less than those required by Your "Insurance Class," as determined by BD's risk management department ("BD Risk Management"). In addition if: 1) You are offering any services; 2) You have had any product recalled; 3) BD determines, in its reasonable discretion, that the Products are subject to a license or are otherwise specifically warranted by an Your individual circumstances, including, but not limited to, prior losses or claims history, whether with BD or otherwise, You will also be required to provide \$2,000,000 Errors & Omissions (or its equivalent) per occurrence and in the aggregate. All insurance required by BD Risk Management must: (i) be maintained with an Insurance Company rated by A. M. Best as "A" or better; (ii) name BD, its direct and indirect parents, subsidiaries, affiliates, and assigns as Additional Insured; and (iii) be submitted with a copy of Your Broad Form Endorsement or the complete policy (or policies), in the English language. You must also provide the

name of a specific person (including mailing address, phone and fax numbers, and email address) who is in charge of responding to complaints, claims, and/or lawsuits. All of these Insurance Requirements must be demonstrated by submission of one or more Certificates of Insurance sent to the attention of Vendor Compliance Division at 1670 Defoor Avenue Atlanta, GA 30318 promptly following Your execution of these T&Cs, and no less frequently than annually thereafter upon the anniversary date of the applicable policy. These Insurance Requirements may be satisfied through a combination of primary, umbrella, or excess liability insurance policies. BD Risk Management may, at its sole discretion, change the coverage limits and/or types of coverage required at any time.

12. Relationship of Parties. It is expressly acknowledged by the parties hereto that Your relationship to BD under this Agreement is that of an independent contractor and nothing in this Agreement is intended or shall be construed to create an employer/employee relationship, or a joint venture relationship. You understand and agree that BD will not withhold on behalf of You pursuant to this Agreement any sums for income tax, unemployment insurance, social security, or any other withholding pursuant to any law or requirement of any governmental body relating to You or make available to You any of the benefits afforded to BD's employees and that all such payments, withholding, and benefits, if any, are Your sole responsibility.

13. Entire Agreement; Amendment; Assignment. These T&Cs and any other documents referred to herein constitute the entire agreement (collectively, the "Agreement") between You and BD. This Agreement will be effective for all Products. You accept and agree to be bound by the Agreement by shipping Products. This Agreement sets forth the entire understanding and agreement of the parties with respect to the matter covered herein, superseding all prior and contemporaneous understandings and agreements, whether oral or written. This Agreement may not be modified or amended except by a written instrument executed by both parties, and each shipment received by customers will be deemed to be only upon the terms and conditions contained in this Agreement, notwithstanding any terms and conditions that may be contained in any of Your acknowledgements, invoices or other forms and notwithstanding BD's or its customers' act of accepting or paying for any shipment or similar act of BD or its customers. BD has the right to assign this Agreement, or all or any portion(s) of its rights and/or obligations hereunder, including, without limitation, the right to purchase, market and sell the Products, to any company directly or indirectly controlling, controlled by, or under common control with BD, and this Agreement shall inure to the benefit of any such assigns. You may not assign any rights, obligations, and/or or claims under this Agreement without BD's prior written consent, and any attempted assignment without consent will be void.

14. Governing Law; Jurisdiction. This Agreement, and the legal relationship between You and BD will be governed by Ohio law, without regard to conflicts of law principles and without reference to the United Nations Convention on Contracts for the International Sale of Goods. Any legal action or proceeding with respect to this Agreement may be brought only in the courts of the United States District Court for the Southern District of Ohio and the Court of Common Pleas located in Butler County, OH and each party hereby accepts the jurisdiction of such courts. You hereby irrevocably waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which You may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions. If any litigation is commenced to enforce any provision of this Agreement or to seek a declaration of the rights of the parties hereunder or as a result of any breach or threatened breach of any provision of this Agreement, the prevailing party will be entitled to recover from the non-prevailing party all of its costs and expenses incurred in connection with such litigation, including without limitation reasonable attorneys' fees, at both the trial and appellate levels.

15. Notice. All notices or other communications required or permitted under this Agreement must be in writing, addressed to the address written below or to such other address for a party set forth in a notice given to the other party, sent to the intended recipient by prepaid registered mail, receipted commercial courier, or electronically receipted facsimile transmission, and will be effective upon delivery to the intended recipient. All communications to BD shall be sent to the attention of Vendor Compliance Division at 1670 Defoor Avenue Atlanta, GA 30318.

16. Termination. Either party may prospectively terminate the Agreement by giving the other party written notice of termination, which notice specifies an effective date of termination that is not less than thirty (30) days after notice is actually received by the non-terminating party (unless otherwise agreed to in writing by the parties), in which event this Agreement will terminate as to all Products not ordered prior to such effective date. After the effective date of such termination, all Paragraphs hereunder concerning the parties' rights and obligations which by the content of the Paragraph operate after termination (e.g., Your returns obligations) or which are necessary to enforce any right will survive any termination or expiration of this Agreement.

17. Force Majeure. Neither party shall be responsible for failure or delay of performance if caused by: an act of war, hostility, or sabotage; act of God; flood, hurricane, or other natural disaster; electrical, internet, software, telecommunication, or other systemic outage that is not caused by the obligated party; government restrictions; or other unforeseeable event outside the reasonable control of the obligated party (collectively, "Force Majeure Event"). Both parties will use reasonable efforts to mitigate the effect of a Force Majeure Event. Only if such event continues for more than forty-five (45) days, either party may cancel a PO or any other unperformed services upon written notice to the other. This Paragraph does not excuse either party's obligation to take reasonable steps to follow its normal disaster recovery procedures.

18. Miscellaneous. Each party acknowledges and agrees that any failure on the part of the other party to enforce at any time, or for any period of time, any of the provisions of this Agreement will not be deemed or construed to be a waiver of such provisions or of the right of said party to thereafter enforce each and every such provision. The headings and sub-headings used in this Agreement are for convenience only and are not a part of this Agreement. If any provision of this Agreement is declared null, void or otherwise unenforceable, such provision will be deemed to have been severed from this Agreement, which will otherwise be and remain in full force and effect according to its remaining terms; provided, however, that both parties shall negotiate in good faith with respect to an equitable modification of the paragraph, subparagraph or provision held to be invalid and provisions logically related thereto. Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative upon all other rights and remedies set forth herein and allowed or allowable under law. All Paragraphs hereunder concerning the parties' rights and obligations which by the content of the Paragraph operate after termination (e.g., returns obligations) or which are necessary to enforce any right will survive any termination or expiration of this Agreement.

It is hereby acknowledged that the undersigned agree to comply with the requirements as outlined in the Ballard Designs, Inc. Vendor Compliance Manual. If purchase orders are shipped in any manner not in compliance with the Ballard Designs, Inc. manual, the vendor will be responsible for all expenses incurred by Ballard Designs, Inc. as a result of the non-compliance issue.

Please acknowledge your understanding by legibly completing this form, signing where indicated and returning the executed copy VIA fax or mail to the address below.

ACCEPTED AND AGREED:

Print Your company name: _____

Print Your company address: _____

By: _____
Signature

Date: _____

Print name of person signing

Title of person signing

Please fax the completed form to the following fax number: 678-298-8993

Ballard Designs, Inc. ♦ Vendor Compliance Department ♦ 1670 De Foor Avenue, Atlanta, GA 30318-7528

EXHIBIT A

BD Code of Conduct for Manufacturers

At BD, we are committed to:

- a high standard of excellence in every aspect of our business and in every corner of the world;
- ethical and responsible conduct in all of our business dealings and operations;
- respect for the rights of all individuals; and
- respect for the environment.

We expect the same commitments to be shared by all manufacturers of merchandise supplied to BD (“Manufacturers”). *At a minimum*, we require that all Manufacturers meet the following standards:

General

Manufacturers must comply with all applicable laws and regulations, including, but not limited to, those related to employment/labor, worker health and safety, and the environment.

All references to “applicable laws and regulations” in this Code of Conduct include local and national codes, rules, and regulations as well as applicable treaties and voluntary industry standards.

Child Labor

Manufacturers will not use child labor.

The term “child” refers to a person younger than 15 (or 14 where local law allows) or, if higher, the local legal minimum age for employment or the age for completing compulsory education.

Manufacturers employing young persons who do not fall within the definition of “children” will comply with any laws and regulations applicable to such persons.

Involuntary Labor

Manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured, or otherwise.

Coercion and Harassment

Manufacturers will treat each worker with dignity and respect and will not use or tolerate corporal punishment, threats of violence, or other forms of physical, sexual, psychological, or verbal harassment or abuse.

Nondiscrimination

Manufacturers will not discriminate in hiring or employment practices, including salary, benefits, advancement, discipline, termination, or retirement on the basis of race, color, national origin/heritage, religion, age, nationality, social or ethnic origin, maternity, sexual orientation, gender, political opinion, or disability. Manufacturers will not retaliate against workers who complain in good faith about what they believe to be discrimination.

Association

Manufacturers will respect the rights of workers to associate, organize, and bargain collectively in a lawful and peaceful manner, without penalty or interference.

Health and Safety

Manufacturers will provide workers with a safe and healthy workplace in compliance with all applicable laws and regulations.

Manufacturers will also ensure that the same standards of health and safety are applied in any housing they provide for workers.

Compensation

Wages are essential to meeting workers' basic needs. Manufacturers will, at a minimum, comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, piece rates, and other elements of compensation, and provide legally mandated benefits. Manufacturers must pay at least minimum wages required by law or wages consistent with local industry standards, whichever is greater. If local laws do not provide for overtime pay, Manufacturers will pay at least regular wages for overtime work. Except in extraordinary business circumstances, Manufacturers will not require workers to work more than the lesser of (a) 48 hours per week and 12 hours per week overtime, or (b) the limits on regular and overtime allowed by local law; where local law does not limit the hours of work, the regular work week in the country plus 12 hours overtime. In addition, except in extraordinary business circumstances, workers will be entitled to at least one day off in every seven-day period. Manufacturers must pay all vacation, holiday, and paid time off as required by applicable laws and regulations.

Protection of the Environment

Manufacturers will comply with all applicable environmental laws and regulations.

Other Laws

Manufacturers will comply with all other applicable laws and regulations, including those pertaining to the sourcing of components or raw materials, manufacture, pricing, sale, and distribution of merchandise.

Subcontracting

Manufacturers will not use subcontractors for the manufacture of merchandise supplied to BD or components thereof without BD's express written consent. BD may require, as one of the conditions of approval, that the subcontractor enter into a written commitment with BD and comply with this Code of Conduct.

Monitoring and Compliance

Manufacturers will authorize BD and its designated agents (including third parties) to engage in monitoring activities to verify compliance with this Code of Conduct, including unannounced on-site inspections of manufacturing facilities and employer provided housing; reviews of books and records relating to employment/labor matters; and private interviews with workers. Manufacturers will maintain on site all documentation that may be needed to verify compliance with this Code of Conduct.

Publication

Manufacturers will take appropriate steps to ensure that the provisions of this Code of Conduct are communicated to workers, including the prominent posting of a copy of this Code of Conduct, in the local language and in a place readily accessible to workers, at all times.

The BD Code of Conduct for Manufacturers is not a contract and does not create any contractual rights for BD employees, Manufacturers, or third parties.

WOOD COMPOSITE REQUIREMENTS (CARB)

All Vendors of Wood Composite Products,

California Air Resources Board (CARB or ARB) has released a regulation to reduce formaldehyde emissions from composite wood products sold in California. Emissions standards are broken into Phase 1 and Phase 2 with varying dates for compliance.

Here is a summary for your reference. You are responsible for reviewing the full regulation and being fully compliant (*the full regulation may be found at <http://www.arb.ca.gov/toxics/compwood/compwood.htm>.*)

The regulation affects ALL parties in the supply chain:

“Manufacturer” means any person who manufactures or produces a composite wood product.

“Distributor” means any person to whom a composite wood product or finished good is sold or supplied for the purposes of resale or distribution in commerce, except that manufacturers and retailers are not “distributors.”

“Importer” - means the person or entity as defined in the regulations of the Bureau of Customs and Border Protection, 19 Code of Federal Regulations, section 101.1.

“Fabricator” - means any person that uses composite wood products to make finished goods. “Fabricator” includes producers of laminated products. Most of Ballard’s direct import suppliers would fall into this definition.

“Retailer” means any person or entity that sells, offers for sale, or supplies directly to consumers composite wood products or finished goods that contain composite wood products.

There are differing requirements for each party involved.

Materials Covered:

- Hardwood Plywood (HWPW) (separated into veneer core and composite core)
- Particleboard (PB)
- Medium Density Fiberboard (MDF) (Standard or Thin) –includes Low-and High-Density
- All products made from above materials regardless of finish (ex. paint, laminate, coatings, etc.)
- Finished and Unfinished Products

For full definition of these and other terms in the regulation see the internet link below under resources.

Items Covered:

It includes all items with these composite woods. It therefore includes wood wall decorations & shelves, wood mirrors, pallets made of composite woods, jewelry boxes, wood desk caddies and all furniture ...

Raw Material Emission Limits & Sell Through Dates:

Table 1 Phase 1 and Phase 2 Formaldehyde Emission Standards for Hardwood Plywood (HWPW), Particleboard (PB), and Medium Density Fiberboard (MDF) ⁽¹⁾					
Effective Date	--- Phase 1 (P1) and Phase 2 (P2) Emission Standards (ppm) ---				
	HWPW-VC	HWPW-CC	PB	MDF	Thin MDF
1-1-2009	P1: 0.08	-----	P1: 0.18	P1: 0.21	P1: 0.21
7-1-2009	-----	P1: 0.08	-----	-----	-----
1-1-2010	P2: 0.05	-----	-----	-----	-----
1-1-2011	-----	-----	P2: 0.09	P2: 0.11	-----
1-1-2012	-----	-----	-----	-----	P2: 0.13
7-1-2012	-----	P2: 0.05	-----	-----	-----
⁽¹⁾ Based on the primary test method [ASTM E 1333-96(2002)] in parts per million (ppm). HWPW-VC = veneer core; HWPW-CC = composite core.					

As an importer and retailer, Ballard Designs, Inc. must sell through inventory that can be shipped to California by the following dates for these items:

Phase 1 -

HWPW (Veneer Core) – Finished Product – June 30, 2010

PB and/or MDF – Finished Product – June 30, 2010

HWPW (Composite Core) – Finished Product – December 31, 2010

Phase 2 -

HWPW (Veneer Core) – Finished Product – June 30, 2011

PB and/or MDF – Finished Product – June 30, 2012

HWPW (Composite Core) – Finished Product – December 31, 2013

Comparison of Standards:

For reference here is a comparison of the standards provided by Bureau Veritas.

Comparison of Standards



	CARB ATCM 93120. using ASTM E1333	European E1 using EN717-1 and EN120	Japan using JIS A1460
Products	Hardwood Plywood (Veneer Core and Composite Core), Particleboard, Medium Fiberboard	Hardwood Plywood, Particleboard, Medium Fiberboard	Hardwood Plywood, Particleboard, Medium Fiberboard
Type of Limits	"cap" standards (no levels above limit allowed)	"average" standards (allows for levels above limit)	"average" standards (allows for levels above limit)
Limits for HWPW-VC	P1: 0.08ppm P2: 0.05ppm	EN 717-1: 0.12 mg/m ³ (0.14ppm)	F-3 star: 0.5 mg/L ⁻¹ (0.07 ppm) F-4 star: 0.3 mg/L ⁻¹ (0.04 ppm)
Limit for HWPW-CC	P1: 0.08ppm P2: 0.05ppm		
Limit for Particleboard	P1: 0.18ppm P2: 0.09ppm	EN 717-1: 0.12 mg/m ³ (0.14ppm) EN120: 8mg/100g ⁻¹ (0.10ppm)	F-3 star: 0.5 mg/L ⁻¹ (0.07 ppm) F-4 star: 0.3 mg/L ⁻¹ (0.04 ppm)
Limit for MDF (Standard)	P1: 0.21ppm P2: 0.11ppm	EN 120: 8 mg/ 100g ⁻¹ (0.10ppm) (does not separate thicknesses)	F-3 star: 0.5 mg/L ⁻¹ (0.07 ppm) F-4 star: 0.3 mg/L ⁻¹ (0.04 ppm)
Limit for MDF (Thin)	P1: 0.21ppm P2: 0.13ppm		
Summary of Method	Samples are placed in a constant temp. and humidity chamber. Air is continuously replaced. Samples remain in chamber for 16-20 hours. Air is sampled and collection solution tested on UV/VIS	EN120: 110g of sample is extracted using toluene. Formaldehyde is transferred to water. The concentration is measured by a chemical reaction followed by spectrophotometry EN-717-1: Samples are placed in a constant temp. and humidity chamber. Air is continuously replaced. Samples remain in chamber until constant emission is reached – this may take several weeks. Air is sample and Collection solution tested on UV/VIS	Samples are placed in glass desiccator for 24 hours at 20C. The humidity is uncontrolled. Formaldehyde is collected in water. The concentration is measured by a chemical reaction followed by spectrophotometry.

Documentation & Labeling:

Manufacturers of these wood composites must be tested & certified by a CARB 3rd party certifier. Manufacturers must label and document all compliant products. See full regulation for details.

Fabricators are not required to test & be directly certified.

Fabricators must notify each of their suppliers to comply & document confirmation.

They must document each finished product with a label listing:

- Ballard vendor number (do not list the vendor name)
- Date of production for the finished good
- Notation that the goods comply with Phase I or 2 of the regulation by listing “CARB Phase 1” or CARB Phase 2”

This can be applied next to the current production # labels being used on the back or bottom of each item. As with country of origin stickers, Ballard exclusive stickers, and production # stickers, the location of this additional label is to be in a discreet location on the back or bottom of the item; it should not be seen when the item is in use.

Documentation from each supplier to the fabricator must be kept to show that compliant materials are being used; this documentation should include dates of purchase and supplier.

Documentation to show compliance is followed on the bill of lading or invoice designating the specific phase

These records are to be kept electronic or hard copy for 2 years.

Distributor & Importers are not required to test & be directly certified.

Distributor & Importers must notify each of their suppliers to comply & document confirmation.

No additional labeling beyond the Fabricators label is required.

Documentation from each supplier to the distributor or importer must be kept to show that compliant materials are being used; this documentation should include dates of purchase and supplier.

Documentation to show compliance is followed on the bill of lading or invoice designating the specific phase.

Add to the current carton mark either CARB Phase 1 or CARB Phase 2.

These records are to be kept electronic or hard copy for 2 years.

3rd Party Certifiers:

See the CARB website listed below for the 3rd Party Certifiers approved.

Resources:

For the entire final regulation, updates, translations in foreign languages, fact sheets, and approved 3rd party certifiers please visit the CARB website at:

<http://www.arb.ca.gov/toxics/compwood/compwood.htm>

Ballard Designs Inc. requirements:

- Sign and return this updated vendor compliance manual confirming receipt & understanding of the requirements.
- Documentation and labeling should begin ASAP. All vendors to be following by January 1, 2009.
- All product shipped by January 1, 2010 must be HWPW (Veneer Core), PB and/or MDF Phase 1 compliant.
- All product shipped by June 31, 2010 must be HWPW (Composite Core) Phase 1 compliant.
- All product shipped by January 30, 2011 must be HWPW (Veneer Core) Phase 2 compliant.
- All product shipped by January 30, 2012 must be PB and/or MDF Phase 2 compliant.
- All product shipped by June 30, 2013 must be HWPW (Composite Core) Phase 2 compliant.

CPSC

The Consumer Product Safety Improvement Act (CPSIA), which was enacted on August 14, 2008, imposes new requirements on a wide variety of products that are regulated by the U.S. Consumer Product Safety Commission (CPSC).

Regulation Summary:

- Section 14(a)(1) of the Consumer Product Safety Act, as recently amended by the CPSIA, requires a General Certification of Conformity to be issued with respect to every product that is subject to any consumer product safety rule, ban, standard, or regulation enforced by the CPSC.
- The GCC is required for all import and domestic products subject to all applicable rules, bans, standards and regulations. Products without the required certificate cannot be imported or distributed in commerce in the United States.
- The GCC requirement is immediately applicable to products manufactured on or after November 12, 2008.
- Ballard Designs, Inc. expects ALL import & domestic vendors to meet the GCC requirement per the CPSC. The law applies to ALL applicable products and for ALL brands (National, Vendor, Market, No brands, etc.).
- Refer to website for CPSIA GCC requirements information (www.cpsc.gov/about/cpsia/cpsia.html).
- Refer to website for CPSC Regulated Products list (www.cpsc.gov/businfo/reg.html).

Procedure:

1. VENDORS PRODUCING BALLARD BRANDED PRODUCT:

Ballard has always held the expectation that Ballard vendors have an established, effective and compliant quality assurance and testing program that insures your manufactured products meet all U.S. safety & regulatory requirements as well as Ballard's standards.

According to the regulations issued by the CPSC, the GCC must be issued by the importer for imported products and by the manufacturer for domestic products. Vendors must ensure that the GCC is prepared accurately and consistently.

- ***If Ballard Designs, Inc. is the Importer of Record;*** the rough draft GCC is created by the vendor and agent ONLY after successful completion of all required Ballard testing; then the GCC is to be sent to the Vendor Compliance department at Ballard via fax 678-298-8993 or email ejones@ballarddesigns.net for review, approval & issuance.
- ***If Ballard Designs, Inc. is NOT the Importer of Record **OR** the product is produced domestically;*** the GCC is created by the domestic distributor/vendor, ONLY after successful completion of all required Ballard testing.

Ballard Testing Requirements:

- Vendors to contact the Ballard 3rd Party Laboratory for panel testing. Each combination of finish, veneer & wood to be tested annually. For wood items. each panel may be applicable to more than one product. This should be noted on the test and to Ballard Sourcing by listing the Ballard item# and Ballard name for each applicable product.

- In regards to 16 CFR 1303 Lead in substrates and coatings, vendors must certify compliance to the 300ppm lead in substrates and 90 ppm lead in coatings beginning now.
- Vendors to keep on record certificate/statement of proper lead content from their finish suppliers for each batch of finish ordered. The vendors must maintain these records with GCC records for 5 years and must be available to Ballard within 24hrs of request.

Immediate Vendor Actions Required:

- ***Vendors to begin sending a GCC for all applicable product shipments that were manufactured on or after November 12, 2008.***
- Vendor to provide the GCC along with other required import shipping documents.
 - ***If Ballard Designs, Inc. is the Importer of Record,*** the vendor is responsible to provide the Ballard issued GCC in their shipping documents to Ballard's forwarder.
 - ***If Ballard Designs, Inc. is NOT the Importer of Record,*** the vendor is responsible to provide the GCC in their shipping documents for import.
- The vendor must maintain records of the GCC issued for 5 years. GCC must be available upon request to Ballard within 24 hours of request.

2. VENDOR PRODUCING NON-BALLARD BRANDED PRODUCT (NATIONAL BRANDS, VENDOR BRANDS, MARKET BRANDS, NO BRANDS, ETC.)

Ballard Designs, Inc. has always held the expectation that NON-Ballard branded product vendors have an established, effective and compliant quality assurance and testing program that insures your products meet all U.S. safety & regulatory requirements as well as Ballard's standards.

Immediate Vendor Actions Required:

- Vendors to execute a GCC based on a reasonable testing program.
- Vendor to provide the GCC along with other required import shipping documents.
 - ***If Ballard Designs, Inc. is the Importer of Record;*** the vendor is held responsible to provide the GCC in their shipping documents to Ballard's forwarder.
 - ***If Ballard Designs, Inc. is NOT the Importer of Record;*** the vendor is held responsible to provide the GCC in their shipping documents for import.
- The vendor must maintain records of the GCCs issued for 5 years. GCC must be available upon request to Ballard within 24 hours of request.

FOOD USE ITEMS

All food use items must be in compliance with FDA Standards. The test report must reflect that the item is in compliance with California Prop 65 standards. If the item will come into contact with a person's mouth, we also require ASTM lip and rim test results. You must also provide test reports stating whether the item is safe for use in an oven, microwave or dishwasher.

ELECTRICAL ITEMS

All electrical items must be evaluated to UL standards and have current UL, CUL, ETL, CSA or TUV Listing. This listing will be verified. Telephones and devices that use radio frequencies must comply with FCC regulations. Copies of the applicable UL certification are to be provided with the Ballard spec sheet.

FURNITURE PRODUCT TESTING

Seating – All seating items require performance/load testing. All seating items must pass the following applicable tests:

CPSD-HL-01019-MTHC/Dynamic Load
CPSD-HL-01018-MTHC/Static Load
CPSD-HL-01017-MTHD
CPSD-HL-01011-MTHD/Stability
CPSD-HL-01020-MTHD
CPSD-HL-01021-MTHD
CPSD-HL-01022-MTHD
CPSD-HL-01023-MTHD/Force Application
CPSD-HL-01029-MTHD
CPSD-HL-01034-MTHD/Force Application
CPSD-HL-03042.01-MTHD/Stability

Outdoor Items – All outdoor items require outdoor testing. For collections of the same construction, one key item in the group may be tested to represent the group. All outdoor items must pass CPSD-HL-01063-MTHD, CPSD-HL-01007-MTHD/Humidity, CPSD-HL-01012-MTHD/Temperature Change, CPSD-HL-01010-MTHD.

Painted items must pass 16 CFR 1303.

Product Testing Costs

Domestic Vendors are responsible for all testing costs; import vendors are to use the Ballard specified testing lab provided by the Sourcing Department. Test report copies to be provided with the Ballard spec sheet.

CHEMICALS/LIQUIDS/POWDERS/HAZMAT

All vendors must provide Material Safety Data Sheets (MSDS) that detail information on each chemical including appropriate safety measures. The Department of Transportation (DOT) shipping classification must also be provided if it is not included in the MSDS. Each supplier must comply with all local, state and federal laws and regulations that apply to the labeling, shipping storage and handling of hazardous materials – including, but not limited to the ORM-D. The MSDS for each item is to be provided with the Ballard spec sheet.

RUGS

ALL rugs must be in compliance with Federal Regulations 16 CFR 1630/1631. Test reports must be provided with the spec sheet.

All rugs must also pass wet/dry crock testing (AATCC 8-1966) and color fastness to light (AATCC 16-1998). Small Rugs less than 24 sq ft and less than 6 ft in any one dimension must pass or be labeled for 16 CFR 1631 (FF2-70).

Large rugs/carpet greater than 6 ft in one dimension or greater than 24 sq ft must pass 16 CFR 1630 (16 CFR FF1-70).

REGULATORY LABELING

Several industries require labeling for various products. Please be sure that all mandatory labeling is on the product. We will inspect upon receipt of shipment. Following are a few of the labels that are required:

- Candle Warning Label
- UL Label
- ORM-D Label
- Suffocation Warning Label
- Small Parts Warning Label
- Uniform Registry Number Law Labels
- Fair Labeling & Packaging Act

ANTI TIP MECHANISM

All furniture items at risk from tipping should include an anti tip hardware kit. Instruction regarding the anti tip hardware should be in the instruction sheet. Work with your Merchant or your Sourcing Specialist for anti tip hardware information.

INDIVIDUAL PRODUCT LABELING

All items conveyable or non conveyable must have a Product label even if the quantity is just one to a box. If an item is Master Packed, then each individual box or poly bag inside must be individually labeled with a Product Label, as well as the outside of the master pack. This can be done with a label or printed on the box.

The following information must be included on the product label:

- Ballard Designs Item # (from the PO)
- Product Description (from the PO)
- Color (if applicable)
- Style (if applicable)
- Size (if applicable)

All labels fonts must be at least ¾" or 2 Centimeters large. The approximate size of an address label will work well.

Locate individual Polybag Product Labels on the front lower right on each item inside a master case.

Locate individual Box Product Labels on the outside upper right on each item inside a master case.

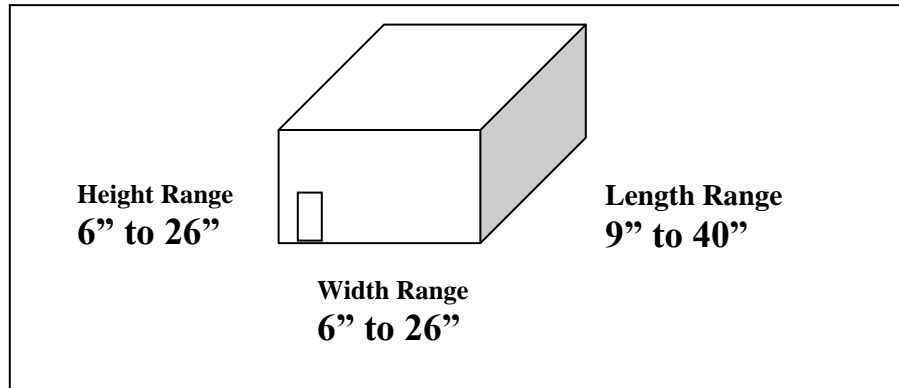
The product label should also go on the outside of each Master Case on the same side as the UCC-128 label, but in the upper right corner location. The UCC-128 label would go in the lower left hand corner on this side as per page 9. If the item is not master cased and the quantity is one because of the item's size, the Product Label would still be needed in the above location. If you are printing the Ballard item # information directly on the box, then any location on the box is okay.

Example Item label:

MW060 BLK BLACK
Bay Window Cabinet

CASE REQUIREMENTS

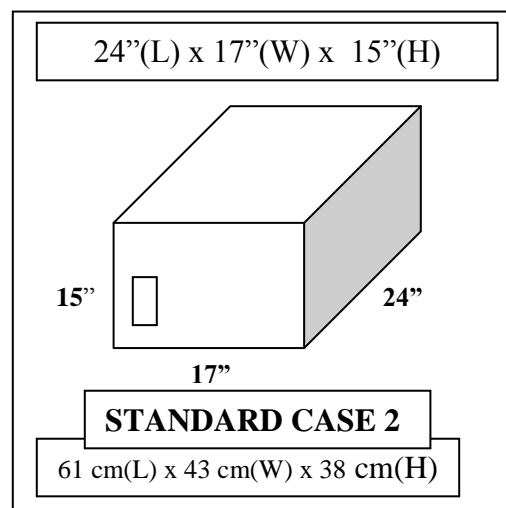
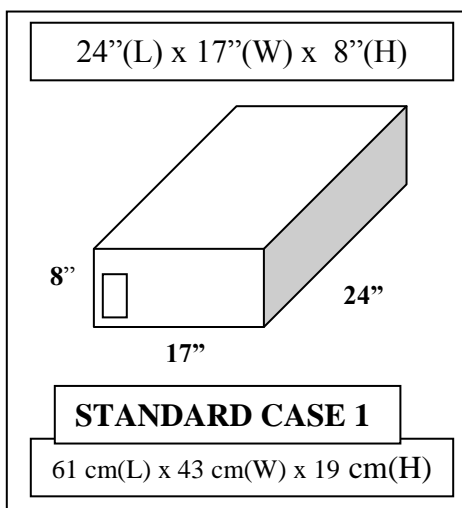
Master packing must be incorporated whenever possible. Master Case sizes must conform to the following conveyable dimensions below so they can be put on the inbound conveyor and to be stored in our reserve and active picking locations.



There is no minimum for the units of a master pack as long as the carton is within the size range above and kept within the **maximum weight of 50 lbs.** **Please note that you cannot master case inside a master case.** If the case capacity is less than 2 units, because of the large size of the product or weight, make the item a *Separate Ship Item* (1 unit per case) and keep in a conveyable box size in the ranges above. If any one item's size is larger than the above conveyable range, than it would be considered a non-conveyable item and can go outside the conveyable range. (see page 9 & 10.)

Please remember that each product inside a master case will need a **Product Label**. (page 11.)

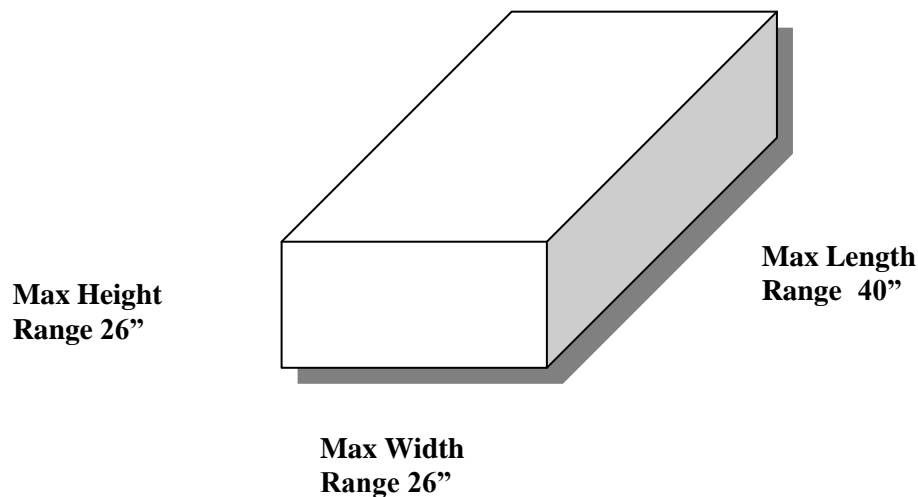
With smaller products, please try to use the Standard Case box sizes below.



To prevent damage to our material handling equipment, **do not secure conveyable case with straps, bands or strings.** **Do not use Styrofoam peanuts in packaging.** All of these are charge back issues.

Case must contain only 1 SKU. Purchase orders cannot be mixed in cartons.
Case Label Placement for Conveyables and Non-Conveyables

How to Determine Conveyable vs. Non Conveyable Products



Conveyable Cases - This diagram shows the maximum dimensions for a conveyable case. This is the largest case that can be transported by our conveyors. "Arrow" placement or "This Side Up" directions on box does not effect UCC-128 label placement.

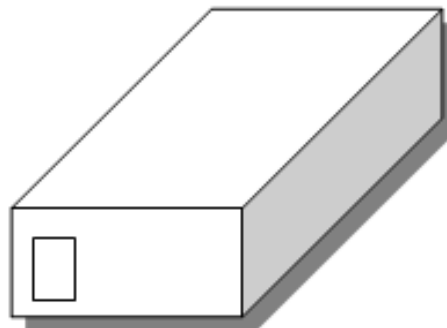
Non Conveyable Cases - If any case dimension is larger than one of these, the case is non-conveyable and must be labeled for non-conveyable receiving. "Arrow" placement or "This Side Up" directions on box does effect UCC-128 label placement.

Conveyables Labeling Guidelines

Challenges – Case must receive a usable scan and ride the conveyor securely. The scanner is pointed at the lower left-hand area of the approaching case. To ride securely, the center of gravity of the case must be as low and evenly balanced as possible.

Requirements - One UCC-128 case label must be placed on one of the smallest sides of the case. To do this, disregard what you may normally think is the height of the box. Find the two smallest measurements of the box. The smallest measurement will become your height and the next to the smallest measurement will be your width. Turn the box with this side facing you. Place the label upright, lower left hand corner, 1 inch from the bottom and left edges of the case. If your height is smaller than 6 inches, you can wrap the top portion of the label over the top of the box. Case flaps should not effect label placement. However, do not cross a flap with a UCC barcode.

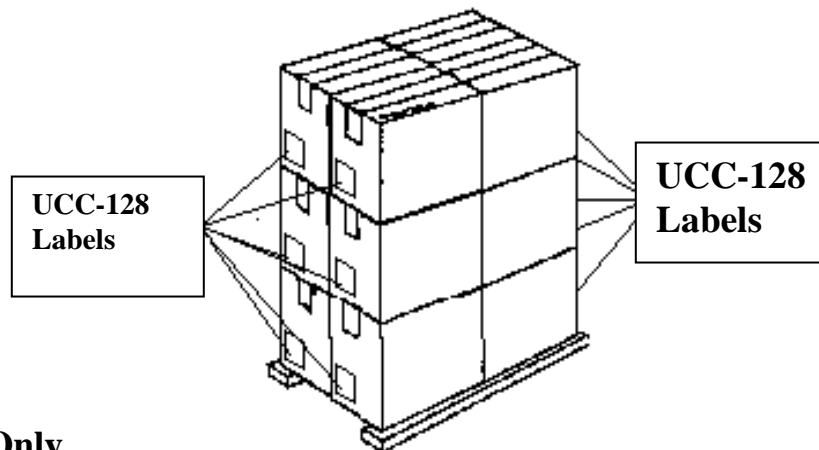
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Non Conveyable Labeling Guidelines

The label placement must support the requirement for access by hand scanning in the non -conveyables area. All UCC-128 Labels must be positioned on non-conveyables so that they can be read from the outside of the pallet.

Place the UCC-128 label on the lower left hand side of each box. The following illustration shows two sides where labels could be placed.



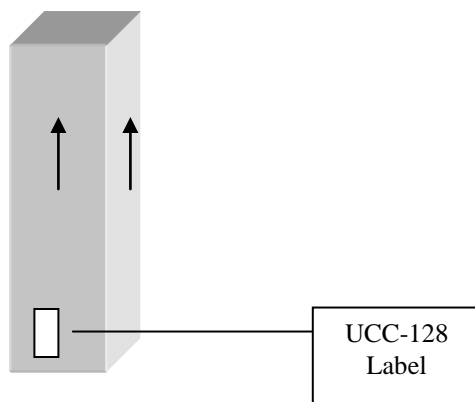
Arrow Directions for Non Conveyables Only

The warehouse follows safe handling practices regarding transportation and storage of product. Consequently “arrow” instructions printed on incoming Non-Conveyable packages are considered critical. Vendors should only use these indications when the “arrow” instructions impact the security and protection of the product.

On all conveyable items, the warehouse will ignore the arrows.

For example, if an arrow indicates that a product should be transported and stored in a vertical orientation the product must arrive at the DC in this orientation and the placement of the item or UCC 128 labels must coincide with this requirement.

For questions regarding case labeling, Please call a Vendor Compliance Specialist.



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EXTERNAL CASE LABELING

UCC-128 (Universal Code Council) standard case labels are required for each shipped case.

These labels can be purchased from ADI at (937) 436-2343 or printed from Vendor Net for VendorNet transmitted ASN's.

If you are producing your own UCC-128 labels or using another label provider, you will need to have a label approved by faxing a copy to our UCC-128 department at **513-603-1021**.

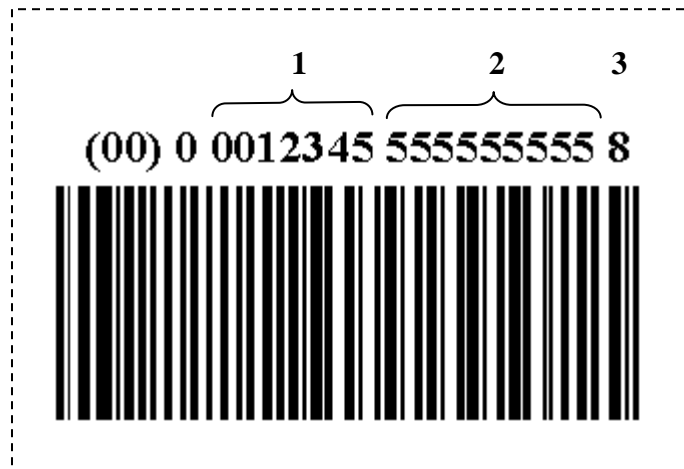
Example case label:

FROM: Vendor # 50123	Ship To: Ballard Designs D/C 8877 Union Center Blvd. West Chester, OH 45069
Ship to Postal Code: (420) 45069	Carrier Info: UPS Pro #: B/L#:
	
Purchase Order: 100043655 Ballard Designs Item #: WA685 BLU Vendor Item #: 58662 Size: Color: Blue Quantity/Case: 10 Desc: Floral Glasses Carton # 2 of 3	
(00) 09222222 000041662 4 	

UCC-128 Shipping Case Label Data Requirements:	General Information:
a. Vendor Number	Shipping Case Label must appear on every case
b. "Ship-To" Information (from PO)	Recommended label dimensions:
c. Bill of Lading (BOL) #	English: 6"(H) x 4"(W)
d. Purchase Order (PO) #	Metric: 15 cm(H) x 10cm(W)
e. Ballard Designs Item #	Type must be at least 3/16" (or 10 pt)
f. Vendor Item #	Attach shipping label to lower left corner of case
g. Item Description (Size, Qty, and Color)	PRO #'s may be requested in advance from issuing Shipping Company
h. Quantity per Case	Low-reflective tape, if tape is used on the label
i. UCC 128 Symbolology (Case Identification Bar Code)	
j. Case Count (i.e. "01 of 05")	
k. Lot #	

External Case Labeling Specific Characteristics

UCC 128 Symbology Explanation:



- 1) *Vendor's UCC Number (or UPC preceded by a zero). Contact Vendor Relations Coordinator if UCC numbers are not utilized*
- 2) *Unique Carton Identification Number (9 digits)*
- 3) *Check digit*

NOTE: The Uniform Code Council has approved a standardized format for the UCC-128 Case Label. For more information call (800) 543-8137 or www.uc-council.org.

This case label must have the UCC-128 bar code symbology.

- a. The bar code must meet the following specifications:
 - UCC Code 128 subset "C"
 - Encoded Digits: twenty (20) numeric
 - Minimum Narrow Element: .02"
 - Wide Element: 1.0"
 - Minimum Bar Height: 1.0"
 - Maximum Pattern Length: 3.12"
 - Overall Pattern Length: 3.52" (including quiet zones)
- b. This must have a UCC-128 bar code quality program in place that ensures ANSI A or B print quality (ANSI X3.182). Be sure to use "smudge-proof" labeling/ink and low-reflective tape (if tape is used to apply the label).

A 20 DIGIT CASE NUMBER MAY ONLY BE USED ONCE. EACH UCC-128 LABEL PRINTED MUST BE UNIQUE AND NOT HAVE THE SAME CASE NUMBER AS ANOTHER LABEL.

Label Resources

In addition to Vendor Net printing UCC-128 labels on your printer, here are 3 additional resources to purchase labels at a nominal cost.

1. Adaptive Data Interchange (ADI) for domestic or international vendors

Jerry Gribler

jgribler@adi-barcode.com

Ph 937-436-2343

Fx 937-704-9814

2. Elmicron Printing Services (European Vendors)

info@Elmicron.de

www.elmicron.de

Ph +49(0) 34 45 – 78 11 20

Fx +49(0) 34 35 – 77 01 42

3. Bartender Labeling Software Professional Program

- a. Purchase from ADI above

- b. Purchase from Seagull Scientific

sales@seagullscientific.com

www.seagullscientific.com

Ph 800-758-2001 Fx 425-641-1408

BALLARD DESIGNS UCC-128 RECOMMENDATION

VENDOR NET

If using Vendor Net for ASN transmission, this web based application allows you to print UCC-128 labels on your printer. There is no cost to use this program. Avery label #5168 can be used with Vendor Net or you can purchase blank labels from ADI at a special rate.

The website for Vendor Net is: <https://ballarddesignsvn.ccsinc.com>

To get signed up and receive your user name and password, please contact our Vendor Net associate at vtg@ccsginc.com Please remember that it may take up to 2 weeks to get set up so contact them early.

ADI

This company is not affiliated with Ballard Designs but is an inexpensive source to purchase UCC-128 compliant labels if you do not print them yourself. Just tell them you're a Ballard Designs' Vendor and they will know the exact format we require.

Jerry Gribler

(937) 436-2343

email: jgribler@adi-barcode.com

QTY	PRICE
1-100	\$15.00
200-400	\$35.00
500-900	\$65.00
1000	\$75.00
Bartender Labeling Software Professional	\$395

ADVANCE SHIP NOTICE (ASN)

3 Methods for attaining the ASN are:

1. Excel ASN Creator
2. Vendor Net
3. EDI

- All shipments require an Advance Shipment Notification (ASN) to be sent the same day the shipment leaves. This must be sent electronically through EDI, Vendor Net (web application) or via e-mail with the online ASN Creator.
- When more than one trailer or container is sent to fulfill a purchase order(s), an ASN is required for each load. This is required for all three ASN methods. One ASN per trailer or container. This must match exactly what is on the shipment, Ballard item numbers, Case numbers and quantities.
- **No faxed ASN's will be accepted.**

ASN Creator

There is no cost to the Vendor to use this program. Please visit our website at www.ccsinc.com to get a vendor password and download this new program and directions to your hard drive. . **Please check the ASN Creator version on our website each time before shipping to make sure you have the most current version available.** Older versions will not work with our system.

Once the ASN Creator is filled out, please email this to asn-bd@ccsinc.com. Please also put your purchase order numbers & container numbers (if applicable) in the subject line of the email and request a reply back that the email was received. **Keep this reply back as proof you sent the ASN.**

VENDOR NET (ASN)

VendorNet is a web-based application that enables you to retrieve your purchase order, print UCC-128 labels, send an ASN and invoice your purchase order via the Internet. There is no cost to the vendor to use this program. A Vendor can either print UCC-128 labels from this location or purchase UCC-128 labels from an outside source. Please allow two weeks for Vendor Net to set you up.

The web site for Vendor Net is: <https://ballarddesignsvn.ccsinc.com>

To get signed up and receive your user name and password please contact our Vendor Net associate at vtg@cornerstonebrands.com

EDI

If a vendor has EDI capabilities, then the ASN can be transmitted via Electronic Data Interchange (EDI) in accordance with ANSI X.AS standards. These standards define the EDI ASN 856 advanced shipping notice document.

If you have EDI capabilities, please contact our EDI Coordinator at www.vtg@cornerstonebrands.com. You can download our mapping at www.ccsinc.com

Please be aware that Vendors will have a 3 month window to pass EDI testing. If you do not pass within 3 months, they will be charged \$150 per test thereafter with all other relevant VC charges that may apply to their shipment.

ASN (ADVANCED SHIPMENT NOTIFICATION) SPECIFICS

- We require a consolidated ASN with UCC-128 case level information, as a minimum, for every shipment. You must transfer the full 20 digit UCC-128 case number on the ASN. Each 20 digit case number must be different, do not use the same case number. Be sure to fill out the Ballard's SKU number which matches the P.O. (including color suffix and size suffix if applicable) and the case quantity in that one box.
- Case qty is the way we sell the item. For example: if we sell a set of two chairs, and we receive 10 chairs, then the case qty should be five representing the number of sets.
- **CASE MUST CONTAIN ONLY ONE SKU.**
- If multiple Po's are to be shipped under one Bill of Lading, each P.O. should be listed on the BOL, with a breakdown of # of pallets, cases, units and Ballard sku numbers.
- When more than one truckload is sent, a unique BOL and unique ASN is necessary for each truckload. For container's, a unique ASN must be sent for each container, matching the case numbers, Ballard skus and quantities exactly.
- Your ASN must be 100% accurate. In order to maintain accuracy, the 'scan and pack' method of ship notice creation is recommended.
- If you are using the ASN Creator, please go to our website and check the version number to make sure you have the most current version of this program each time you send an ASN. This is very important to insure you have the most current ASN Creator with all of the available updates.

PACKAGE TESTING REQUIREMENTS

Submitting Packaging Samples

In order to insure excellent service to our customers, we require that a vendor's Packaging Sample pass our constant packaging test. This helps to insure that the product arrives to our customers without damage.

All items must be packaging approved before they are shipped. Mirrors must pass droptest twice. Failure to ship in approved packaging will result in a chargeback including but not limited to costs for returns, return freight, repackaging and a chargeback fee. Vendors will be liable for the costs associated with the returns if:

1. a vendor ships the product in packaging that is different than what was approved
2. a vendor ships prior to packaging approval

Please send packaging samples as follows:

1. Package the item in its reshippable packaging.
2. Place this box in another box (or crate if the item is large). This will protect the item from receiving damage in route to Ballard.
3. Mark the outer carton "PACKAGING TEST SAMPLE – ATTN: KEITH HILL– DO NOT OPEN."
4. Place "TEST THIS BOX" label on reshippable packaging and "TEST INNER BOX" label on the outer packaging.
5. Ship to Ballard Designs, Inc., attn Keith Hill, 1670 DeFoor Avenue, Atlanta, GA 30318. Any packaging samples shipped to the warehouse in house will be reshipped to Ballard at the vendor's cost.

Once we've tested your packaging we will let you know if it passed or failed. If your item fails, we will give you suggestions on how to improve the packaging and you will need to send out another sample for retest. All items must pass our packaging test before shipping your order.

Cardboard Standards

Ballard reshippable cartons must be brown box with a burst strength of 275 lbs as listed on the Ballard spec sheet. Anything below 275 must be approved on a case by case basis by the Sourcing Department. No carton will be accepted below 220 lbs.

CHARGEBACKS FOR NON-COMPLIANCE

As a supplier to Ballard Designs Inc., it is important that you comply with our entire product and packaging policies and standards. Non-compliance with any of the procedures or standards will result in a charge back, issued to you for the extra operational expense incurred by our Distribution Center. Each po is considered a separate shipment.

Charges are \$150 per violation.

You will be notified of any infraction and expected to correct the situation with future shipments. The Ballard Designs Accounting Department will be notified of the incident and a debit will be issued to your account. The debit will be deducted from a future payment.

Our Distribution Center charges Ballard Designs for any compliance violations that occur. Ballard Designs passes these charges to our vendors.

All future purchase orders will be subject to a discount schedule based on the number of days late an order ships vs. the vendor confirmed ship date at the time of the order confirmation. Direct international suppliers will be evaluated on the date a container is requested from Ballard's freight forwarder in conjunction with the days required to receive equipment. Additionally, orders beyond the cancel date on the purchase order will remain subject to cancellation.

The intention of this initiative is not to increase the amount of vendor chargeback's but rather decrease the number of late shipments. If problems arise that will cause a delay in shipments, it is in the best interest of all parties that those delays be brought to Ballard's attention as soon as known.

The discount schedule is as follows:

<u># of Days Late</u>	<u>Discount %</u>
1 - 7 Days	0%
8 - 14 Days	3%
15 - 30 Days	5%
31 - 60 Days	15%
61 - 90 Days	30%
>90 Days	50%

DOMESTIC VENDORS

INSTRUCTIONS

If the product requires assembly, requires several steps for use/care of the product or if there is a loose part inside the carton, you must include English instructions.

All instructions are to be reviewed by the Merchant for ease and clarity. See the Ballard Designs instruction sheet template for guidance; all instructions must show the parts location in the carton, list parts & tools needed, notation that products are not intended for commercial use, made in country and clear steps with line drawings and/or images. When applicable, instruction should explain in detail how to use levelers and anti tip hardware.

Instructions should be sent to the Merchant in Word format with the item spec sheet for review and approval.

PACKING LIST/SLIP

TRUCK LINE/CONTAINER - Packing slip may be attached to the Bill of Lading (BOL)

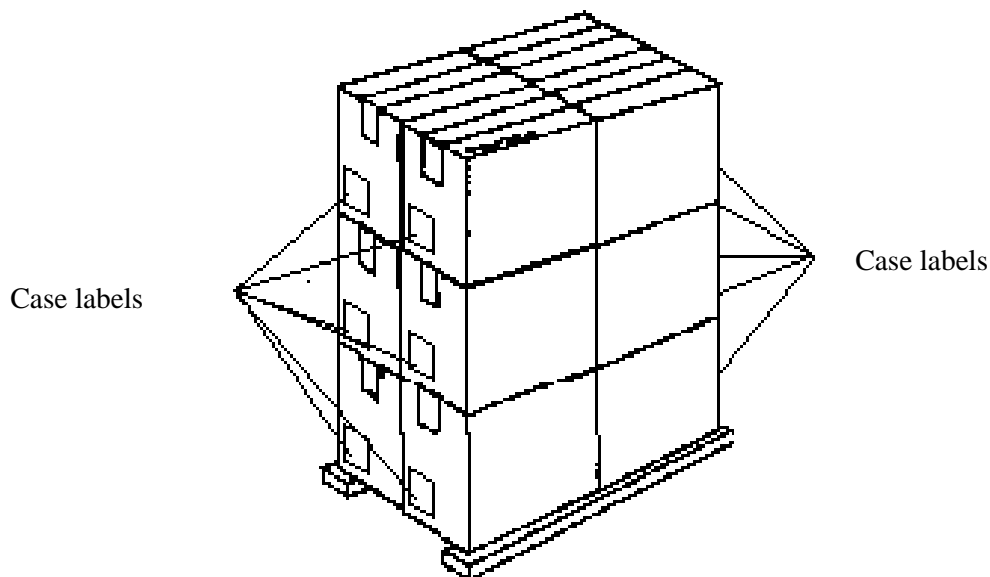
OR - externally attached on LEAD case for EACH PO.

UPS / ALL OTHERS - One packing slip externally attached on EACH case.

VENDOR NAME Street Address City, State, Zip Code Phone Number Fax Number					
PACKING LIST					
BILL TO: Accounts Payable Ballard Designs 5566 West Chester Rd. West Chester, OH 45069			SHIP TO: Ballard Designs Distribution Center 8877 Union Centre Blvd. West Chester, OH 45069		
CARRIER USED: <input type="text"/>	CARRIER PRO #: <input type="text"/>	SHIP DATE: <input type="text"/>			
PURCHASE ORDER #: <input type="text"/>					
QTY ORDERED	QTY BACKORDERED	QTY SHIPPED	Ballard Designs ITEM #	VENDOR ITEM #	DESCRIPTION (SIZE, COLOR, STYLE)
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TOTAL UNITS <input type="text"/>	TOTAL CARTONS <input type="text"/>	TOTAL PALLETS <input type="text"/>	TOTAL WEIGHT <input type="text"/>		

PALLETIZING

- a. The required pallet size is 48” long x 40” wide (1.22m long x 1m wide).
- b. Use 4-way pallets.
- c. A pallet label, including the following information, must be on all 4 sides of EACH pallet:
 - Vendor Name
 - Address
 - PO #
 - PRO #
- d. A separate sheet of brightly, colored paper, approximately 8.5” x 11” should be placed on all 4 sides of each pallet. This should read:
 - • **“PLEASE DO NOT BREAK DOWN SKIDS”**
- e. Cartons on the pallet must not overhang pallet length or width.
- f. Maximum height of pallet 65” (1.65 meters) including cases and pallet.
- g. When palletizing multiple Purchase Orders, cases of the same PO should be on the same level of the pallet or on the same pallet.
- h. Cases of the same PO should be numbered “xx of xx” starting with “1 of xx”.
- i. Place cases on pallet so all case labels face outward as shown:
- j. All cases are to be **column stacked** on the pallet as shown.



BILL OF LADING

Carton count and purchase order numbers and Ballard item numbers must be present on the Bill of Lading. If multiple PO's are shipped on one BOL, then the total cartons across all ASN's must match the total cartons on the BOL. This is extremely important.

DOMESTIC ROUTING GUIDE & TRANSPORTATION

All shipments must follow the Routing Guide. It is the Vendor's responsibility to have the most up to date Routing Guide available. Please check our website with each shipment to make sure the Routing Guide has not changed. Our website can be found at www.ccsGINE.com.

Violation of below will result in a penalty.

1. Freight shipments must be shipped collect, terms are prepaid:

- If Ballard or its affiliates are paying any portion of the freight, then shipments are to be made on a freight collect basis. Merchandise invoices with freight charges added will be paid net of freight charges. Invoices submitted for freight charges only will be returned unpaid.

2. If UPS is used per Routing Guide, shipments must use terms Collect billing:

- Please use our UPS account number from the Routing Guide.

3. Un-authorized carriers:

- If Ballard or its affiliates are paying any portion of the freight, then the carrier specified in our current routing guide for the origin/destination/shipment size must be utilized. All Merchandise loss or damage will be the responsibility of the vendor if wrong carrier is used. Current routing guides can be found via Ballard's Vendor Partnership website: <http://www.ccsGINE.com/>.

4. Overweight shipments:

- Shipments matching the overweight/oversized shipment characteristics in our current routing guide must be routed per the overweight/oversized shipment routing instructions. Each shipment will be assigned a unique authorization number regardless of the specific carrier selected by CCSG Transportation or their agent. The authorization number must appear on your bill of lading or air bill.
- Multiple-trailer shipments require one Bill of Lading per trailer.

5. Shipment did not match authorized weight, cube, cartons:

- Shipments being routed via our overweight/oversized routing guidelines must match the weight, cube, and carton count authorized.

6. Unauthorized air shipment

7. Failed to consolidate same day / destination shipments:

- All merchandise to be shipped from a single shipping address to a single destination address on the same day must be combined onto a single Bill of Lading. Routing guidelines should then be applied to the entire shipment.

8. Merchandise consigned to wrong location:

- Merchandise must be consigned to the proper location as specified on your purchase order. Failing to ship to the address specified on the purchase order will result in:
 - a. All freight charges will be the responsibility of the vendor.
 - b. Any detention fees and/or transfer freight will be the responsibility of the vendor.
 - c. An expense offset will be assessed

DOMESTIC RUGS, DOORMATS & FABRIC REQUIREMENTS

Please visit the website www.ccsinc.com to download specific requirements on Rug Labeling and Packaging.

IMPORT REQUIREMENTS

The United States Customs Service was created to administer the trade laws of the U.S. Government and to collect duties and taxes on shipments of goods and baggage.

Documentation

Entries are required by the Customs Service to accommodate the paying of duties and taxes that are due and payable to the U.S. government at the time of importation. Duties are assessed when the importing carrier arrives at the U.S. port of entry. To facilitate the entry of goods into the United States, U.S. customs officials require documentation provided to secure their release. Documentation must be provided within 5 working days from the date the carrier arrives. To successfully meet these requirements, Ballard Designs requests the following documentation:

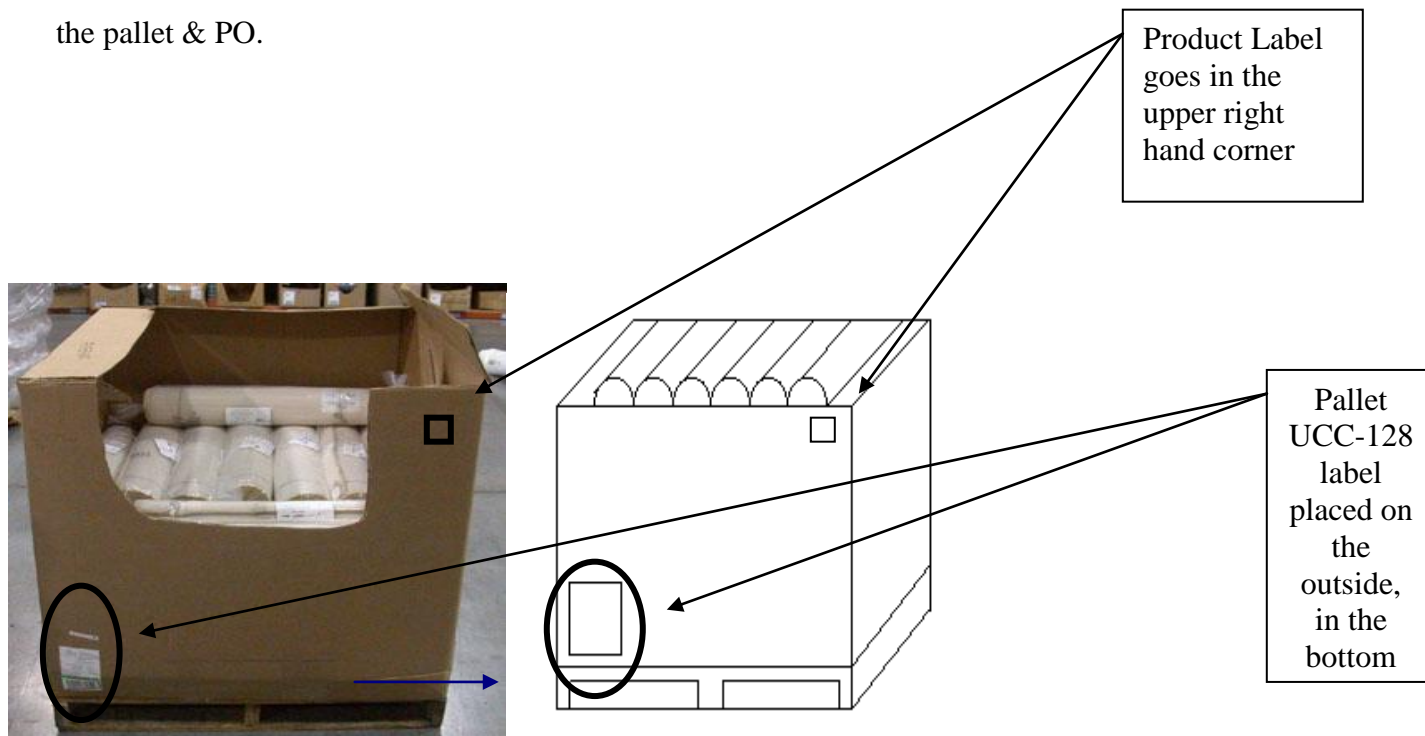
- a. Carrier's certificate, original bill of lading, or airway bill properly consigned
- b. Signed commercial invoice and packing list
- c. Detailed description of item in English
- d. Declare value of item stated in same currency as PO and invoice.
- e. Other cost of item (freight, insurance, etc.) (if applicable)
- f. Net quantity for each item
- g. Gross weight in kilograms
- h. Country of origin of the item
- i. Textile – fiber content given on invoice. Also state if knit, napped, ornamented, etc.

Rug, Fabric and Doormats

All rugs, fabrics and Doormats shipped to the warehouse must meet the following qualifications.

Rugs 4'x 6' and smaller:

- a. Preferably, small rugs should be placed in a gaylord box. Each pallet must have a UCC-128 pallet label in clear view placed on the outside of the gaylord. This label should list the Ballard sku and the quantity for the pallet & PO.



- b. A Product Label should also go on the same side as the UCC-128 label, but in the upper right hand corner of the Gaylord box.
- c. One sku per pallet and Gaylord box.

UCC-128 Pallet Labels and Gaylord Labels

Pallet & Gaylord labels are used for small rugs under 4'x 6' and doormats that are not in a conveyable master case boxes. Each pallet of rugs must be accompanied by a UCC-128 pallet label. The label must be affixed to the outside of the Gaylord box. The label must be the VICS Universal Code Council 128 (UCC-128) standard case label. Each label must include the following information:

- Vendor Number
- "Ship To Address" (from PO)
- PRO # (Carrier Tracking #)
- Purchase Order # (PO)
- Ballard Item # (SKU)
- Vendor Item #
- Item Description (Size, Color, Style)
- Carton Count (ie. 1 of 5)
Case Count (Quantity on Pallet)

FROM: Vendor # 50123		TO: BALLARD DESIGNS INC. 1877 UNION CENTER BLVD WEST CHESTER, OH 45389	
Ship to Postal Code (420) 45069	Carrier Info KINGSTON TRANSPORTATION Via BL	Purchase Order #: 100064144	
BALLARD Item #: RR279 6X9		Vendor Item #: 30-1249-04	
Size: 4' X 6'	Quantity: 11	Color: CORAL BORDER RUG	
Carton 111 OF 111		Lot #	
 (00) 0 080605 042403443 5			

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Please don't forget to put a Product Label on each rug and the pallets packaging on the same side as the UCC-128 label.

Rugs 4'x 6' and smaller - Another Option:

1. If Vendors do not ship in a Gaylord box they must place these rugs in a conveyable master case box.
(see page 8 in VC Manual) A conveyable master case box also works well for when small quantities of a specific sku are ordered on a rug, which will not fill a Gaylord box.
2. One sku per master case.
3. Please remember not to go over 50 lbs per master case box.
4. A Product Label must be placed on each rug's poly bag with the Ballard sku.
5. A UCC-128 label must be placed in the correct position on this master case box. (see page 9 VC Manual) A Product label also goes on the same side as the UCC-128 label but in the upper right hand corner. (page 11 VC Manual)

Rugs & Fabric Bolts Larger than 4'x 6':

1. One sku per pallet.
2. Fabric must be wrapped on a tube where the inside diameter is a **minimum 1.5 Inches or .59 cm.**
3. Pallet should be accommodating to the length of the rugs, so as to avoid dragging.
Use longer pallets for longer rugs to avoid damage caused by dragging rugs. Rugs & fabrics should be stretch wrapped or banded to a pallet to prevent shifting during transit.



This photo illustrates a pallet that suspends the rug above the ground, free from dragging.



This rug suffered significant damage and is no longer saleable.

UCC-128 Labels for Rugs & Fabric Bolts larger than 4'x6'



Large rugs and fabric bolts will need a UCC-128 label on each item. Label the poly-bag with a UCC-128 case label (include size of rug or yardage if fabric), Purchase Order # and Quantity. Example: Rugs: Quantity always 1. Fabric: Quantity in whole yards only. See above illustration for the correct UCC-128 placement of this label on rugs and bolts of fabrics. Also place a Product Label on each rug or fabric bolt at the end of the bolt.

Product Label

Every rug received into the building must be individually labeled with the Ballard item number. This label contains the rug's SKU number accompanied by any size, color, or style definition that follows.

BALLARD ITEM # RR279 6X9
Coral Border Rug 6 x 9
Vendor Item # 30-1249-04
Po# 100064144

Packaging

1. Each rug or bolt of fabric should arrive in its' own plastic or mesh bag and individually labeled with Ballard's Product Label. Rugs or fabric bolts are not to be bagged in multiple quantities or banded together.



Rugs or fabric bolts combined in one bag or banded together is not acceptable.

2. Rugs & fabric bolts should be placed in durable polyethylene bag that is at least 2-3 mils thick or Ty-Vek material.
3. Securely seal the bag with PVC tape, but interlocking plastic ties are acceptable as long as the tail is taped down.
4. Please double bag rugs 4' x 6' or larger.

Doormats

There are two options for sending doormats.

1. Individually place each doormat into a polyethylene bag that is at least 2-3 mils thick or a bag made of Ty-vek material. Securely seal the bag with PVC tape and apply a Product Label to the bag which includes the Ballard Sku. Multi pack the item into a conveyable size, master pack cardboard box. (see page 9 in VC Manual.) Place the UCC-128 label in the correct position on the master pack carton and also the Product label. (page 11 in the VC Manual)
2. Doormats can also be sent by pallet. Do not poly bag the item. Product label must still be attached securely to each rug by hangtag. Please see below specifications:

Pallet made to the size of the doormats, (pallet sized to allow no overhang of doormats nor excess space by pallet being larger than doormats)

Doormats placed one on top of the other on the pallet to maximum height.

Breatheable pallet bag over entire stack of doormats

Stack Cross-banded to the pallet (one band in each direction)

Only doormats of the same style and color placed on the same pallet

UCC128 pallet labeling identifying each skid

Skids then stacked in container to provide optimum container space

