

BALIAR.D DESIGNS®

VENDOR COMPLIANCE MANUAL



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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 DeFour 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 apart 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: _____

Date:

Signature

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 DeFoor Avenue, Atlanta, GA 30318-7528

Qurate Retail Group Global Business Partner Code of Conduct

INTRODUCTION

The members of the Qurate Retail Group, which includes Zulily, HSN, Cornerstone, QVC and their subsidiaries (referred to as QRG), work with individuals and companies to bring the highest quality products to our customers. These supply chain vendors, supplying product for retail, whether government owned or private entities, are defined as Business Partners. The conduct of QRG Business Partners and of their subcontractors can affect QRG and its reputation. This QRG Global Business Partner Code of Conduct (Code) identifies the standards QRG expects Business Partners to maintain. Business Partners must comply with international, national and other applicable laws. If the applicable law and this Code cover the same subject, QRG expects that Business Partners will comply with the higher standard.

Scope

This Code applies to all QRG Business Partners globally. QRG expects Business Partners to ensure that their subcontractors also comply with the requirements of this Code.

Monitoring this Code

QRG conducts monitoring of Business Partners. Business Partners must respond to monitoring enquiries made by or on behalf of QRG.

Adherence

QRG will only work with Business Partners that meet or exceed the standards of this Code. QRG reserves the right to take all appropriate action in response to violations of this Code, including, without limitation, termination of its relationship and agreements with such Business Partner.

Contact

Questions regarding this Code can be sent to QRG vendor relations at: Vendor.Relations@qvc.com

BUSINESS PROCESSES

Business Partners must comply with this Code at their own expense and through self-enforcement.

Management, monitoring and confirmation

In order to comply with this Code, Business Partners must, as appropriate:

- make this Code available to employees and their subcontractors;
- inform their employees about the requirement to comply with this Code;
- monitor compliance to this Code;
- ensure compliance to this Code by their agents and subcontractors; and
- have a corrective action program in the case of non-compliance with this Code.

Applicable documentation demonstrating compliance with this Code must be kept for a minimum of three years.

Inspection and audit

Business Partners and their subcontractors may be audited by QRG or a third-party auditor appointed by QRG, at the expense of the Business Partner, at intervals established by QRG, to confirm compliance with this Code or to evaluate a report or audit finding. These audits will generally be scheduled on a mutually agreed date.

Business Partners must co-operate with QRG and its designees in any such audits.

Business Partners must permit QRG or an appointed auditor to conduct private interviews with their employees.

Business Partners must not retaliate in any way against any employee interviewed by QRG or an appointed auditor.

Compliance with Economic Sanctions

Business Partners must, in relation to any QRG business, remain compliant with all laws administered by the United States Office of Foreign Assets Control ("OFAC") and any component of the United Kingdom or EU governments imposing economic sanctions and trade embargoes ("Economic Sanctions Laws") against designated countries ("Embargoed Countries"), entities, and persons (collectively, "Embargoed Targets"). Business Partners must not cause a violation of Economic Sanctions Laws by QRG, a business with holdings in the US, UK and EU. Additionally, Business Partners must not, in relation to any QRG business:

- directly or indirectly export, re-export, transship, or otherwise deliver any shipment or any portion of any shipment to an Embargoed Target without an applicable authorization or exemption; or
- broker, finance, or otherwise facilitate any transaction involving an Embargoed Target without an applicable authorization or exemption.

ENVIRONMENT

QRG expects Business Partners to have appropriate policies and procedures in place to ensure environmental impact is minimized.

Business Partners are encouraged to make sustainable improvements in environmental performance and recycling.

EMPLOYMENT CONDITIONS

Forced labor or slavery

Forced labor, slavery, bonded, indentured or prison labor or any other forced or involuntary labor in any form must never be used by Business Partners.

Employees of Business Partners must be permitted to:

- work without a requirement to pay any deposit;
- work without a requirement to deposit any original identification papers; and
- resign without any unlawful penalty.

Child labor

Business Partners must never use child labor. A child is any person who is:

- under the age of 15; or
- under the age for compulsory education under applicable laws; or
- under the minimum age for employment in the country of operation.

Individuals under the age of 18 shall not be subjected to hazardous work, including night work and overtime.

Legitimate workplace apprenticeship programs are permitted. Business Partners must maintain complete records of any workplace apprenticeship programs demonstrating compliance with local laws and standards.

Health and safety

Business Partners must provide a safe workplace that complies with applicable laws.

Business Partners must design and maintain its workplace to minimize hazards and to prevent accidents and injuries related to work.

Work conditions

QRG expects Business Partners to:

- comply with applicable work hour laws and conditions; normal working hours shall not exceed 60 hours per week including a maximum of 12 hours overtime. This would only be acceptable in extraordinary cases.
- comply with compensation and employee benefit laws and industry standards;
- appropriately document the terms of employment for their employees;
- provide employees with an environment where discrimination and harassment is not tolerated and any instances are dealt with appropriately;
- develop a process for its employees to express grievances without fear of retaliation; and
- treat employees respectfully and without any improper discipline or punishment.

ETHICAL CONDUCT

QRG will not tolerate any form of bribery or corruption.

Anti-Bribery and Corruption

Business Partners must comply with all applicable anti-bribery and corruption laws.

Business Partners must not seek advantages in business except by fair, legal and ethical conduct.

Business Partners must not offer, provide, request, or accept benefits or things of value in order to give or receive an improper advantage. This applies in all cases, whether the thing of value is given, promised, offered, requested, or accepted directly or indirectly, such as through an external person or intermediary, or to a spouse, close relative, friend, or associated company, or whether the request or offer comes from a government employee or entity, or a private person or entity.

Business Partners must have appropriate policies in place regarding corruption as part of a prevention program.

Expediting or grease payments

Business Partners must not offer, pay, promise or give a benefit or anything of value to a government official in exchange for any business advantage, including a commitment to expedite or perform a routine government action.

Conflict of interest

Behaviors, business relationships and decisions of Business Partners must be free from conflicts of interest and any improper favoritism or unfair advantage. Business Partners must also avoid the appearance of any conflict of interest.

Business Partners must not permit their objectivity and decision making related to QRG's business interests to be interfered with or compromised by personal benefit.

Confidential Information

Business Partners must treat QRG confidential information appropriately and respect QRG and QRG licensors' intellectual property.

Gifts and Hospitality

Business Partners must not offer or accept gifts, hospitality, promotional expenses, travel, or other benefits or expenses, where they might improperly affect, or appear to improperly affect, the outcome of a business decision, or would violate applicable laws.

Between QRG employees and Business Partners:

- QRG discourages the exchange of any gift or hospitality. Any gift or hospitality must be of very low value, and not given for the purpose of influencing business decisions.
- Gifts of cash or cash equivalents (for example, gift cards) must never be offered or accepted in any amount.
- Business Partners must not pay or offer to pay for QRG travel expenses.
- Business Partners should not make charitable donations on behalf of QRG.
- QRG does not accept requests for sponsorships or donations without following an established internal process.

Conflict Minerals

Certain Business Partners that supply merchandise to QRG's businesses are subject to the Conflict Minerals Policy of Qurate Retail, Inc., which is expressly incorporated by reference into this Code and which can be found at <http://www.qurate retail.com/investor-relations/conflict-minerals-policy.html>

Business records

Business Partners must keep accurate books and records, available for inspection, that properly and fairly document all QRG financial transactions. All QRG transactions must be recorded accurately. Inappropriate or off-the-books accounts must not be created or maintained.

*** By accepting any orders issued by a QRG member company, each Business Associate, for itself and on behalf of its agents and subcontractors, hereby certifies that it will comply in all respects with the Code.

Regulatory Guidelines

Vendors are responsible for ensuring their product and packaging meets all the current State and Federal Regulations and laws, including but not limited to the STURDY Act, California Proposition 65, CPSC, CPSIA, and FDA.

Wood Packaging Material (WPM)

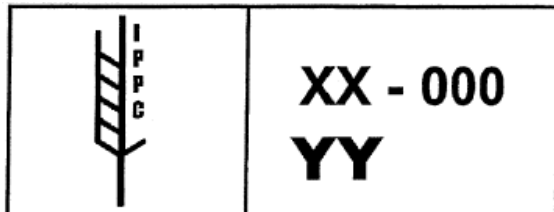
On September 16, 2005, U.S. Customs and Border Protection (CBP) implemented a plan to enforce the United States Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) import regulation for wood packaging material (WPM).

The rule requires WPM, such as pallets, crates, and boxes, used in international trade to support or brace cargo, to be treated to prevent the introduction of harmful insects to the U.S.

Approved Treatments:

- Heat treatment to a minimum wood core temperature of 56°C for a minimum of 30 minutes
- Fumigation with methyl bromide.

To certify treatment, the WPM must be marked with the approved International Plant Protection Convention (IPPC) logo. Unmarked WPM will be considered untreated and non-compliant and re-exported at the importer of records expense.



XX represents the ISO country code

000 represents the unique number assigned by the national plant protection organization

YY represents either HT for heat treatment or MB for methyl bromide fumigation.

Wood Composite Requirements (CARB): Composite Wood 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.

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>.)

Materials Covered:

- Hardwood Plywood (HWPW) (separated into veneer core and composite core)
- Particle board(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

Items Covered:

- This regulation includes all items containing these composite woods. It therefore includes wooded wall décor, decorative accessories, shelving, mirrors, pallets, furniture, etc.

Required Labeling:

- Any item manufactured using HWPW, PB or MDF must be labeled in accordance with 93120.7(d) to confirm compliance to the approved Airborne Toxic Control Measure (ATCM) enacted to reduce Formaldehyde emissions from composite wood products.
- Labels must include, at a minimum, the following information:
 - Fabricator's name
 - Date the finished good was produced

Anti-Tip Standards Notification**Clothing Storage Units**

CPSC has passed the STURDY Act adopting ASTM F2057-23 as the mandatory safety standard to address tip-over-related deaths and injuries associated with dressers, armoires, wardrobes, and other clothing storage units. It includes all that:

- Are 27 inches in height; AND
- Are 30 pounds or greater in weight; AND
- Contain 3.2 cubic feet or greater of enclosed storage volume

As required by STURDY, the standard must meet the following performance requirements:

- Tests for stability when the unit is placed on carpet
- Tests for stability with loaded drawers and with multiple drawers open
- Tests that simulate the weight of children up to 60 pounds interacting with the unit

Compliant units must pass three performance tests:

- **Simulated Clothing Load:** All extendible elements and spaces behind doors are loaded with 8.5 pounds per cubic foot. All doors and loaded drawers opened. The loaded unit must remain upright for 30 seconds. (There is a separate test for units with drawer interlocks that prevent 50 percent or more of the extendible elements from opening.)
- **Simulated Horizontal Dynamic Force:** With all doors open and all elements extended, a 10-pound horizontal force is applied to the highest hand-hold, not to exceed 56 inches. The unit must not tip while the force is applied to the top edge of a drawer or to the center of the pull area of the extendible element and held for 10 seconds.
- **Simulated Carpet Test With Child Weight:** A test block of .43 inches is placed under the rear legs or base of the unit to simulate the impact of units placed on carpet. All doors opened and all elements extended. A test weight of 60 pounds is applied gradually over the top of the door or extendible element most likely to cause tip-over and remains in place for 30 seconds without causing the unit to tip over.

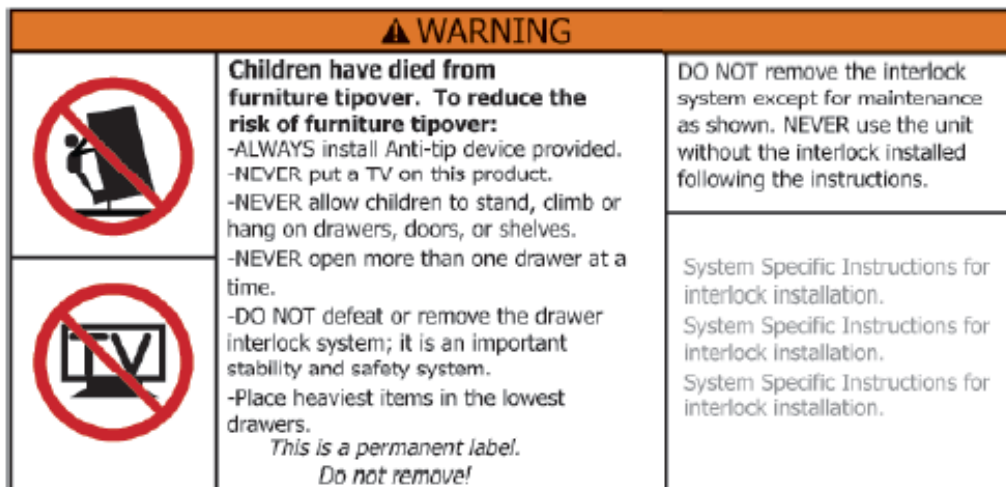
Testing must be performed by a Certified Lab. All items manufactured after 9/1/2023 must have documentation that it has passed testing prior to shipping.

The piece must have a permanent warning label. The label must be attached where it can be seen when the piece is in use. See below for placement rules. Bedroom furniture that is designed to hold a television – typically called a “media chest” – requires a separate warning label.

General Placement Rules to follow:

- If the item has drawers – the labels must be placed inside the top drawer
- If the item does not have drawers – the label must be placed on the back of the item UNLESS it is finished
- If the item does not have drawers and is finished – contact your Sourcing Specialist

[The top warning label shown is for items without cord management or not intended to hold TVs.](#)





[The bottom warning label is for items with cord management or intended to hold a TV.](#)

Tip-over restraints must be included with each item of furniture. These must meet the requirements of the [tip restraint standard](#) (F3096-14). Instructions for installing the restraints also must be included. Items 17"+ in width should include 2 tip-over restraints.

All Other Furniture

This includes items such as bookcases, cabinets, entertainment furniture, jewelry armoires, and office furniture.

- **3rd Party Lab Tip Testing is NOT REQUIRED**, but anti-tip hardware **MUST** be included. These must meet the requirements of the tip restraint standard (F3096-14). Instructions for installing the restraints also must be included. Items 17"+ in width should include 2 tip-over restraints.

- **Permanent Tip Over Hazard Labels are required**

The same label as above and the same General Placement Rules to follow:

- If the item has drawers – the labels must be placed inside the top drawer
- If the item does not have drawers – the label must be placed on the back of the item
UNLESS it is finished

If the item does not have drawers and is finished – contact your Sourcing Specialist

Hazardous Product Labeling

All vendors are required to comply with all local, state, and federal laws and regulations that apply to the labeling, shipping, storage, and handling of hazardous materials.

Limited Quantity Label a marking for shipping in the United States that identifies packages that contain hazardous material in a limited quantity and presents a limited hazard during transportation, due to its form, quantity, and packaging.



Air Limited Quantity Label – same as above but for air shipments



Classification



What are Flammable Liquids?

- ☐ Perfumes contain ethyl alcohol which is a flammable substance
- ☐ Flammable liquids have a flash point of 140° F or less.



For Liquids Place the arrow stickers on each side of the box with the arrows in an upward position, and the appropriate hazmat stickers next to the arrows.



What are Gases?

- ☐ Aerosols contain flammable propellants (Propane, Butane, Isobutane)
- ☐ The gas has been put under pressure to liquefy



Lithium Batteries

Packaging Types

- **Standalone**
 - Examples: batteries, quick charge battery packs, power banks
- **Packed with equipment**
 - Examples: cameras, drones, laptops, RC cars, power-tools, electric bikes, cordless equipment
- **Packed in equipment**
 - Examples: cellphones, light-up shoes, Bluetooth headphones/speakers (excludes detachable battery packs), tablets/e-readers, cordless phones, GPS, electric toothbrush, cordless vacuum cleaners



Some items include Lithium Ion. There are 4 different labels depending on product type and how these items are shipped (metal, inside the item, with the item, lithium ion shipped alone or in an item).

- The appropriate ION label must be on the top or side of the carton, but not in multiple areas.



- The different labels are UN #3480, 3481, 3090 and 3091.



If you are unsure which regulatory labels you should be using please reach out to your vendor compliance specialist before shipping to avoid any non-compliance chargebacks.

Individual Sku Labeling

All items must have a sku label even if the quantity is just one per carton. If an item is master packed, then each individual carton or poly bag inside must be individually labeled with a sku label, as well as the outside of the master pack. Placement of the sku label should be on the front of the packaging in the upper/lower left/right hand corner. This can be done with a label or printed on the carton. If items are shipped without or with inaccurate sku labels it will result in chargebacks.

The following information must be included on the sku label:

- Our Item # (from the PO)
- Product Description (from the PO)
- Color (if applicable, from the PO)
- Style (if applicable, from the PO)
- Size (if applicable, from the PO)

Example Sku Label:

Sku label font should be ¾" or 2 centimeters



Carton Type

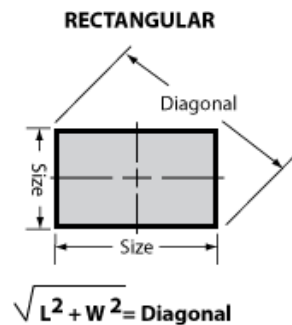
How to determine conveyable vs. non conveyable facility 1 and 2

All of our conveyable product is stored in a CV facility. The max size for a conveyable carton (CV) is a 33.75" diagonal dimension with a max weight limit of 50lbs. This is the largest size and weight that can safely be transported on our conveyors. If your carton exceeds this, it is considered non conveyable

(NC). To get the diagonal dimension, plug the length and width of your carton into the formula below. If an item is masterpacked with multiple items, it is important to use the UNIT dimensions not the CARTON dimensions.

You can also use the “carton type” tool on the <http://www.ccsinc.com/> website to help determine if your item is conveyable or not.

(The length and width will be the two largest dimensions)



Non-Conveyable Cartons

We have two non-conveyable facilities. Each facility handles different product and it is important that all non-conveyable (NC) items get packaged accordingly so the right type of product is shipped to each facility. If you have an item that can fit in NC Facility 1 it is imperative that the item goes to NC Facility 1.

NC Facility 1 – This facility handles all items that are too large for our CV guidelines but no larger than 96” in length, 48” in width, and 36” in height. No item should weigh more than 130lbs. We prefer all non-conveyable product to be boxed individually, however, if you are masterpacking an item that falls outside of the CV guidelines and in the NC Facility 1 guidelines it **should not** be masterpacked with more items in a carton larger than the dimensions of 68” in length, 48” in width, and 65” in height. Doing so would push this item into NC Facility 2 where it does not belong. Failure to comply with this will result in chargebacks.

NC Facility 2 – This facility handles all items that are too large or heavy for facility 1.

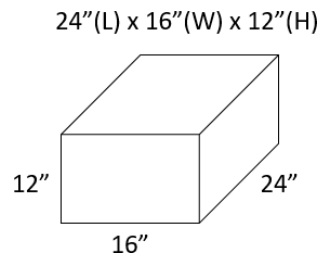
Masterpack Cartons

Masterpacking must be incorporated whenever possible for conveyable (CV) items. Master carton size must fit on a single pallet (48” x 40”) with no overhang. There is no minimum for the units in a master carton as long as the carton fits on a single pallet and does not exceed the maximum weight limit of

50lbs. The only exception to the 50lbs limit would be if the masterpack arrives to our facility on its own pallet. For example, a 43" x 43" masterpack on a pallet containing same sku items that weighs 80lbs. Do not masterpack a CV item in a carton larger than the dimensions above or we will charge for non-compliance.

Please remember that each item inside of a master carton will need a sku label (page 3)

With smaller products we recommend the standard carton size below or smaller.



Carton Sealing

- Taping of the carton must not hide any required carton markings or labels
- Slash guards should be placed in the top and bottom of each carton to protect the merchandise for when the carton is opened

To prevent damage to our material handling equipment, do not secure individual conveyable cartons with straps, bands, strings, or film. Do not use Styrofoam peanuts in packaging. All of these examples will result in charge backs. Pallets can be wrapped and banded.

Purchase orders cannot be mixed in cartons.

Multi-SKU Cartons

Some of our purchase orders are for small items such as jewelry, personal care products, and/or small quantities of multiple SKU's. In these circumstances, Cornerstone Brands may waive the multi-sku chargeback fees given an agreement with the vendor has been reached prior to shipping. This approval must be given by Vendor Compliance and is done so on an individual purchase order basis. The following packing guidelines must be followed to ensure no chargebacks will be issued:

- Create the ASN with each sku as its own carton
- Pack each carton with multiple skus: Placing each sku in a separate plastic bag with the UCC-128 label inside the bag or loose in the carton (**not attached, the sticker needs to be usable**)

How to Pack Internal Content

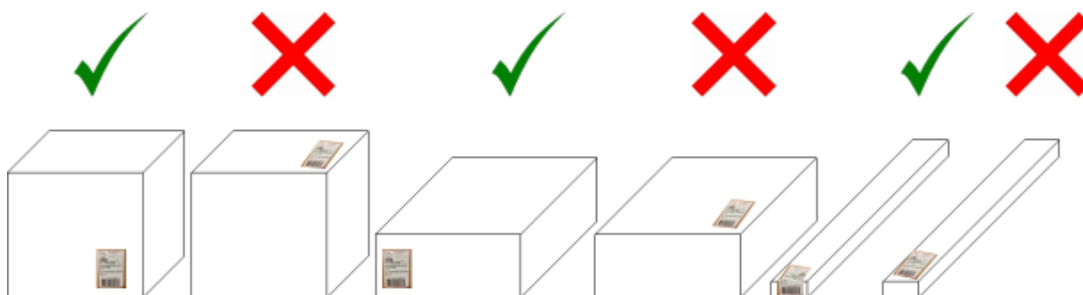
- Every item inside should be poly bagged and then that group of skus should also be poly bagged to separate each sku
- UCC-128 labels should then be placed in the box with backing still in tack



- On the outer cartons mark it multi-sku with a sticker or marker (preferably on 4 of the 6 sides)
- **Do not** place a UCC-128 label on the outer carton if multi-sku packed

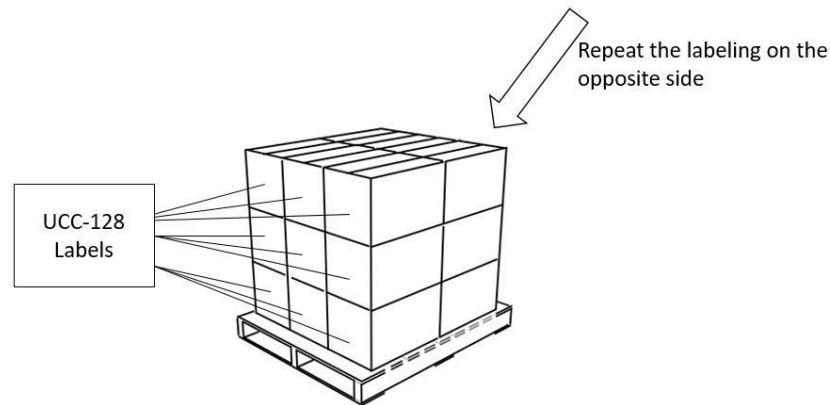
Carton Labeling

Conveyable labeling guidelines – One UCC-128 carton label must be placed on one of the smallest sides of the carton. To do this, find the two smallest measurements of the carton. The smallest measurement will become your height and the next to smallest measurement will be your width. Turn the box with this side facing you. Place the UCC-128 label upright in one of the lower hand corners approximately 1" from the bottom. If your height is smaller than 6", you can wrap the top portion of the UCC-128 label over the top of the carton as indicated in the last picture below.



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

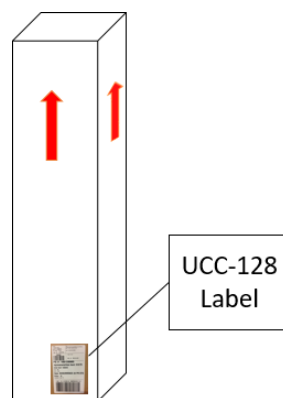
Place the UCC-128 label on the lower hand side of each carton. The following illustration shows two sides where UCC-128 labels can be placed.



Arrow Directions for Non Conveyable Only

Cornerstone Brands follows safe handling practices regarding transportation and storage of product. Consequently “arrow” instructions printed on incoming non conveyable cartons 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, arrow indicators will not be adhered to.

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



External Carton Labeling

UCC-128 (universal code council) standard carton labels are required for each shipped carton.

You can produce your own UCC-128 label or you can print them from the VendorNet application.

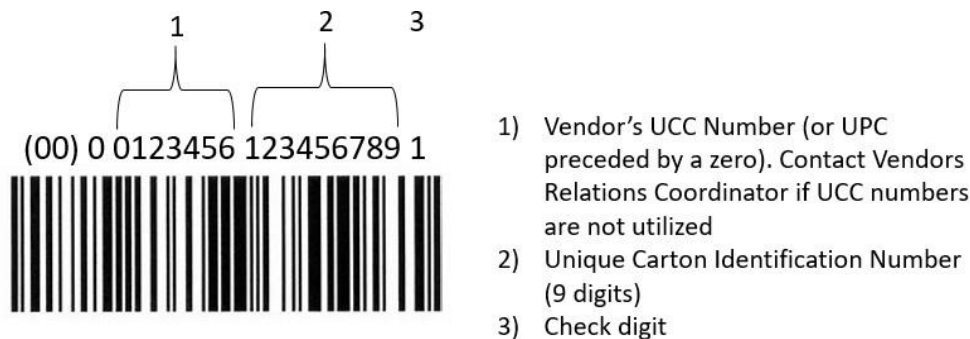
If you are producing your own UCC-128 labels or using a label provider you will need to have a label approved by scanning a copy to our UCC-128 department at CCSG-Receiving@cornerstonebrands.com

Example UCC-128 carton label:

FROM: Vendor # 12345	Ship To: Brand DC 8877 Union Center Blvd. West Chester, OH 45069
Ship to Postal Code: (420) 45069 	Carrier Info: UPS Pro # B/L#
Purchase Order: 100012345 Brand Item # ZA1234 BLU Vendor Item # 00001 Size: Color: Blue Qty/Case 20 Desc: Dish Blue Flowers Carton # 2 of 3	
(00) 09922222 55555555 8 	

UCC-128 Shipping Carton Label Data Requirements:	General Information
Vendor Number	UCC-128 carton label must appear on every carton
"Ship-to" information (from PO)	Recommended label dimensions:
Bill of Lading (BOL) #	6"(H) x 4"(W)
Purchase Order (PO) #	Type must be at least 3/16" or 10pt
Brand Sku Item #	Attach UCC-128 label to lower corner of carton
Vendor Item #	PRO numbers may be requested in advance from issuing shipping company
Item Description (Size, Qty, and color)	Low-reflective tape. If tape is used on the label
Quantity per Carton	
UCC-128 Symbology (carton identification bar code)	
Carton Count (i.e. "01 of 10")	

UCC-128 Symbology Explanation:



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

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)

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 carton number may only be used once. Each UCC-128 label printed must be unique and not have the same carton number as another UCC-128 label.

Advance Shipment Notice (ASN)

Methods for attaining the ASN are:

- 1) VendorNet
 - 2) EDI
- All shipments require an ASN to be sent prior to product leaving your dock. This must be sent electronically through EDI or VendorNet.
 - 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 both ASN methods. One ASN per trailer or container. This must match exactly what is on the shipment, brand item numbers, carton numbers, and quantities.

- If you are splitting a shipment (sea and air) each shipment needs its own ASN
- **We do not support faxed ASN's.**

VendorNet

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. As indicated earlier, a vendor can either print UCC-128 labels using this application or purchase UCC-128 labels from an outside source. If you use an outside source the carton numbers on the UCC-128 labels must match those on your ASN exactly otherwise the labels will be non-compliant. Please allow two weeks for VendorNet to set you up.

To get signed up and receive your username and password please contact our VendorNet 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 advance shipping notice document.

If you have EDI capabilities, please contact our EDI coordinator at VTG@cornerstonebrands.com
Or you may download the CBI 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, you will be charged \$150 per test thereafter with all other relevant vendor compliance charges that may apply to the shipment.

Label Resources

The VendorNet portal and application does allow for printing UCC-128 labels on your printer. However, in the event that you are not able to print UCC labels, additional resources to purchase labels at a nominal cost are listed below.

1. Elmicron Printing Services (European Vendors)
info@Elmicron.de
www.elmicron.de
PH: +49(0) 34 45 – 78 11 20
2. Bartender Labeling Software Professional Program
 - a) Purchase from Seagull Scientific

sales@seagullscientific.com

www.seagullscientific.com

PH: 800-758-2001

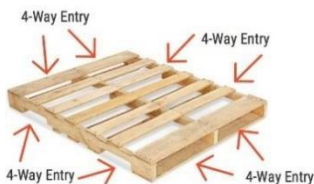
ASN Specifics

- We require a consolidated ASN with UCC-128 carton level information, as a minimum, for every shipment. You must transfer the full 20 digit UCC-128 carton number on the ASN. Each 20 digit carton number must be different, and therefore do not use the same carton number ever. Be sure to fill out the sku number which matches the PO (including color suffix and size suffix if applicable) and the carton quantity in each individual carton.
- Sets - Carton quantity is the way we sell the item. For example: if we sell a set of two plates and we receive 10 plates, then the carton quantity should be 5 representing the number of sets.
- If multiple PO's are to be shipped under one bill of lading, each PO should be listed on the BOL, including a breakdown with number of pallets, cartons, units, and brand sku numbers.
- When more than one truckload is sent, a unique BOL and unique ASN is necessary for each truckload. For containers, a unique ASN must be sent for each container, matching the carton numbers, brand sku numbers, and quantities exactly.
- Your ASN must be 100% accurate. In order to maintain accuracy, the "scan and pack" method also known as ship confirm is required.
- For fabric ASN's please be sure to round down to full yardage. For example, 60.4 yds should be 60 yards.
- Incorrect or late ASN's will result in chargebacks and delay of payment for the shipment

Palletizing

Multiple Cartons

- A) The required pallet size is 48"(L) x 40"(W)
- B) Use four way pallets



- a. Also follow any regulatory guidelines on heat treatment/fumigation stamps

- 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:
 - a. **"PLEASE DO NOT BREAK DOWN SKIDS"**
- E) Cartons on the pallet must not overhang pallet length or width
- F) Maximum height of pallet 65" including the cartons and pallet
- G) Cartons of the same PO should be numbered "xx of xx" starting with "1 of xx"
- H) Place cartons on pallet so all UCC-128 carton labels face outward
- I) All cartons are to be column stacked on the pallet as shown below
- J) When palletizing conveyable cartons with multiple PO's, cartons of the same PO should be on the same level of the pallet or on the same pallet
- K) When palletizing Non conveyable cartons only same sku and PO cartons should be on each pallet
- L) The cartons should be secure on the pallet and withstand transit without shifting. Use shrink wrap if needed for securing the cartons to the pallet



Single Cartons

- A) The pallet should be equal to or larger than the item so there is no overhang
- B) The UCC-128 label should be visible
- C) Position and secure the item in the fashion it should be stored to protect the item
 - a. There should also be arrows on the carton to illustrate proper storage position
- D) The item should be able to handle transit without shifting around on the pallet
 - a. If the item would shift then it needs to be properly secured to the pallet. For example, using shrink wrap or plastic straps

Mat Packaging

Mat vs. Rug

- A rug is a thick and heavy floor covering that does not extend over the entire floor whereas a mat is a piece of coarse material placed on a floor for people to wipe their feet on. Both come in various sizes although rugs tend to be larger in size.

All mats shipped to Cornerstone must meet the following qualifications.

- All mats must be bagged individually in white HDPE woven bags, sealed with no open ends, and follow all labeling guidelines. The quality of the bag must be strong enough to protect the mat during shipment. We recommend using 5-6mil gauge material to ensure the mat stays protected and the film does not tear during transport.

Packing a bundle

Place the bundle of mats on a pallet and cover with a protective barrier. We suggest using a white HDPE material like in the picture below. Please be certain to use adequate straps, size, and strength for each bundle when securing the pallet. We recommend straps going both directions to help prevent the mats from shifting one way during transit and to eliminate the potential for damages.



Labeling

Every mat received into the building must be individually sku labeled on the mat. Please see page 3 for details on sku labeling

UCC-128 Bundle Label

Each bundle of mats must be accompanied by a UCC-128 label. Please make sure the UCC-128 label is not under banding so that it can be scanned easily. The UCC-128 label must include the one sku in the bundle, PO#, and the quantity of mats in the bundle.

The UCC-128 label must be affixed to the outside of the bundle like in the picture below.



Rugs

Mat vs. Rug

- A rug is a thick and heavy floor covering that does not extend over the entire floor whereas a mat is a piece of coarse material placed on a floor for people to wipe their feet on. Both come in various sizes although rugs tend to be larger in size.

All rugs shipped to the warehouse must meet the following qualifications.

- All rugs must be poly bagged individually with the ends folded over and securely attached to the end of the rug. We recommend using tape to secure it. The same sku and size must be bundled together around a hard cardboard tube with an outer circle dimension at least 4.33" or 11cm. No mixing sku's. The rugs then must be tied together with banding around the tube. The tube will be used as a means so the bundle can be lifted with a forklift and moved throughout the warehouse.



Packing a Bundle

- Please be certain to use adequate straps, size, and strength for each size rug. Strap securely together 1 rug with the cardboard tube. This will help to secure the cardboard tube to the center of the bundle.



- Finish placing 1 layer of rugs around the tube and band together, going all the way around the rugs.



- Put an additional layer of rugs around the inner layer of rugs if desired. Band all around the outer layer of rugs to keep them secure with the other rugs and tube.
- We recommend you use 3 straps for 6x9 rugs and under. Anything over that size should have at least 4 straps.



Labeling

- Every rug received into the building must be individually sku labeled on both sides of the rug.

Bundle UCC-128 Label

- Each bundle of rugs must be accompanied by a UCC-128 bundle label. Please make sure the UCC-128 label is not under banding so it can be scanned easily. The UCC-128 label must include the one brand sku in the bundle, PO#, and the quantity of rugs in the bundle.
- The UCC-128 label must be affixed to the outside of the bundle in a similar position marked below.



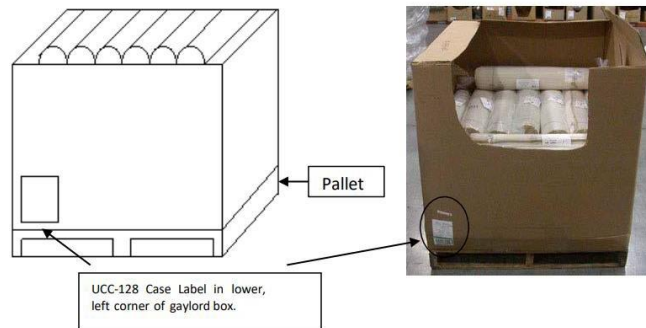
Bundle Exceptions

- You do not need to attach 1 rug to a cardboard tube. Please just polybag individually with the ends folded over and taped securely. Ensure the item is sku labeled like mentioned above and place the UCC-128 label towards the end of the roll

Rugs on Pallets

All rugs shipped to our facility on a pallet must meet the following qualifications:

- One sku (color/size) per gaylord carton or pallet. Do not mix item numbers, sizes, and/or colors
- Each individual rug should be placed in a durable plastic shipping bag with a sku label. One rug per bag
- Use four way pallets
- We recommend including an extra bag for ease of customer returns
- Pallet should be accommodating to the length of the rugs to ensure the item does not get damaged and the ends do not drag on the ground
- Each pallet must have a UCC-128 carton label placed on the outside of the pallets wrapping or on the gaylord carton in clear view.
- One purchase order per shipment



Fabric Bolts

Fabric must be wrapped on a tube where the inside diameter is a minimum of 1.5 inches.

Fabric bolts will need a UCC-128 label on each bolt. The UCC-128 label should be placed on the end of the bolt and the sku label should be near it like pictured below so it can easily be hand scanned in by our facility.



Quantity for fabric rolls should equal complete yards. Fabric bolts must be placed on pallets so they do not drag. Fabric bolts are then shrink wrapped to the pallet for shipping.

Fabric rolls can be palletized using mix skus.

Fabric rolls should never be transported upright.

Velvet

Velvet fabric must be suspended inside a carton and never transported or stored standing. It must always lay flat to help prevent wrinkling.



Each carton should contain a UCC-128 label

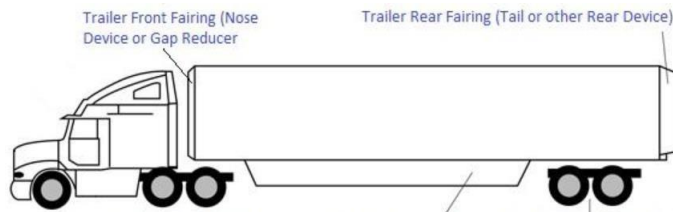


Container/Trailer Loading

In order for CBI to timely unload and account for each carton/item we require the following:

Please refer to Carton Type (pages 15-16) to insure you have properly identified your item/s.

- If you have a complete CV, NC Facility 1, or NC Facility 2 shipment there are no special requirements as it will all go to one facility
- If you have product mixed for CV and NC Facility 1, load the NC Facility 1 into the nose of the trailer and the CV portion on the tail
- If you have product mixed for CV and NC Facility 2, load the NC Facility 2 into the nose of the trailer and the CV portion on the tail
- If you have product mixed for NC Facility 1 and NC Facility 2, load the NC Facility 2 into the nose of the trailer and the NC Facility 1 portion on the tail
- If you have fabric, mats, or rugs they should always go on the tail of the trailer no matter what they are mixed with. If you are shipping a mix of any these mats should always be loaded in the nose before rugs or fabric, then rugs should be loaded next before fabric.
 - Also please do not stack cartons on top of fabric, mats, or rugs as it is dangerous to unload without climbing on them and potentially damaging the product



Chargebacks

Our warehouse is highly automated and requires compliance to all requirements outlined in this Vendor Compliance Manual including UCC-128 labels and ASN's from all vendors for all shipments and receipts. The ASN needs to be in our system prior to the shipment arriving. The number associated with the scanned UCC-128 label is matched with the data on the ASN and received into the warehouse. Any interruption in this process requires additional handling and chargebacks can be assessed due to these interruptions.

Below is a list of non-compliance reasons.

- (102) ASN not on time
- (103) ASN not complete or inaccurate
- (104) Invalid EDI / VendorNet data
- (105) Missing regulatory label
- (106) UCC-128 label not in proper location

- (107) No UCC-128 label or inaccurate detail
- (108) Poor carton packaging/ CV/NC carton size/weight infractions
- (111) UCC-128 label will not scan
- (113) Individual conveyable cartons with bands, straps, string, or wrapped in film
- (114) Sku label missing or Inaccurate detail
- (115) Multi sku cartons (not approved)
- (117) Problem resolution labor hours
- (119) Photography of compliance issue
- (121) Inaccurate rug compliance
- (122) Inaccurate mat compliance

Compliance Checklist before Shipping

Please use the following checklist to confirm that your shipment is in full compliance with these CBI requirements.

- All of the items are sku labeled and the sku labels are correct
- If there is hazardous product, is each item/carton properly labeled?
- Each item is properly identified as being shipped to a CV, NC Facility 1, or NC Facility 2 and it is packaged according to the guidelines provided in this manual
- If using masterpack or multitasku cartons, all guidelines provided in the manual have been followed
- UCC-128 labels are on all cartons or pallets and each UCC-128 label is a unique 20 digits that match the ASN exactly
- ASN is ready to send and is accurate to what is shipping
- If using pallets, all pallets are properly stacked, labeled, and all items are secured
- During trailer loading, different product types are loaded based on the guidelines provided in this manual

Contact List

Our goal is to have **ZERO** compliance issues and we are here to answer any questions you might have. Please reach out to your brands vendor compliance and QA specialist below with any questions or uncertainties.

Ballard Designs – vcompliance@Ballarddesigns.net