

Supplier
Compliance
Manual

SEVENTH AVENUE

**1112 7th Avenue
Monroe WI 53566**

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Introduction

Seventh Avenue, Inc. ("Seventh Avenue") purchases general merchandise for itself and affiliated companies that resell the general merchandise through direct catalog and Internet sales to consumers who place orders via mail, telephone and the Internet. Seventh Avenue is committed to providing our customers with quality products and services. We take pride in the design and quality of our products, our customer service, and our satisfied customers.

Thank you for being a part of the Seventh Avenue Supplier family. Our Supplier relationships have always played a very valuable part in our business. Over the past several years, our company has experienced growth in product offerings, Supplier base, and sales activity. Because of this growth, we need to look long and hard at the procedures we use, the products we buy, and the Suppliers from whom we buy. It is our goal to form an alliance with you so that both of our companies can be well informed and profitable. That is the intention of this Supplier Compliance Manual.

Seventh Avenue requires your support so that we may reduce shipping costs, product damages, and replacements, and offer our customers products designed to incorporate the best quality product with highly protective packaging. Our goal is to receive shipments that can be placed directly into stock upon receipt and to fulfill our customers' orders as quickly as possible. This Supplier Compliance Manual is a vital part of our quality initiative. This manual will assist you in selecting the proper packaging, labeling, and carriers for our merchandise.

The Supplier Compliance Manual has been revised/enhanced to provide one consolidated document that contains a comprehensive list of what we expect of all our Suppliers, as well as what our Suppliers can expect from us. Although we have tried to clearly define our requirements, if you have specific questions, please refer to the Contact List Section of this manual and direct them to the appropriate person. **Please read this manual carefully. If a shipment is received that does not conform to our requirements, chargebacks could result.**

We hope that you are as excited as we are with the continuation and / or onset of our working relationship. A mutually beneficial relationship with all of our Suppliers is one of our highest priorities. Seventh Avenue's commitment to our Suppliers is as strong as the commitment we have to our customers. Thank you for taking a step forward in what we hope will become or will continue to be a long and prosperous relationship.

***** **IMPORTANT** *****

Please **COPY/FORWARD** this manual to the **appropriate parties within your company and/or companies you represent.** If a shipment is received that does not conform to our requirements, chargebacks could result.

For an electronic copy of this manual, contact your Seventh Avenue Inventory Manager, or visit our Web site:

www.colonybrands.com

- Click **Suppliers** (Top Right) -

Evaluation and Approval Process (Sample Process)

We have given you this manual because of our interest in one or more of your products. Please note the below Evaluation & Approval Process:

- A member of our Merchandising Team will obtain your companies information. With this information, we will do a D&B credit check on your company. Barring any concerns, we will send you a copy of our credit references and the Merchandiser's Sample Request, asking you to send a sample of your product(s) to the following address: (Note some samples are requested verbally.)

**Attention: Sample Coordinator
Seventh Avenue Catalog Merchandise Center
2605 Hwy 69 South
Monroe WI 53566**

- Along with the Sample Request, you may receive a Data and Price Quotation Sheet, specific to your product that must be filled out completely and accurately and returned to us. You will be held responsible for any discrepancies.
- If your product is approved for an upcoming catalog, someone from the Merchandising Department will notify you. At this time, you must complete the Data and Price Quotation Sheet (if you have not already done so) and **return it within one week or less**, along with any additional samples that are needed for photography. You will also need to provide proof that Seventh Avenue is listed as an additional insured on your Product Liability Insurance for an amount not less than \$2 million. ([Link to Seventh Avenue Product Liability Insurance Requirements](#))
- Once we have your final photo sample, our Quality Assurance (QA) Department will work with you to approve a QA Product Specification that both companies will review, approve, and sign. Subsequent shipments of your product, sent to our receiving warehouse, must match this Specification.
- You will receive a copy of this Product Specification for your approval prior to when the Purchase Order is placed. Any variations of your product must be approved prior to shipping.
- We will send you a copy of the text our copywriters have developed for your product. If we have not described your product accurately, please tell us so by making the necessary corrections. Since correct copy translates to fewer returns and increased customer satisfaction, accuracy will benefit both of us.

Seventh Avenue Contact List

Department	Name	Phone	Email
Accounts Payable	Jan Sniff, Accounts Payable Manager	608-328-8512	sniff_j@sccompanies.com
Drop Ship	Lynn Mayer, Drop Ship Manager	608-328-8990	mayer@sccompanies.com
Inventory Management	<i>Multiple Contacts</i>	608-324-7777	<i>Multiple Contacts</i>
Merchandising	<i>Multiple Contacts</i>	608-324-7777	<i>Multiple Contacts</i>
Packaging & Labeling	Sheri Heimann, Hard Goods Packaging Technician	608-324-5049	heimann@sccompanies.com
	Brian Woelfel, Packaging Engineer	608-328-8918	woelfel@sccompanies.com
Returns / Excess Inventory	Chip Matzke, Returns / Excess Inventory Manager	608-328-8822	matzke@sccompanies.com
Quality Assurance	Bill Schager, Sr. Engineer, Quality Assurance	608-328-8492	schager@sccompanies.com
	Joey Winters, Division Manager, Hard Goods Quality Assurance	608-328-8485	winters_j@sccompanies.com
Sales Tax Information	Phil McConnell	608-328-8789	mcconnellp@sccompanies.com
Traffic	Lois Heeren	608-328-8903	heeren@sccompanies.com or traffic@sccompanies.com

General Information & Requirements

Our Strategy

Our goal is to relay to our Suppliers, in advance, our documentation, invoicing, packaging standards, and quality assurance requirements. We believe that by giving our Suppliers a clear idea of our needs, we help to streamline the supply chain process.

Important Seventh Avenue Documents

A copy of a [Seventh Avenue Purchase Order \(PO\) and a brief explanation of each section](#), [a copy of the Seventh Avenue Terms and Conditions](#), [a copy of the Purchase Order Transmittal Letter](#), [a copy of the Standard Purchase Order Requirements – Domestic Shipments](#), and [a copy of the Standard Purchase Order and Invoice Requirements – International Import Shipments](#) have been included in the [Appendix](#) for your reference. Additionally, information on the [Package Testing Requirements](#) has been included in the Packaging & Labeling section of this manual

Accounting Invoice Requirements

Invoices must at the minimum include the below information:

1. Item Description
2. PLN # (Package Label Number)
3. SC / Item # (ex. 56ABC or 599AB)
4. Quantity shipped of each item
5. Unit Cost of each item
6. Total product dollars for each item
7. PO Number / Contract number
8. Supplier / Vendor number
9. Supplier / Vendor item number

We will make payment based on payment terms calculated from the day we received the product or invoice, whichever is later. Invoices that do not include numbers 1 through 8 above may be returned for correction/clarification, which could result in delayed payment—discount terms, however, will still apply.

U.S. Customs Invoicing Requirements --- Please see the [Shipping and Transportation Requirements](#) section for import and Customs requirements.

Merchandising/Non-Food Inventory Management Requirements

1. **Size charts** - must be furnished for both clothing and linens.
2. **Purchase Order Verification**
 - If you did not receive a copy of our Purchase Order Terms and Conditions, please contact our Non-food Inventory Management department.
 - Upon receipt of our Purchase Order, it is very important that you acknowledge your acceptance of it and confirm your ability to comply as required. If the details are not accurate, contact the appropriate Seventh Avenue Inventory Manager and resolve the issue(s), prior to shipping.
3. **Distribution Ready** - All merchandise must be received distribution ready unless specifically authorized by the Inventory Manager or with approval from Packaging and Labeling. **Distribution Ready** means your shipment is accurate, received according to our specifications, may be moved through our distribution facility with minimal merchandise preparation, and is capable of withstanding the small parcel distribution environment. (A chargeback fee will be assessed if you are non-compliant.)

4. Automatic Returns

Please note that Seventh Avenue reserves the right to REFUSE or RETURN, without Supplier return authorization, any merchandise which:

- Is received 10 days past the Purchase Order due date,
 - Does not have a valid purchase order,
 - Does not meet our purchase order specifications of style, color, size, quantity, and/or quality.
 - Does not match original packaging specification as outlined on the Purchase Order or per vendor provided information on package testing report.
- 5. Parts Replacement** – It is expected that Suppliers will perform sufficient inspection to assure the product we purchase contains all the required parts and that it is packaged to withstand the small parcel-shipping environment. If our customers receive product that does have missing parts, or is damaged, Suppliers will be required to promptly ship replacement parts to assure full customer satisfaction.
- 6. No Product Surprises** - Federal law states that product we ship to our customers must match our catalog photo and description. Therefore, the products you send to us must not deviate from what has been approved. If our inbound inspection indicates that all items are not identical to what has been approved, or are defective, we will be required to sort part or all of the shipment. Defective product will be sent back to you at your cost. Any applicable labor costs will be charged back to the Supplier.
- 7. No Packaging Changes** – It is expected that each shipment from a Supplier will use the same packaging materials as that tested under the provisions of this standard and applied in the same manner as the test sample that passed the test.
- 8. Due Dates** - We must fulfill our customers' orders quickly to meet our service goals. There are also legal rules that govern all mail order companies on fulfillment issues. The Mail Order Rule is a federal regulation that governs the type and timing of communication between our company and our customers when a product they have ordered is not available to ship. Since you play an integral part in our compliance with this law, you should be fully aware of what we expect.
- a) When confirming the due date on the PO, notify us immediately if there is a chance that this date cannot be met. We will do our best to work out another mutually agreed upon date.
 - b) It is your responsibility to monitor and meet the due date.
 - c) If you cannot deliver approved product by a promised due date, you will be charged back as per the below tariff:

USA Domestically Sourced Product (Based on Due Date)

- If between 4 and 15 days late – 5% of Invoice Value
- If 15 days or more late – 10% of invoice or \$8.00 per backorder, whichever is greater

Direct Import / Internationally Sourced Product (Based on the Confirmed Ship Window)

- If between 4 and 15 days late – 5% of Invoice Value
- If 15 days or more late – 10% of invoice or \$8.00 per backorder, whichever is greater

Quality Assurance Requirements and Product Specifications

Quality Assurance Requirements will be based upon two main components. The first component is meeting our quality expectations for value, functionality, workmanship, and adherence to Product Specification attributes. The second component is meeting all applicable compliance expectations for adherence to United States and other applicable Laws, Codes, Regulations, and Industry Standards.

Product Specifications will be developed for all items appearing in our catalogs and our Internet web sites. The Product Specification details the expectation of the quality, condition, testing and legal requirements of the merchandise upon arrival at our facilities. The Supplier will be requested to approve, verify, and agree to provide merchandise based upon the attributes detailed in the text of the Product Specification for each item purchased. Absent of extraordinary circumstances, **Supplier approval must be received prior to issuance of a Purchase Order.** (On occasion, in our sole discretion, we may issue

a Purchase Order contingent on your approval of our Product Specification prior to your shipping the product.) Our Quality Assurance department also takes steps to verify that your products meet the Terms and Conditions stipulated on the Purchase Order, although Supplier remains fully responsible for compliance with all Terms, Conditions, Specifications and other legal requirements. Shipments that do not conform to the Product Specification and/or Terms and Conditions of the Purchase Order or other Contract Document, which require return, additional re-work and/or sorting by Seventh Avenue personnel will result in the assessment of an expense-offset/chargeback fee.

Note On The Consumer Product Safety Improvement Act (CPSIA)

On August 14th, 2008, the Consumer Product Safety Improvement Act became law. It is Seventh Avenue's expectation that all of its Suppliers are knowledgeable of the CPSIA and well versed in the regulations that are directly associated with the products they sell. It is the Supplier's sole responsibility to conform to the CPSIA regulations.

The implementation of the law is an ongoing process, and while certain requirements are subject to change at any moment, compliance throughout is mandatory for Seventh Avenue and its Suppliers. Information pertaining to each specific regulation may be found on the CPSC website at <http://www.cpsc.gov/about/cpsia/cpsia.html>.

Seventh Avenue will communicate specific instructions on its internal requirements to comply with the CPSIA as they are developed. Communication will be provided via the Supplier Compliance Manual, Product Specification, mass email communications, etc. At any time the Supplier is unclear or unsure of Seventh Avenue's requirements, it is the sole responsibility of the Supplier to contact Seventh Avenue for clarification.

United States Regulations and Industry Standards by Product Category

(NOTE: Not All-Inclusive)

Product Category Description	Required Markings	Regulatory Agent	Regulation and/or Standard Reference(s)
Live Plants	Country of Origin	USDA	7 CFR Part 352 Plant Quarantine Safeguards; 7 CFR 1551-1611 Federal Seed Act
Home Accessories, Collectibles, Decorations, Gifts & Small Accents	Country of Origin	CPSC	16 CFR part 1303 Ban of Lead Paint; ASTM F 2417 Fire Safety for Candles; Safety assessment for all items that hold an open flame.
Food Gifts, Cosmetics, Dinnerware and other food contact items	Country of Origin, Contents	FDA , FTC	21 CFR Food and Drugs; Federal Food, Drugs and Cosmetics Act; 15 CFR Fair Packaging and Labeling Act
Electrical (ie. Personal Care, Entertainment, Home, Office & Kitchen Equipment, etc.)	Country of Origin, UL	CPSC, FCC	Applicable UL Standard; 47 CFR part 15 Radio Frequency Devices; California Electronic Waste Recycling Act of 2003
Furniture	Country of Origin, Legal and Flammability Tags (Padded Furniture)	CPSC	16 CFR part 1303 Ban of Lead Paint; 16 CFR part 1632 and 1633 Flammability of Mattresses, Mattress Pads and Sets; California Bureau of Home Furnishings Technical Bulletin 116 and 117
Children's Items (Furniture, Toys, Games, etc.)	Country of Origin, Age, Safety Warnings, Legal and Flammability Tags (Padded Furniture), State Registration (Stuffed Toys)	CPSC, FCC	Consumer Product Safety Improvement Act; ASTM F 963 Toy Safety Standard; 16 CFR part 1303 Ban of Lead Paint; 16 CFR 1505 Requirements for Electrically Operated Toys or Other Electrically Operated Articles Intended for Use by Children; 16 CFR part 1512 Requirements for Bicycles; 47 CFR part 15 Radio Frequency Devices; California Bureau of Home Furnishings Technical Bulletin 116 and 117; ASTM F 1912 Safety of Bean Bag Chairs
Jewelry & Watches	Country of Origin, Carat Weight, Trademark	CPSC, FTC	CFR 15 Ch 39 Fair Packaging and Labeling Act; CFR 16 part 23 Guides for Jewelry
Exercise Equipment, Camping Items	Country of Origin, Legal and Flammability Tags (Padded Equipment), Safety Warnings	CPSC	16 CFR part 1303 Ban of Lead Paint; California Bureau of Home Furnishings Technical Bulletin 116 and 117; Industrial Fabrics Association International Standard CPAI-84 Specification for Flame Resistant Materials used in Camping Tentage
Clothing, Linens & Textiles, Apparel Accessories, Shoes	Country of Origin, Fiber Content, Care Instruction, Registration Number	CPSC, FTC	16 CFR Parts 24 Guides for Select Leather; 300 Wool Product Labeling Act; 301 Fur Products Labeling Act; 303 Textile Fiber Products Identification Act; 423 Care Labeling Of Textiles; 1608 Flammable Fabric Acts and 1610 Flammability of Clothing; 1630 Flammability of Carpets and Rugs; 1631 Flammability of Small Carpets and Rugs.
Finished Goods Made of Composite Wood	Compliance Label, Country of Origin	California Air Resources Board (ARB)	California Code of Regulations sections 93120-93120.12, title 17 Airborne Toxic Control Measure (ATCM) to reduce formaldehyde emissions from composite wood products

Supplier Expectations

- 1) Each Supplier must comply with all local, state, provincial, US, and other national laws and regulations (in addition to any other applicable laws and regulations). Seventh Avenue expects the Supplier to understand and uphold accountability to complying with all laws and or standards that relate to its products.
 - Per US Customs' requirements, all direct import product (product imported under FOB terms by Seventh Avenue) must be properly labeled with the applicable country of origin.
 - For US Customs' purposes, all direct import product (product imported under FOB terms by Seventh Avenue whether in ship alone or master carton packaging) must have the country of origin visibly displayed in English on the outside of each carton.
- 2) Documentation – It is the expectation the Supplier will provide the Quality Assurance department the following documents within 48 hours:
 - Signed Product Specification
 - Prop 65 Compliance Statements
 - Certificate of Conformance per CPSIA
 - MSDS Sheets (When Requested)
 - Installation Instructions (When Requested)
 - Testing (When Requested)
- 3) All products must arrive defect free and free of retail price stickers. Failure to adhere to this requirement may result in an expense-offset/chargeback fee to the Supplier (including applicable sorting charges).
- 4) Each Product Specification is intended to set forth minimum quality standards, regulatory and/or industry standards; however, Supplier is nevertheless fully responsible for knowing and complying with all legal requirements and industry standards whether or not they are included in the Product Specification. Upon Supplier approval (a.k.a. signing of the Product Specification) the Supplier acknowledges the product meets the quality, regulatory and/or industry standards specified on the Product Specification and that are otherwise applicable.

Each of the industries we deal with is subject to specific legal requirements relating to labeling and safety. We expect the Supplier to know and comply with the laws and regulations. However, if you have any questions regarding the laws or regulations governing your products, please visit the following websites or contact Quality Assurance at 608-328-8746 and ask for a Quality Assurance Technologist.

www.gpoaccess.gov/cfr/index.html (Code of Federal Regulations)
www.cpsc.gov (Consumer Product Safety Commission)
www.cpsc.gov/about/cpsia/cpsia.html (Consumer Product Safety Improvement Act)
www.oehha.org/prop65.html (California Prop 65)
www.astm.org (American Standards for Testing and Measures)
www.arb.ca.gov/homepage.htm (California Air Resources Board - CARB)

Our Quality Assurance strategy strives to ensure that Seventh Avenue provide safe and regulatory compliant products to our customers. In executing this strategy, vendor supplied product testing from an independent consumer product laboratory may be required depending upon the merchandise category. All testing requirements will be defined within the Product Specification document. The Quality Assurance Department may audit and validate testing, but Supplier remains fully responsible for compliance. Our philosophy is based upon Suppliers being responsible and accountable for providing Seventh Avenue with merchandise that is compliant for importation to and sale within the United States.

Any merchandise marketed for children requires special focus. Caution categories will include, but not be limited to, toys, children's furniture, children's clothing, and other furniture items.

Priorities for Quality Assurance will be managing a hold and release standard operating procedure for all focus items until testing has been reviewed and validated. If there is any doubt about compliance, Seventh Avenue reserves the right to independently test samples of the products and charge an expense-offset/chargeback fee to the Supplier in the event of any failure.

Lot Tracking

Per the CPSIA, effective August 14th, 2009 all children's items manufactured on and after this date are required to have permanent tracking labels that consist of the following information:

- 1) The manufacturer's name
- 2) The date and location of the manufacturer
- 3) Identifiable information about the product (i.e. lot code, batch number, etc.)

Seventh Avenue's policy requires all suppliers to provide an alpha numeric lot code of 12 characters or less with no special characters (i.e. *,@,#, etc.). For further information on lot code and packaging requirements please refer to [Packaging and Label Section](#).

To mitigate risks associated with product recall we strongly recommend Suppliers provide Seventh Avenue with the definition of their product lots and lot traceability mechanisms. If product lots are not defined by the Supplier, Quality Assurance may re-define lots based upon shipments of incoming merchandise or utilize other industry standard practices for such definition of lots for our own internal traceability systems.

Quality Assurance Violations

Defective Products, Warranty Violations and Product Specification Violation Chargebacks

We have developed the following non-compliance charges or fees ("Chargebacks") as a way to recover certain extra costs or damages to us for handling merchandise at our Distribution Centers when a violation by Supplier occurs in connection with the violation of the warranty or Product Specification or other quality related problems under the terms set forth in the Supplier Compliance Manual or in the Contract Documents. All of the violations noted in the charts below will have a Supplier chargeback of \$50.00 per hour. **Note that any product variation requiring a guide be inserted into a product will have a Supplier chargeback of \$.10 per guide plus the applicable hourly sorting charge.**

Hard Goods (Not Applicable for Apparel, Linens, and Textiles)

Product Specification Violations	Explanation
Product Variation	Products do not conform to approved Product Specification requirements (i.e. color, size, appearance, labeling, regulations, packaging, etc.)
Defective Product	Product is either defective or has defects (i.e. broken, non-functioning, missing parts, scratched, dented, torn, etc.)

All Product – Both Hard Goods and Soft Goods

Product Specification Violations	Explanation
Fumigation Required	Containers arriving with any signs of insects, mold, etc. will require fumigation of the entire container and its contents. All costs incurred for this service will be billed back to the Supplier.

Soft Goods Violation Chargebacks (Apparel, Linens, and Textiles)

Sort charges for clothing, apparel, linens, and textile product are based on a per piece charge (2 piece suits are counted as 2 pieces – not 1).

The following punitive charge applies when a product sort is required:

0-6% defects	- No charge to the vendor
6.01% - 25% defects	- USD\$.85 cents per piece
25.01% - 40% defects	- USD\$.85 cents per piece charge and 25% additional penalty (or \$1.06 per piece)
40.01% - 60% defects	- USD\$.85 cents per piece charge and 50% additional penalty (or \$1.28 per piece)
60.01% - 100% defects	- USD\$.85 cents per piece charge and 100% additional penalty (or \$1.70 per piece)

The number of defects is based on the sorted quantity.

Other Supplier Compliance Manual Violation Chargebacks

We also have implemented other schedules of charges or fees (“Chargebacks”) as a way to recover certain increased costs or damages to us for Supplier’s non-compliance with our Supplier Compliance Manual requirements. We are in the business of satisfying our customers. If you supply us with complete, accurate, and timely information, we will work with you to help avoid chargeback issues.)

The Chargeback categories are split into 6 groups. Procedural Violations include six groups: Packing List Violations, Packing Violations, Labeling Violations, PO Violations, Packaging Violations, and Supplier Transportation Violations. A brief summary of these Chargeback categories can be found in the [Appendix](#) or within this manual. The [Quality Assurance](#) category of violations and corresponding chargebacks are contained in the General Information and Requirements section above.

Set-Off and Payment Hold

We reserve the right to deduct or setoff (against any sums that otherwise would be owed to a Supplier for any or all transactions between us) and Chargeback fees and/or any amounts for damages or indemnification claims that we have against Supplier. We also reserve the right to place the Supplier’s account on payment hold during the period of any dispute related to Supplier’s performance under the Contract Documents or pending a determination of the net amounts owed between us.

Drop Ship Supplier Purchase Orders and Procedures

If you are selected as a Drop Ship or Custom Drop Ship Supplier we will send you a copy of our “Customized / Drop Ship Supplier Compliance Manual”. If you need a copy of the manual please contact Lynn Mayer (see the [Contact List](#) in the Introduction) or go to www.colonybrands.com.

Package Testing Requirements

- ♣• All packaged Hard Goods merchandise, where a package test is required, must be tested per the Seventh Avenue Large or Seventh Avenue Small package test protocols unless previously approved test protocols are in place. (Please also reference table of exempt product types in our supplier manual.)
- ♣• Valid Large Item test reports, clearly showing the item(s) have passed required testing, must be sent to Seventh Avenue Packaging via e-mail **prior** to the first shipment of merchandise to our warehouse.
- ♣• Valid Small Item test reports, clearly showing the item(s) have **passed** required testing, must be “received” within 72 hours of a request for such from Seventh Avenue Packaging. Again, Small item test reports are **ONLY** to be sent if requested.
- ♣• Failure to meet these requirements will result in the following charge backs to your company.

Packaging and Labeling Charge Backs

Labeling Violations	Explanation	Charge
Package label number (PLN) labels not applied to cartons / packages	You shipped product in cartons / packages that did not have Seventh Avenue specific Package Label Number (PLN) applied	\$200/ Package Label Number. Maximum charge of \$450 per shipment receipt.
Master carton labels	Master carton label not detailed per Supplier Compliance Manual.	\$200/shipment
Packing Slip Violations	Explanation	Charge
No packing slips (and/or)	Packing slips not sent with merchandise	\$200/shipment
No or incorrect Purchase Order on packing slip (and/or)	Correct Purchase Order must be on packing slip	
Packing slip not detailed per manual (and/or)	Packing slip must include the same level of detail as listed in the manual.	
Packing slip not consolidated on the outside of lead carton	Packing slip must be consolidated on the outside of the lead carton, placed in easily removable pouch	
Packing slips not attached to each RPS/UPS carton	Cartons sent through RPS or UPS must have a packing slip attached to each carton	\$200/shipment
Packing Violations	Explanation	Charge
Oversize master carton	Cartons cannot exceed 36” long, 26” wide, 30” tall and weigh more than 50 lbs.	\$200/shipment
Undersize master carton	Cartons cannot be less than 9” long, 9” wide, 4” tall and weigh less than 5 lbs.	\$200/shipment
Multiple PO’s shipped in a carton	No more than one purchase order should be placed in a carton.	\$200/shipment
Inconsistent counts per carton	Standard counts are required for master cartons, with the exception of one partial per SKU that must be clearly marked as a partial.	\$200/shipment
Testing and Packaging Violations	Explanation	Charge
No package test report supplied.	Failure to supply a package test report prior to first shipment of Large Package merchandise or within 72 hours of request. (See Packaging Test Requirements)	\$200 per incident
Product not packaged per Package Test Report	The product received at our warehouse was not packaged as detailed in the test report.	\$200 per incident
Package test failure on delivered merchandise.	Merchandise shipped to our warehouse failed the internal package test and the packaging is not per supplied test report or no test report is available.	\$50 per hour labor rework charges plus cost of materials.
High level of damages on merchandise shipped to our customers.	Merchandise shipped to our customers has an unacceptable damage rate and the packaging is not per supplied test report or vendor provided no test report.	\$50 per hour labor rework charges plus cost of materials. Additionally, charges related to sending replacements to customers as a result of receipt of damaged items.

Packaging, Labeling, & Package Testing Requirements

Our Strategy

Our goal is to utilize available technology to gain efficiencies and improve performance within the supply chain to enhance our service to our customer. We believe that this can be accomplished if each Supplier provides merchandise “distribution ready.” Our definition of distribution ready means you have performed package testing prior to the receipt of your merchandise, items being received are packaged and labeled according to Seventh Avenue requirements, your shipment is accurate and may be moved through our distribution facility with minimal merchandise preparation.

Supplier Partner Responsibilities

All merchandise shipped to Seventh Avenue must meet our basic requirements. (These requirements include having a valid Purchase Order, a Product Specification approved by you, being distribution ready, and being in compliance with the Contract Documents and the Seventh Avenue transportation and routing guidelines.)

All merchandise is subject to the following requirements unless specific exemptions have been negotiated between your company and our Merchandiser and/or Inventory Manager and/or Packaging Engineer prior to shipment. **Specific exclusions must be approved by the Inventory Manager and documented in writing.**

Seventh Avenue Terminology (Brief Definitions of Key Terms Used in Our Distribution Centers)

Carton / Package – The packaging material that protects an individual item, i.e. 1.5 mil polybag, corrugate box, etc. (See [General Packaging Requirements](#) for specifics.)

Contract Documents—The Purchase Order Transmittal Letter, the Purchase Order, the Standard Purchase Order Requirements, the Product Specification(s), the Terms and Conditions and this Supplier Compliance Manual are the Contract Documents.

Distribution Ready – Your shipment is accurate, received according to our specifications, may be moved through our distribution facility with minimal merchandise preparation, and is capable of withstanding the small parcel distribution environment.

Item – Any unique manufactured or purchased part. This is the product we purchase from your company that is eventually shipped to the customer as the package label number (PLN). See [General Packaging Requirements](#) for specifics.

Large Package – Any packaged item where the package is equal to or greater than 50 pounds, equal to or greater than 50 inches in length, or equal to or greater than 5 cubic feet.

Lot Number - The Federal definition of a “Lot” -- All products reaching the final customer must bear a lot identification code. That code must be unique to the product that is produced with the same material, during the same time frame, under the same conditions and is considered to be homogeneous (for Lot, Track & Trace purposes).

Master Carton – A carton that contains more than one cartoned/package item -- Example: a master carton could contain twelve cartons or twelve packages.

Package Label Number (PLN) – The Seventh Avenue number that identifies the item that is shipped to the customer. This number is referenced on our Purchase Orders.

PO Number / Contract Number-- These terms are used interchangeably and have the same meaning.

Reshipper or Remailer – Carton with protective packaging able to withstand the distribution, storage, handling, and shipment through the small parcel distribution environment (UPS, USPS, etc.) without any additional packaging supplied by Seventh Avenue.

Selling Unit – The product packaged and shipped as described in the catalog.

Ship-Along – A packaged item that is greater than 26” in length, or 15” in width, or greater than 1.50 cubic feet. (See [Ship-Along Packing Requirements](#) section for more information.)

Small Package – Any packaged item where the package is less than 50 pounds, less than 50 inches in length, or less than 5 cubic feet.

Small Parcel Distribution – Distribution environment managed by small parcel carriers, such as UPS, USPS, FedEx, etc.

Supplier Compliance Manual / Supplier Manual—These terms are used interchangeably and have the same meaning.

Supplier / Vendor / Seller—These terms are used interchangeably and have the same meaning.

Truck Ship Products – Items that must be shipped via LTL / motor carrier to the final customer. These are packaged items that are greater than 165 inches length + girth and/or greater than 150 lbs.

Unitized – The boxes or cartons that are part of a pallet and/or shipment.

General Packaging Requirements

All packaging must conform with national, federal, state, and local regulations with regard to material specifications that include, but are not limited to, compliance with California Proposition 65, California Toxins in Packaging Act, CONEG, etc., and meet established FTC Guidelines with respect to packaging content labeling.

1) Unit Carton / Package Requirements

Suppliers are expected to deliver merchandise in prepackaged units exactly as they are to be sold to the customer. All items require packaging that will protect them during distribution, storage, handling, and shipment through the small parcel distribution environment. Below are the only package formats that are acceptable to Seventh Avenue:

a) Polybagged Items

Polybags of 1.5 mil or greater may be used for only textile items and small items that will not break during handling. The polybag must be a minimum of 1.5 mils thick and must be closed securely with heat seal or tape. All items must be protected from dust, dirt, scratching, scuffing, etc. No product should be open to the environment. If necessary the bag can be vented using flutter, butterfly, or Y-vents.

Each bag (selling unit) must be labeled with the Seventh Avenue Package Label Number (PLN) – see [Carton / Package Labels](#) section for more details.

Items using this type of packaging do not require package testing.

b) Hard Goods (Boxed – Fragile and Non-Fragile Items)

Boxes may be made from chipboard or corrugate material. The type of box along with internal packaging materials should protect the product from damage due to shock, vibration, or crushing encountered in small parcel distribution, handling, and shipping environments. The box must be sealed to prevent tampering or loss of product. If the product is exposed, or items can fall out during handling, a polybag, shrink film or over-box must be used.

Items that can easily break must survive normal small parcel distribution, handling, and shipping environments. In addition to the box, several packing materials are available to protect the product from damage. These include Styrofoam foam, foam-in-place, corrugate pads, bubble wrap, tissue, newspaper, or shredded paper. Other cushioning materials may be pre-approved by Package Engineering.

All selling units must meet the Small Package or Large Package test requirements as outlined in the Package Testing section. See the [Package Testing](#) section and the [Packaging Chargebacks](#) in the [Appendix](#)

Only items packaged in corrugate boxes with minimum Mullen burst strength of 200 lbs. per square inch or 32 ECT (edge-crush test) or greater may be delivered without a master carton. Carton to be printed with the Boxmaker's certificate.

Each package (selling unit) must be labeled with the Seventh Avenue Package Label Number (PLN) – see [Carton / Package Labels](#) section for more details.

c) Ship-Alone Packaging

Packaged items greater than 26” in length, or 15” in width, or greater than 1.50 cubic feet must be sent to the warehouse in Remainers. These items will be sent directly to the customer. Seventh Avenue will provide no additional packaging. Ship-Alones can be packed in master cartons.

All selling units must meet the Small Package or Large Package test requirements as outlined in the Package Testing section. See the [Package Testing](#) section and the [Packaging Chargebacks](#) in the [Appendix](#).

- For smaller, lightweight items, use a single-wall corrugate with minimum burst strength of 200 pounds (lbs) per square inch or edge crush (ECT) values of 32 lbs., and inner packaging as appropriate, to pass required package testing. The box must be sealed to prevent tampering or loss of product.
- For products from overseas and heavier or larger items, use a single-wall or double-wall corrugate with minimum burst strength of 275 or greater pounds (lbs) per square inch or edge crush (ECT) values of 55 or greater lbs., and inner packaging as appropriate, to pass required package testing. The box must be sealed to prevent tampering or loss of product. Rugs and mats can be packed in a carton or rolled (with the backside of the rug facing outward), bagged and sealed. The film thickness must be a minimum of 4 mil (0.004”) for rugs under four feet long, 6 mil (0.006”) for rugs up to seven feet long, and 8 mil (.008”) for longer rugs. **Rugs that cannot be rolled must be bagged and placed in a carton.**

The carton must be marked with any symbols that pertain to the item, such as Fragile, Glass, This Side Up, or Storage Requirements using the recognized International Symbols. **Note: The carton can also be printed or labeled with information necessary to meet customs’ requirements.**

Each package (selling unit) must be labeled with the Seventh Avenue Package Label Number (PLN) and lot number (Toys and Children’s Items Only) – see [Carton / Package Labels](#) section for more details.

To minimize postage impacts and accessorial charges by our carriers, we ask that you work to develop packaging with a total cubic size less than 3 cubic feet, whenever possible. If this is not possible, the outside dimensions of the package should be machinable according to USPS standards (less than 34” length **and** less than 17” width **and** less than 17” height) while still providing adequate protection against damage in the small parcel shipping environment.

We would also ask that you work to keep the package’s length and girth well below the maximum 165”. Often times when shipping items having a length and girth over 164”, we almost always incur the overmax surcharge if/when the carton is measured by UPS. UPS’s Measuring Process: Longest length measurement + ((Largest width + Largest Height)*2) – (Overmax surcharge = \$50.00)

2) Master Carton Packaging Requirements

A master carton is a carton that contains more than one cartoned/packaged item. Packaged items less than 26” in length or less than 20 pounds in weight should be shipped to the distribution centers in master cartons. The master carton must have a minimum 200 lbs per square inch Mullen burst strength or 32 ECT (edge crush test). Carton to be printed with the Boxmaker’s certificate. We recommend that all master cartons meet the ISTA testing requirements based on your distribution environment to our warehouse.

The master carton must also be marked with any symbols that pertain to the item, such as Fragile, Glass, This Side Up, or Storage Requirements using the recognized International Symbols. **Note: The carton can also be printed or labeled with information necessary to meet customs requirements.**

Master Carton Checklist -- If packing into a master carton, you must follow these steps:

- Make sure each master carton contains only one purchase order and shipping destination.
- Make sure each master carton contains only one Package Label Number (PLN).
- Make sure each master carton contains only one lot number.
- Make sure each master carton contains only one Color or Pattern or Size. DO NOT mix multiple colors, patterns or sizes in a master carton.
- All master cartons for the same PLN in the same shipment need to have the same piece count per carton.
- Use master cartons that meet minimum and maximum requirements, as shown below.

	Length	Width	Height	Weight
Minimum	9	9	4	5
Maximum	36	26	30	50

3) Palletizing/Unitizing Requirements

If you place your shipments on pallets, make sure they meet the below requirements:

- Use pallets that are 48 inches x 40 inches in size, good quality and comply with Grocery Manufacturing Association (GMA) standards.
- Palletize by purchase order. Keep one purchase order per pallet when carton volume allows. Keep one PLN per pallet where volume allows. If multiple POs must be placed on a pallet, layer the POs, keeping all cartons for a given PO together. (Don't spread multiple POs across multiple pallets).
- Each pallet/unitized load may contain either individual boxes or master cartons, and each must contain only **ONE** Package Label Number (PLN) and only **ONE** lot number. The only exception allowed is if small quantities of two or more PLNs are ordered from one manufacturer, and each would not completely fill the 48" x 40" pallet. These PLNs may be placed on the same pallet if the PLNs are separated and clearly marked. However, each master carton still must contain only one PLN.
- Secure all cartons to the pallet with stretch-wrap (minimum of three wraps of stretch wrap holding the items together). Ensure all sides and the tops of the pallet are securely covered.
- Master cartons should not hang over the edge of the pallet.
- Stack all cartons with labels facing out so they can be easily read and/or scanned.

**** If your merchandise is breakable, be sure to label the shipment and warn the carrier.****

4) Merchandise Specific Packaging Requirements

The following are some general packaging requirements by merchandise category. The above listed packaging requirements are still applicable. **NOTE:** additional requirements on a product-by-product basis may be negotiated between your company and our Merchandiser and/or Inventory Manager.

Toys and Children's Items

- Per the CPSIA, all children's items manufactured on and after August 14th, 2009 are required to have tracking labels. For further regulation requirements please see [Lot Tracking section](#) in the [Quality Assurance Requirements](#) section.
- Each item must be permanently labeled with a lot code in accordance to CPSIA Section 103.
- Each PLN Label must also include the lot code.

Clothing – Soft goods

- Items must be individually polybagged and packed with special packaging, such as a hanger, collar support, or chipboard insert as negotiated between your company and our Merchandiser and as stated on your Purchase Order.
- All garments must be folded and individually packed in 1.5 mil or greater polybags, with venting if necessary.
- Neatly fold garment to the smallest size, while at the same time remaining flat. Please avoid rolling or bunching of the garment in the bag. Do not use pins.

- The polybag should fit the garment as closely as possible. There should be a foldover measuring approximately 2" at the top of the bag.
- The bag must be sealed using clear plastic tape or heat seal. DO NOT use labels to seal the bag.
- If the garment is on a hanger, it must be the appropriate size and weight for the garment.
- Refer to the purchase order for additional requirements that are garment specific (i.e. hangers or flat pack).
- All poly bags must contain the following caution statement:
WARNING: TO AVOID DANGER OF SUFFOCATION KEEP AWAY FROM BABIES AND CHILDREN. DO NOT USE IN CRIBS, BEDS, CARRIAGES, OR PLAYPENS.
- Clothing – Soft Goods using this type of packaging do not require package testing.

Jewelry

- Items must be individually polybagged or placed in special jewelry packaging, such as ring or watch boxes or flocked foam as negotiated between your company and our Merchandiser.
- Please note the instructions for shipping jewelry and watches contained in the [Exception / Special Cargo Routing Instructions Section](#) (Shipping & Transportation Requirements).
- Refer to the purchase order for additional requirements that are jewelry specific.
- Jewelry using this type of packaging does not require package testing.

Footwear

- All footwear must be packed into the Supplier's shoebox.
- The Supplier is accountable for using other packaging materials such as tissue, polybags, vented boxes or desiccants to protect the product.
- Footwear using this type of packaging does not require package testing.

Comforters

- All comforters, bed sets, or other large bedding items should be supplied in Reshippers or Remainers. Final package size should be less than 3 cubic feet.
- Bedding products using this type of packaging do not require testing.

Hard Goods ([See List by Product to Determine If Package Testing is Required](#))

- All selling units are to be packed in a carton. If the item meets the size definition of a Ship-Alone it must be packed in a remailer. (See [Ship-Alone Packing Requirements](#) section for more information.)
- All selling units must meet the Small Package or Large Package test requirements as outlined in the Package Testing section. See the [Package Testing](#) section and the [Packaging Chargebacks](#) in the [Appendix](#).
- For product delivered by an LTL carrier (less than truckload) to the final customer, the Supplier is responsible for packaging the product in accordance with the product's National Motor Freight Classification packaging specification. The Supplier accepts liability for all costs incurred by us when the product is not packaged accordingly. This covers product shipped directly to our warehouse or through our drop ship program.
- For products where the individual package weight exceeds 50 pounds, it is recommended that the Supplier consider packing the item into two (2) cartons. A package prototype(s) should be developed and package tested to determine whether it could survive in a small parcel distribution environment.
- Any detachable item, hardware, glass/mirrors, fittings, etc. should be packaged separately to protect the item and contents of the package. If there are many pieces, consider using inner cartons to better protect them from damage.
- All glass in furniture must be tempered and packaged sufficiently to prevent damage when shipped individually or as a component of the furniture piece
- Please review [General Packaging Requirements](#) and [Package Testing](#) Sections.

****Failure to meet the above guidelines may result in a chargeback to the Supplier.**

Summarized Packaging Requirements:

Carton / Package / Master Carton Checklist -- Make sure your merchandise is as follows:

- Pack merchandise in the proper cartons / packages / master cartons – don't use jiffy bags.
- Use 1.5 mil or greater polybags to protect merchandise from soiling.
- Seal cartons / packages / master cartons with tape – don't use bands, staples, straps, string or other sealants.
- Carton strength plus any internal protective packaging must be adequate to prevent damage to the contents during transit.
- Use packing materials to protect your product in transit so that it is received in saleable condition. However, we do not want you to be excessive with these materials and waste resources.
- Do not over-pack or under-pack.

Package Testing**Overview of Testing Procedures**

This section provides our Small Package and Large Package Hard Goods package test requirements. The tests will help to determine the ability of the packaging to adequately protect the merchandise against the hazards of the distribution and handling system from the point of manufacture to our warehouse and from our warehouse to the ultimate customer via small parcel distribution (UPS, USPS, FedEx, etc.). The tests were developed based on industry data, internal analyses, and established testing standards.

These procedures apply to all packaged Hard Goods merchandise where a package test is required. Please see the table below for testing requirements by product type. It is the responsibility of the Supplier to meet all the requirements as outlined in the Small Package and Large Package test procedures.

Packaging Tests Required by Product		Updated: 8/24/2009
Category (Prod Type)	Package Test	Notes
Basket and Bath Sets	Small or Large Test	
Beauty and Cosmetics	None required	Includes perfumes and lotions.
Candles	None required	
Clothing accessories	None required	Includes wallets, belts, purses, hats, caps, handbags and wigs.
Collectibles and Figurines	Small or Large Test	
Drop Ship items	None required	Per Drop Ship supplier manual requirements.
Electronics	None required	Includes phones, gadgets and personal care items.
Fitness	Small or Large Test	
Furniture	Small or Large Test	
Garlands and Wreaths	None required	Items with glass parts require testing.
Home accessories	Small or Large Test	Including outdoor items.
Household and Kitchen appliances	Small or Large Test	
Jewelry	None required	
Kitchen housewares	Small or Large Test	Cookware does not require testing.
Luggage	None required	
Personal care	Small or Large Test	Electronics do not require testing.
Rugs	None required	
Serving accessories	Small or Large Test	Silverware and knives do not require testing.
Shoes	None required	
Textiles	None required	
Tools	None required	
Toys and Games	Small or Large Test	Board games do not require testing.
Travel and Auto	Small or Large Test	Electronics do not require testing.
Wicker baskets	None required	

Please contact Seventh Avenue Package Engineering if you need assistance or clarification on the packaging test required for a product.

Products meeting our definition of a Small Package (any packaged item where the package is less than 50 pounds, less than 50 inches in length, or less than 5 cubic feet) must be tested per the Small Package test. Products meeting our definition of a Large Package (any packaged item where the package is equal to greater than 50 pounds, equal to or greater than 50 inches in length, or equal to or greater than 5 cubic feet) must be tested per the Large Package test. Each test procedure consists of a series of drop, vibration, and impact tests designed to approximate distribution hazards.

General Information

Failure to meet the requirements as outlined in each package test procedure may result in chargebacks for Supplier non-compliance.

Compliance with these tests does not in any way relieve the Supplier from adherence to published carriers regulations or tariffs.

Products that pass these tests provide the benefits of reduced damages and product loss, and increased customer satisfaction.

Packaging Engineering must approve alternative methods of testing prior to the actual test. If there is any doubt about compliance, Seventh Avenue reserves the right to independently test samples of the products and charge an expense-offset / chargeback fee to the Supplier in the event of failure.

General Labeling Requirements

Please note all questions related to product labeling, such as warnings, tracking label / lot number, care instructions, product information, country of origin, etc. should be directed to Quality Assurance. Package Engineering can address PLN label, master case labeling, and packing list questions.

For US Customs' purposes, all direct import product (product imported under FOB terms by Seventh Avenue whether in ship alone or master carton packaging) must have the country of origin visibly displayed in English on the outside of each carton.

Item / Product Labels

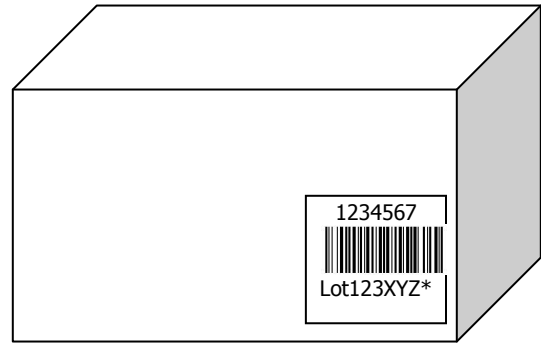
All items / product must arrive free of retail price stickers. Failure to adhere to this requirement may result in a chargeback to the Supplier (sorting charges).

Carton / Package Label Number and Lot Code Labels (Toy's and Children's Items Only)

For each item (selling unit) provided in a 1.5 mil or greater polybag, carton or other package we require labeling (bar-coded preferred) that identifies our **Package Label Number (PLN)** and for Toys and Children's Items the **Lot Code**. The PLN is printed on your purchase order. These labels must be placed or printed on each polybag, carton, or package. Failure to do so will result in a chargeback to the Supplier. The following are the package label number guidelines and a picture example:

- The label size should be at least 1" by 1" and should not normally exceed 4" by 4".
- The label information must be black print or type (not hand written) on a white background.
- Package Label Number (PLN) must be a minimum of 24-point font.
- Barcodes should be produced using the UCC Code 128.
- The label should be placed on the lower right hand corner of the bottom, or back, of the package.
- Under no circumstances should you include a company name on this label (i.e., Seventh Avenue).

Sample PLN label and Placement



* **Note:** Lot codes are only applicable to Toys and Children's items.

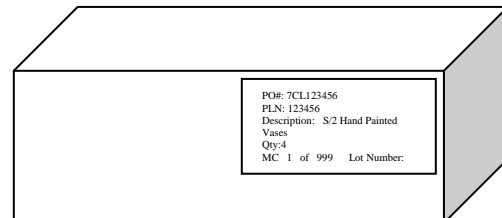
** **Note:** The size and location of the label should not compromise the presentation / integrity of the product.

If you have any questions regarding this important labeling requirement, please contact the Packaging and Labeling contact as identified in the [contact list](#) on page 5.

Master Carton Labels

- Master carton labels must be positioned on the side of the carton, upper right-hand corner.
- The label information must be black print or type (not hand written) on a white background.
- Include the following information on each master carton label:
 1. Seventh Avenue purchase order number
 2. Seventh Avenue package label number (PLN)
 3. Seventh Avenue Item description (exceptions may apply, you will be notified if applicable)
 4. Total quantity in each master carton
 5. The letters "MC" & sequential # of the carton as part of the total (i.e. 1 of 5, 2 of 5, 3 of 5, etc.)
 6. Lot Number (For Toys and Children's Items Only)

Master Carton Label Placement (Upper Right, Face Out on Pallet)



The Seventh Avenue purchase order number, PLN, and item description are printed on the Purchase Order.

NOTE: Ship-Alones that are packed in a master carton must have the PLN label on each item and the master carton must have a master carton label or be printed with the required information. See [Ship-Alone packaging requirements section](#) for clarification.

Please see [Sample Master Carton Labels](#) in the Appendix.

**** Please do not reference the name Seventh Avenue on any inner or outer packaging including the carton or master carton unless instructed to do so by a Seventh Avenue representative (Exception -- the shipper/consignee label for USA domestic shipments). ****

Packing List Requirements

A detailed packing list must accompany every shipment. You must prepare packing slips following these guidelines:

- Prepare packing lists in addition to master carton labels.
- Prepare one packing list per purchase order.
- For UPS/RPS shipments, a packing list must be attached to each carton.
- Packing List must include this information:
 1. Supplier name/address
 2. Seventh Avenue purchase order number
 3. Seventh Avenue **package label number (PLN)**
 4. Seventh Avenue item description including style, color, and size information
 5. Date shipped/via
 6. Total quantity of units
 7. Total number of cartons
 8. Separate line for total quantity per lot number (For Toys and Children's Items Only)
- Insert packing lists into a removable pouch and securely attach it to one carton of each purchase order. Indicate "PACKING LIST ATTACHED" on two adjacent sides of the carton. For trailer load shipments, the pouch must be attached to the last carton loaded on the trailer.
- When shipping multiple cartons via UPS or FedEx, a packing slip must be applied to each carton.
- When shipping multiple cartons via UPS or FedEx, please also include the following on the packing slips: Sequential number of each carton as part of the total shipment (i.e.1 of 5, 2 of 5, 3 of 5)

Palletizing/Unitizing Labeling Requirements

- Label each pallet with the purchase order number and Seventh Avenue PLN (found on purchase order), and number of cartons contained within the pallet
- Stack all cartons with the labels facing out so they can be easily read and/or scanned.
- If your merchandise is breakable, be sure to label the shipment and also warn the carrier.

Please see [Distribution Chargebacks](#) in the Appendix

Shipping & Transportation Requirements

Our Strategy

We believe that working with us to meet our transportation requirements is mutually beneficial for your company and Seventh Avenue. Our transportation requirements are designed to prevent shipment delays, which ultimately result in lost sales. In addition, our requirements can help keep handling and freight costs to a minimum.

International Import Instructions (USA Imports)

International Freight Forwarder Selection

Please consult Seventh Avenue's C-TPAT Requirements link at ---
[Seventh Avenue Customs - Colony Brands, Inc. & Affiliated Companies](#)

Routing instructions for shipments in which Seventh Avenue is responsible for paying the freight (dependent on the terms of sale) are located on the Purchase Order. These instructions include our forwarder's name and address. ([Standard Purchase Order and Invoice Requirements – International Import Shipments](#))

U.S. Customs Invoicing Standards & Seventh Avenue Requirements

U.S. Customs Regulations call for specific invoice requirements to be met on all import shipments. These invoicing requirements must be on all commercial invoices from your Suppliers in order to comply with U.S. Customs Regulations.

Please find a condensed list of U.S. Customs invoicing regulations. This condensed list will give you an idea of what is required on your commercial invoices for import shipments. Please consult the [Standard Purchase Order and Invoice Requirements – International Import Shipments](#) document contained in the Appendix for additional information and/or requirements.

A.) Section 141.86, Customs Regulations, includes the following requirements:

- 1.) Name of Seller & Address
- 2.) Name or Purchaser & Address
- 3.) Detailed description of the merchandise:
 - a.) Name by which each item is known
 - b.) The grade or quality
 - c.) The marks, numbers and symbols under which sold package
 - d.) Quantities in appropriate weights and measures
 - e.) Purchase price of each item in the currency of the purchase
 - f.) All charges (i.e. packing, royalty fees and freight if applicable)
 - g.) All discounts (note, certain rebates are not allowed as a non-dutiable charge)
 - h.) Country of origin
 - i.) Goods or services furnished for production of each item: not already included in the invoice price (i.e. assists such as tools or molds and materials)
 - j.) Any "free of charge" items must have a fair market value listed per unit.
- 4.) Invoiced in English, or a translation to English
- 5.) Packing list
- 6.) Name of responsible individual who has the knowledge of the transaction

B.) Section 142.6, Customs Regulations requires:

- 1.) Adequate description of the merchandise
- 2.) Quantities being imported
- 3.) Value of the Merchandise
- 4.) Appropriate eight-digit Harmonized Tariff Schedule (HTS) number
- 5.) Name and complete address of foreign individual or firm responsible for invoicing the merchandise

The information required by 142.6 must be furnished before release of the merchandise is authorized.

C.) Section 12.130(f), Customs Regulations, essentially states:

- 1.) A manufacturer's declaration for all textile shipments subject to section 204, textile or textile products which are wholly the growth or assembly, produced or manufactured of a single foreign territory or country, or insular possession of the U.S. shall be identified in a Single Country of Origin Declaration. This declaration is required from all countries and must be furnished at time of entry.
- 2.) The information required by 12.130(f) must be submitted before the release of the merchandise is authorized.

Additional special invoice requirements may be required for specific types of merchandise. If you would like more specific information regarding invoicing requirements please do not hesitate to contact us.

In addition to all the standard items on a commercial invoice, Seventh Avenue requires (Please consult the [Standard Purchase Order and Invoice Requirements – International Import Shipments](#) document contained in the Appendix for additional information and/or requirements.)

- A set of original documents must be sent to us at the following address before the arrival of the goods into the US:
Seventh Avenue, Inc.
1112 7th Avenue
Monroe, Wisconsin 53566 USA
Attn: Sunshine Mergen / Global Compliance Group
Phone: 608-324-4406
- Please e-mail a copy of all documentation to mergen@sccompanies.com or fax it to (866)-540-9984 within 7 days of the confirmed on board sailing date (ocean) or within 24 hours of the departure date for air freight shipments.
- Bill of Lading: If applicable, an original Bill of Lading must be in our freight forwarder's possession before it will release the shipment.
- Fumigation certificate, if applicable. If not applicable, invoice must state "Fumigation Certificate not Applicable."
- No solid wood packing materials (SWWP) associated with this shipment. If applicable then a fumigation certificate must be attached.
- "We certify merchandise conforms to any of Seventh Avenue Purchase Order(s) _____, and further certify the Packing List has been included with the shipment. Each full container "must" have one copy of the packing slip attached to the last carton loaded before it is sealed.
- The Country of Origin should be listed on the documents. Also the manufacturers name and address is to be listed on all documents for clearance through U.S. Customs.
- Any and all changes to the approved purchase order should be immediately communicated to the Direct Import Department. This will avoid any charge backs.
- Late shipments: Presentation of any transport document/cargo receipt evidencing late shipment is a discrepancy and may result in a 5% deduction from the value of the purchase order pertaining to the shipment listed on the bill of lading. Good communication is the key for not being assessed a late fee.

Domestic Transportation Instructions

Domestic Carrier Selection (General Cargo)

General routing instructions apply to any portion of the freight charges that Seventh Avenue pays. General routing instructions do not apply to routings that require special routing or handling or are prepaid by the Supplier (See Below).

All shipments for which Seventh Avenue is responsible for any portion of the freight charges must be coordinated through the Seventh Avenue Transportation Department. All shippers/Suppliers must fax or email a copy of the completed [Shipment Control Form](#) (See Appendix) to the Seventh Avenue Transportation Department at 608-328-8846 or traffic@sccompanies.com. On receipt of the form, the Seventh Avenue Transportation Department will fill out the form with the appropriate routing information and fax it back to the Supplier. A follow-up phone call may accompany the fax depending on the shipment size, ready date, etc. This process is valid for both Less-Than-Truckload Shipments (LTL) and Truckload Shipments (TL). For TL shipments, please begin coordinating the shipment 48 hours in advance of your planned ship date to assure transportation availability.

- Each merchandise pickup request will be verified against the PO for accuracy. No merchandise pickup will be authorized for a shipment until all issues or discrepancies have been resolved.
- If merchandise is not available for pickup after arrival of the carrier, any detention, trailer not used, or any other related charges may be charged to the Supplier. All Suppliers need to notify the Seventh Avenue Transportation Department immediately if merchandise will not be available on the scheduled pickup date.
- Transportation requests must be initiated during regular business hours at least 48 hours prior to the required ship date to ensure capacity availability to meet the delivery requirements set forth in the Purchase Order. Transportation requests can be submitted via phone, fax, or email to the Seventh Avenue Transportation Department any time Monday through Friday between 8am (CST) and 4pm (CST).
- Failure to provide sufficient lead-time or changes to load information after the initial pickup call could delay the timeliness of the pickup and result in late delivery. It is essential that the information you provide in the [Shipment Control Form](#) is accurate and complete. Any delays resulting from inaccuracies by the Supplier may result in [chargebacks](#).
- In the event of problems with the assigned carrier (late or missed pickups, poor service, etc.), the [Seventh Avenue Transportation Department](#) needs to be contacted immediately for assistance.
- Please consult the [Standard Purchase Order Requirements – Domestic Shipments](#) document contained in the Appendix for additional information and/or requirements.

Domestic Documentation Standards and Shipping Requirements

Please follow these instructions when shipping merchandise to our distribution centers.

- Record the following on the bill of lading
 1. All purchase order numbers
 2. Aggregate number of cartons and weight for each shipment
 3. Correct merchandise description, including PLN numbers and National Motor Freight Classification.
 4. Complete Supplier name and shipping address
 5. Total number of pallets (if palletized)
- Suppliers who prepay freight and use carriers that are not approved by Seventh Avenue are responsible for carrier compliance with our requirements.
- All shipments regardless of size are subject to the provisions of these instructions.
- All purchase orders shipping from the same location on the same day to the same distribution center address must be combined.
- Unauthorized shipments made on consecutive days will be treated as though multiple shipments were made on the same day without consolidating into one.
- Routing instructions do not apply when terms of sale are FOB destination. However, when shipping is prepaid, you must still adhere to the distribution center requirements.
- Please attach a copy of the packing list as per our Packing List Requirements contained in the Packaging and Labeling Requirements section of this manual.

Exception / Special Cargo Routing Instructions

Special routing instructions apply to any portion of the freight charges that Seventh Avenue pays. Special routing instructions apply to small package moves, loads exceeding 3,000 pounds or 750 cubic feet, air shipments, extraordinary value shipments, jewelry, loads requiring special equipment or packaging, loads requiring temperature control (heat or cold), and any perishable items.

A. Small Package Consignments of 8 cartons, 110 lbs.

Shipments with a total aggregate of eight (8) cartons (or less) and one hundred ten (110) lbs. (or less) should be shipped to the appropriate warehouse via small package carrier. You must ship via small package carrier only if the carton total and weight are less than the listed limits.

Ship via UPS Ground Commercial Service or DHL/Fed-Ex equivalent. Small package freight charges "only" are to be Prepaid and Added to the vendor/Supplier invoice.

Each carton in a small package carrier shipment MUST have a packing list attached and all cartons must be sequentially numbered.

B. Volume Shipments of 3,000 lbs. or 750 cubic feet / Or Any Freight Class 150 or above

You must contact Seventh Avenue Transportation Department for special routing instructions on all shipments that exceed 3,000 lbs. or 750 cubic feet. All shippers/Suppliers must fax or email a copy of the completed [Shipment Control Form](#) (See Appendix) to the Seventh Avenue Transportation Department at 608-328-8846 or traffic@sccompanies.com. On receipt of the form, the Seventh Avenue Transportation Department will fill out the form with the appropriate routing information and fax it back to the Supplier. A follow-up phone call may accompany the fax depending on the shipment size, ready date, etc. This process is valid for both Less-Than-Truckload Shipments (LTL) and Truckload Shipments (TL). For TL shipments, please begin coordinating the shipment 48 hours in advance of your planned ship date to assure transportation availability.

Note: VOLUME SHIPMENTS CALLED IN TODAY WILL NOT BE PICKED UP TODAY. No volume shipments will be routed unless all purchase orders are valid, approved, and within the proper ship window. If you report a shipment with invalid, unapproved, early, or late purchase orders, you will be informed that the shipment will not be routed and given the reason why. It is your responsibility to contact the Inventory Manager (IM) for clarification or correction. The shipment cannot be routed until the purchase orders are correct. If more than one trailer is required for a single shipment, you must prepare a separate bill of lading for each trailer.

Volume shipments are to be sorted and loaded by purchase order. Loading is the responsibility of the Supplier. Shipments are "Shipper's Load and Count," unless agreed upon in writing by Seventh Avenue Transportation prior to shipment.

C. Air Shipments

All air consignments for which Seventh Avenue pays any portion of the freight, must be approved by Seventh Avenue prior to shipment. You must request approval through your Inventory Manager who will in turn make the proper arrangements with the SA Transportation Department.

The actual invoice value of the merchandise must be declared on the Air Bill.

D. Jewelry / Watches

There are 3 different receiving facilities for jewelry (based on the purchase order):

- a. Monroe Fulfillment Center – Monroe, WI (Purchase Orders with a 7SW Pre-fix)

We require that you do **NOT** use security tape. Use tamper evident plain gummed, pressure-sensitive, or reinforced paper shipping tape. All freight charges (based on the terms of sale) should be prepaid and added to the commercial invoice.

b. DeWitt Fulfillment Center – DeWitt, IA (Purchase Orders with a 7CL Pre-fix)

We require that you do **NOT** use security tape. Use tamper evident plain gummed, pressure-sensitive, or reinforced paper shipping tape. All freight charges (based on the terms of sale) should be prepaid and added to the commercial invoice.

c. Madison Fulfillment Center – Madison, WI (Purchase Orders with a 7UP Pre-fix)

We require that you do **NOT** use security tape. Use tamper evident plain gummed, pressure-sensitive, or reinforced paper shipping tape

All jewelry and watch shipments being sent to our **Madison, Wisconsin distribution center**, with a purchase order beginning with 7UP, are to be shipped using UPS Hold For Pick-Up. All freight charges (based on the terms of sale) should be prepaid and added to the commercial invoice.

Please follow the directions below.

- You will contact UPS by calling 1-800-PICKUPS to request "HOLD FOR PICKUP" labels.
- When you ship the package it must be addressed as follows:

UNITED PARCEL SERVICE
C/O GORDON GRAHAM - 608-246-7305
5002 PFLAUM ROAD
MADISON WI 53718

The "HOLD FOR PICK-UP" label must be affixed to the same surface as the shipping label and very near the address label. This is a cue to UPS to call our facility for the package to be picked up.

E. Extraordinary Value Shipments / Loads Requiring Special Equipment or Packaging, Loads Requiring Temperature Control (Heat or Cold), or Perishable items

Please contact the [Seventh Avenue Transportation Department](#) for Routing Instructions (See Contact List – Page 4)

**** For information on [Transportation Chargebacks](#) please refer to the Appendix. ****

Prepaid Transportation Moves / Supplier Delivered Cargo Instructions

Suppliers who are responsible for paying the freight costs of shipments to Seventh Avenue should use a Seventh Avenue approved carrier whenever possible.

All Suppliers / trucking companies **must call the Seventh Avenue Transportation Department for delivery appointments. No merchandise will be accepted without an appointment.**

For prepaid ocean container deliveries, the Supplier or their transportation provider is responsible for providing the Seventh Avenue purchase order number, Supplier name, destination facility, number of cartons, seal number, and preferably a copy of the Supplier's packing list when making a delivery appointment.

*For truckload shipments, packing lists must be faxed or emailed to the Seventh Avenue Transportation Department (608-328-8846 or traffic@sccompanies.com) after the truck is loaded.

If the terms of sale on the Purchase Order allow the Supplier to prepay freight charges, you (the Supplier) still must follow these instructions completely. We strongly encourage you to consider a Seventh Avenue carrier when choosing carriers for your prepaid shipments, as any failure by your chosen carriers to perform to Seventh Avenue standards will result in a chargeback to your company.

Seventh Avenue Transportation is the only source authorized to grant exceptions or clarify instructions. Instructions received from any other source, whether written or verbal, which deviate from these instructions is not valid and will not be honored.

Seventh Avenue Purchase Order Prefixes

7CL Purchase Order Prefixes – Final Destination: Seventh Avenue Peosta, IA Facility

7PE Purchase Order Prefixes – Final Destination: Seventh Avenue Peosta, IA Facility

7YM Purchase Order Prefixes – Final Destination: Seventh Avenue Madison, WI Facility

7SW Purchase Order Prefixes – Final Destination: Seventh Avenue Monroe, WI Facility

7RN Purchase Order Prefixes – Final Destination: Seventh Avenue Reno, NV Facility

*For all other purchase order prefixes, please contact the Seventh Avenue Corporate Traffic group for consignment instructions.

Seventh Avenue Customs-Trade Partnership Against Terrorism (C-TPAT) Requirements – Direct Import Shipments

Please note our Supplier/Vendor C-TPAT requirements at –
<http://www.colonybrands.com/seventhavenuecustoms.html>

Please note that all Suppliers/Vendors must provide a completed Seventh Avenue Supply Chain Security Profile / C-TPAT Supplier Questionnaire for each facility or location where they manufacture and ship goods to us from. This questionnaire should be provided in advance of any product for Seventh Avenue being produced by a particular manufacturer/facility. This form can be found on-line at -
<http://www.colonybrands.com/seventhavenuecustoms.html>.

Appendix

Purchase Orders

A copy of a Seventh Avenue Purchase Order (PO) and a brief explanation of each section has been included below.

- **Invoice to Address:** Seventh Avenue, Inc., 1112 7th Avenue, P.O. Box 2815, Monroe, WI 53566-8015 ([Section 10](#))
- **Ship To:** Send your shipments to this address (address may vary with type of merchandise). ([Section 9](#))
- **Vendor Number:** This number must appear on all your invoices. ([Section 8](#))
- **PO Number / Contract Number:** These terms are used interchangeably and have the same meaning. (Must appear on all of your invoices.) ([Section 6](#))
- **Amendment Number:** Tells whether the PO is an original or the number of times it has been amended. ([Section 7](#))
- **Terms of Sale:** The payment terms you've agreed to with our Merchandising department. ([Section 4](#))
- **Freight Terms:** Indicates who is responsible for payment of freight. ([Section 5](#))
- **Confirming Order-Do Not Duplicate:** Although, you may have received previous communication with our contract number on it, this is our legally binding PO. Do not use a previous PO copy. ([Section 3](#))
- **Line Number:** Each line corresponds to a new item number. ([Section 14](#))
- **Item Number:** Our internal item number. ([Section 15](#))
- **Package Label Number:** This is the number used by our warehouses to pull and ship merchandise to our customers. The Package Label Number (**PLN**) is located next to our Item Number and is directly above the item description. ([See Distribution Center Requirements Section for more details.](#)) ([Section 17](#))
- **Description Text:** Includes the vendor reference number, description, weight of the product, tariff number (if imported), and the QA Specification number. ([Section 16](#))
- **Release Number:** If we ask for multiple shipping dates on a PO, you will have multiple release numbers (most POs have only one release). ([Section 18](#))
- **Release Status:** The status of the line, either new or changed. ([Section 18](#))
- **Release Quantity:** The number of units being ordered. ([Section 18](#))
- **Quantity Received:** The number of units received to date (only applicable on amended PO's). ([Section 18](#))
- **Date Received:** The date the merchandise was received (only applicable on amended PO's). ([Section 18](#))
- **Balance Due:** You will see a balance due if you had sent in a partial shipment, and we had to amend the PO. ([Section 19](#))
- **In-House Due Date:** When merchandise is **due at our dock**. ([Section 19](#))
- **Unit Price:** The price of goods ordered. ([Section 20](#))
- **Extended Price:** The cost of goods ordered times the number of units ordered. ([Section 21](#))
- **Text Data:** A section of text that gives individualized instructions to the Supplier (includes QA information, packaging and shipping information, etc.). This may change with every item you supply to us. ([Sections 13 & 22](#))
- **[Terms and Conditions](#):** Each new PO will have a section titled Terms and Conditions. We've attached a copy for you to review (Appendix).
- **[Purchase Order Transmittal Letter](#):** (See attached letter in the Appendix)

SEVENTH AVENUE®

1112 7TH AVE MONROE WI 53566-8016 [1]

[6]

PO Number
7PE111111
Amendment No
ORIGINAL

Page
1 [11]

PURCHASE ORDER ("PO")

[7]

INVOICE TO:
SEVENTH AVENUE, INC. [10]
1112 7TH AVE
PO BOX 2815
MONROE WI 53566-8015

CORRECT PO RELEASE AND ITEM NUMBERS MUST APPEAR ON PACKAGES, INVOICES, SHIPPING PAPERS AND CORRESPONDENCE. PACKING SLIPS MUST ACCOMPANY ALL SHIPMENTS.

SELLER OR SUPPLIER INFO:
TEST TRADING COMPANY
00450 [8]

S
H
I
P
P
T
O
SEVENTH AVENUE, INC.
PEOSTA WAREHOUSE/RECEIVING
8970 ENTERPRISE DRIVE
PEOSTA, IA 52068

[9]

Date Printed	Terms Of Sale	
02/12/07	NET 30 [4]	CONFIRMING ORDER – DO NOT DUPLICATE
FREIGHT TERMS: SEE BELOW [5]		SHIP VIA: SEE BELOW (TRAF NOTE) [3]

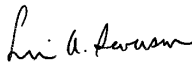
ACCEPTANCE OF THIS PURCHASE ORDER ("PO") INCLUDES ACCEPTANCE OF: THE ACCOMPANYING TERMS & CONDITIONS; TRANSMITTAL LETTER; STANDARD PURCHASE ORDER REQUIREMENTS; THE PRODUCT SPECIFICATION(S); AND ALL SUPPLIER COMPLIANCE MANUAL REQUIREMENTS. SHIPPING PER THIS PURCHASE ORDER IS AN ACKNOWLEDGEMENT THAT YOU ARE AWARE OF AND AGREE TO THE CONTENT OF THESE DOCUMENTS. PRODUCT SHIPPED AGAINST THIS PURCHASE ORDER MUST CONFORM TO OUR APPROVED PRODUCT AND PACKAGING SPECIFICATIONS, WHICH ARE REFERENCED IN THE PRODUCT DESCRIPTION AND/OR TEXT ON THIS PURCHASE ORDER. PLEASE REFER TO THESE CRITICAL DOCUMENTS AND COMPLY WITH THEM TO AVOID UNNECESSARY CHARGE BACKS.
***** [13]

LINE NO: 01 [14] ITEM NO: 57BHC [15] PKG LABEL NO (PLN): 999999 [17] U/M: EA STATUS: OPEN

DESCRIPTION: 8118 MESH BRIM HAT (WHITE)
PRODUCT WGT: 1 LB
[16] QA SPECIFICATION: 058808 VENDOR APPROVED: 10/3/07
LABEL: VENDOR
PRODUCT MUST BE INDIVIDUALLY POLYBAGGED

[18] RELEASE NUMBER	RELEASE STATUS	RELEASE QTY	QUANTITY RECEIVED	DATE RECEIVED	BALANCE DUE	[19] INHOUSE DUE DATE	[20] UNIT PRICE	[21] EXTENDED PRICE
01001	NEW	36.00	0.00		36.00	02/22/07	28.000000	1,008.00

[22] INDIVIDUAL ITEM IS TO ARRIVE IN A 1.5MIL MINIMUM POLYBAG THAT IS SEALED AT LEAST 80% OF THE OPENING AND HAS NO AIR HOLES. EACH POLYBAG MUST BE LABELED WITH OUR PACKAGE NUMBER (PLN)

By  (Authorized Signature)
Purchase Order acceptance is to be confirmed by Seller to Buyer, and a copy e-mailed to leuzinger@sccompanies.com [12] or faxed to (608-328-8457).
This Purchase Order is subject to the terms and conditions above and the terms and conditions in any of the Contract Documents accompanying or attached to this PO or described or referenced herein.

Agreed to and accepted by Seller:

(Authorized Signature)
Date _____

ORIGINAL

TERMS & CONDITIONS

Order - Acceptance. This Purchase Order ("PO") is an offer to purchase the goods and/or services described herein, not a confirmation or acceptance of any offer to sell; and acceptance of this offer is limited to the terms of this PO. Upon acceptance, whether expressly, by shipment or provision of goods or services purporting to conform to that description, or other conduct that recognizes the existence of a contract for such goods or services, the resulting contract will include: the PO transmittal letter, the PO, the accompanying PO Requirements, the Product Specification(s), the Supplier Compliance Manual (a/k/a Supplier Manual) and these Terms and Conditions (collectively, "Contract Documents"). Buyer hereby objects to and rejects any terms proposed in any of Seller's quotation, order acknowledgement, invoice or other forms or correspondence which add to, vary from, or conflict with the terms of the Contract Documents. If this PO has been issued by Buyer in response to an offer and is construed as a confirmation or acceptance of such offer, such confirmation or acceptance is subject to the express condition that Seller shall assent to the additional and different terms of the Contract Documents as the entire agreement between Buyer and Seller with respect to the subject matter hereof. This offer expires thirty (30) days after the date of this PO, and may be terminated by Buyer at any earlier time, upon notice to Seller given before Seller's acceptance of this offer.

Price Warranty. Seller warrants that the prices for the articles sold to Buyer hereunder are not less favorable than those currently extended to any other customer for the same or similar articles in similar quantities. In the event Seller reduces its price for such article during the term of this order, Seller agrees to reduce the prices hereof correspondingly. Seller warrants that prices shown on this PO shall be complete, and no additional charges of any type shall be added without Buyer's express written consent. Such additional charges include, but are not limited to, shipping, packaging, labeling, customs duties, taxes, storage, insurance, boxing, crating.

Termination for Cause. Buyer may terminate any contract resulting from this PO, or any part thereof, for cause in the event of any default by Seller or if Seller fails to comply with any of the terms and conditions of this PO. Late deliveries, deliveries of products which are defective or which do not conform to this order, or failure to provide Buyer, upon request, with reasonable assurance of future performance shall all be causes allowing Buyer to terminate this PO and any resulting contract for cause. In the event of termination for cause, Buyer shall not be liable to Seller for any amount and Seller shall be liable to Buyer for any and all damages sustained by reason of the default that gave rise to the termination.

Termination for Convenience. Buyer shall also have the right to terminate any contract resulting from this PO, or any part thereof, without cause at any time prior to delivery; and Buyer's liability for such termination shall be limited to Seller's out-of-pocket cost for work and materials applicable solely to work which shall have been expended when notice of termination shall have been received by Seller, reduced by the fair market resale value of such work-in-process.

Delivery. Time is of the essence under this PO and any resulting contract; and if delivery of items or rendering of services is not completed by the time promised, Buyer reserves the right without liability, in addition to its other rights and remedies, to terminate this contract by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller for any loss incurred.

Warranty. Seller expressly warrants that all goods and services furnished pursuant to any contract resulting from this PO shall: conform to all specifications and applicable laws, regulations, and standards; will be new, not used, refurbished or reconstituted; will be free from defects in design, material and workmanship; and that Seller has good title and authority to transfer title to the goods covered by this PO. Seller warrants that all such goods and services will conform to any statements made on the containers, labels or advertisements for such goods and services, and that any goods will be adequately contained, packaged, marked, and labeled. Seller warrants that all goods and services furnished hereunder will be merchantable, and will be safe and appropriate for the purpose for which goods or services of that kind are normally used. If Seller knows or has reason to know the particular purpose for which Buyer intends to use the goods or services, Seller warrants that such goods or services will be fit for such particular purpose. Seller warrants that goods and services furnished will conform in all respects to samples. Inspection, test, acceptance or use of the goods or services furnished hereunder shall not affect Seller's obligation under this warranty, and such warranties shall survive inspection, test, acceptance, and use. If the product or packaging furnished is or includes food, a food ingredient, or food packaging materials, or any product that comes into contact with food, food ingredients or food packaging materials, Seller further guarantees and warrants same are not adulterated or misbranded under any applicable law, code, regulation or industry standard. Seller's warranty shall run to Buyer, its successors, assigns, and customers, and users of products sold by Buyer. Seller agrees to replace or correct defects of any goods or services not conforming to the foregoing warranty promptly, without expense to Buyer, when notified of such nonconformity by Buyer, provided Buyer elects to provide Seller with the opportunity to do so. In the event of failure of Seller to correct defects in or replace nonconforming goods or services promptly, Buyer, after reasonable notice to Seller, may make such corrections or replace such goods and services and charge Seller for the cost incurred by Buyer in doing so. Seller may not limit in any manner the type or amount of damages to which Buyer is entitled for breach by Seller of this warranty.

Inspection/Testing. Payment for the goods delivered hereunder and services provided hereunder shall not constitute acceptance thereof. Buyer shall have the right to inspect and evaluate such goods and services and to reject any or all of said goods and services that are in Buyer's judgment defective or nonconforming. Goods rejected and goods supplied in excess of quantities called for herein may be returned to Seller at its expense and, in addition

to Buyer's other rights, Buyer may charge Seller all expenses of unpacking, examining, repacking, and reshipping such goods. Buyer may charge Seller all expenses of evaluating services rejected hereunder. Nothing contained in this PO shall relieve Seller from the obligation of testing, inspection, and quality control. Nothing herein shall obligate Buyer to perform any service with respect to rejected goods except to hold the same for disposition in accordance with Seller's instructions; provided, however, any adulterated food product or food packaging material shall be appropriately destroyed or disposed of with records regarding such disposition provided to Seller.

Changes. Buyer shall have the right at any time to make changes in drawings, designs, specifications, materials, packaging, time or place of delivery, or method of transportation; provided, however, that no such change or other modification of any of the Contract Documents shall be of any force or effect unless evidenced by a written amendment issued by Buyer on the same form as that used in issuing this PO. If any such changes cause an increase or decrease in the cost, or the time required for the performance, an equitable adjustment shall be made and the agreement shall be modified in writing accordingly. Subject to such adjustments, and to Seller's responsibilities described in the following paragraph, Seller shall implement such changes or other modifications.

Buyer's Design or Specification Input. If this PO covers goods, Buyer's decision to place this PO with Seller was based on Seller's representation that it has expertise in the design and manufacture of the same kind of goods as the goods described herein. Buyer may have provided, or may provide, input concerning the design or specifications for the goods covered by this PO, independently of or in collaboration with Supplier, by reviewing or approving Seller's work-product, submitting its own work-product to Seller, inspecting or testing prototypes or production samples of such goods, or otherwise (individually and collectively, "Buyer Input"). In designing the goods covered by this PO and developing specifications therefor, Seller has not relied, and will not rely, on any Buyer Input without independently validating all elements thereof to Seller's satisfaction. Accordingly, Seller assumes sole and absolute responsibility for the design and specifications of the goods covered by this PO, notwithstanding any Buyer Input; and no Buyer Input shall affect Seller's other responsibilities with respect such goods, whether arising out of warranty or other contract, negligence or other tort principles or principles of strict liability.

If this PO covers services, Buyer's decision to place this PO with Seller was based on Seller's representation that it has expertise in providing same kind of services as the services described herein. Buyer may have provided, or may provide, input concerning the services covered by this PO, independently of or in collaboration with Supplier, by reviewing or approving Seller's work-product, submitting its own work-product to Seller, inspecting or testing methods, processes or steps, prototypes or production samples of goods, or otherwise (individually and collectively, "Buyer Input"). In providing the services covered by this PO, Seller has not relied, and will not rely, on any Buyer Input without independently validating all elements thereof to Seller's satisfaction. Accordingly, Seller assumes sole and absolute responsibility for the services covered by this PO, notwithstanding any Buyer Input; and no Buyer Input shall affect Seller's other responsibilities with respect such services, whether arising out of warranty or other contract, negligence or other tort principles or principles of strict liability. This provision shall be interpreted in such a manner to effectuate the intent of the parties and distinctions between goods or services shall not be utilized to defeat that intent.

Deliverables. Deliverables are any item or items, whether tangible or intangible, physical or otherwise fixed in a tangible medium of expression, or services performed, the possession of which is transferred from Seller to Buyer, including, but not limited to, traditional physical items such as clothing, housewares, furniture, decorative items, and the like, mechanical, electrical or electronic apparatus or components, information, code, software, firmware, circuits, chips, or memory and storage in any electromagnetic or physical form or intangible rights represented by or embodied in the foregoing. Possession includes physical delivery of physical items, physical delivery of a medium embodying information, transmission or enablement of transmission of information or in the case of services, transmittal of a physical item or information reflecting performance and acceptance, as well as any resultant information resulting from performance of the services. When a deliverable is a physical item, transfer shall also include the right to use the physical item for the purpose intended, including its configuration, appearance, decoration, accompanying text, labeling and packaging and a right to use such information, code, software, firmware or the like that is affixed to, placed on, embodied in, or physically accompanies the physical item, and in the case of physical items or any medium intended for resale or further distribution, the right to freely make further distribution. When a deliverable is a service or information, that deliverable shall include at least a license to use and practice the deliverable. When a deliverable is an intangible right such as patent, trademark, copyright, name or likeness, or information, defined or represented in a physical or other medium, that deliverable includes both the right and the medium. The definition of deliverable shall be interpreted consistently with the context of the purchase order to transfer such rights from Seller to Buyer as the context requires for the deliverable to be put to its intended use.

Force Majeure. Buyer may, without additional cost, delay delivery or acceptance occasioned by causes beyond its control. Seller shall hold any goods affected by such delay at the direction of Buyer and shall deliver them when the cause affecting the delay has been removed. Causes beyond Buyer's control shall include government action or failure of the government to act where such action is required, strike or other labor trouble, fire, or unusually severe weather.

Intellectual Property. Seller warrants that the goods, services and the deliverables with respect to services provided under this PO, and the distribution, sale and use of such goods, services or deliverables, will not infringe upon any patent, trademark, copyright or other intellectual property right in any jurisdiction. Seller will defend (by counsel acceptable to Buyer), indemnify and hold harmless Buyer, its related and affiliated companies, and all their respective officers, directors, employees, successors, assigns, agents, customers and users of its products or services (collectively, "Buyer's Beneficiaries"), from and against all claims, suits, damages, losses, royalties, profits, costs and expenses incurred or awarded (including attorneys' fees) arising out of any suit, claim or action for actual or

alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, copyright or other intellectual property right by reason of the manufacture, use or sale of the goods or services ordered, including infringement arising out of compliance with specifications furnished by Buyer or for actual or alleged misuse or misappropriation of a trade secret resulting directly or indirectly from Seller's actions, including any settlement. Buyer may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Seller. Further, Seller waives any claim against Buyer, under the Uniform Commercial Code or otherwise, including any hold harmless or similar claim, and including claims arising out of compliance with specifications furnished by Buyer related to or arising out of Seller's use of Buyer Input. Seller hereby assigns to Buyer all right, title and interest in and to all conceptions, innovations, inventions, processes, machines, manufactures, compositions of matter, methods, techniques, systems, mask works, software, data and information, works of authorship, indications or designations of origin and the goodwill symbolized thereby, whether patentable or susceptible to copyright or trademark protection, that is conceived, created or first fixed in a tangible medium, first made, first used or first reduced to practice in connection with the performance of Seller's obligations under this PO. Further, with respect to any materials required to be delivered to Buyer pursuant to this PO that are not covered by the preceding sentence, Seller agrees not to assert any claim with respect to any technical, design, configuration or product information, and grants to Buyer a worldwide, nonexclusive, royalty-free, irrevocable license to use, modify, reproduce, decompile, copy, publish, distribute or prepare works based on such deliverables. This provision supplements, but does not limit, such rights as may exist based on fair use, first sale, exhaustion or related doctrines. With respect to goods covered by this PO, Seller also grants to Buyer a worldwide, nonexclusive, royalty-free, irrevocable license to repair and have repaired, and to reconstruct and have reconstructed, such goods. Notwithstanding the foregoing assignment provision, to the extent Seller makes a contribution to a collective work, motion picture or other audiovisual work, translation, supplement, compilation, instructional text, test or test answers, or an atlas, Seller agrees that its contribution is a work made for hire. The definitions and terms herein shall be interpreted consistently with the context of the purchase order to transfer such rights from Seller to Buyer as the context requires for the deliverable to be put to its intended use.

Insurance. In the event that Seller's obligations hereunder require or contemplate performance of services by Seller's employees, or persons under contract to Seller, to be done on Buyer's property, or property of Buyer's customers, Seller agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of Buyer. Seller shall maintain all necessary insurance coverage, including public liability and Workers' Compensation insurance. Seller shall defend (by counsel acceptable to Buyer), indemnify and save Buyer harmless from and against any and all claims or liabilities arising out of the work covered by this paragraph.

Product Liability Insurance. Seller agrees that for a period of at least three years following Seller's last delivery of product to Buyer, Seller will maintain its product liability insurance coverage in the form provided by the certificate of insurance which Seller has provided to Buyer.

Indemnification and Recalls. Seller shall defend (by counsel acceptable to Buyer), indemnify, and hold harmless Buyer and Buyer's Beneficiaries from and against all damages, losses, royalties, profits, costs, claims, or liabilities and expenses (including attorneys' fees) arising out of or resulting in any way from: (1) any defect in the goods or services purchased hereunder; (2) any breach by Seller of this PO or the resulting contract; (3) any act or omission of Seller, its agents, employees, or subcontractors; (4) any violation by Seller, its agents, employees, or subcontractors of any applicable federal, state or local law or regulation or other applicable law, code or regulation; (5) any unfair competition by Seller, its agents, employees, or subcontractors in connection with the use, possession, sale, marketing or delivery of any products or services provided by Seller to Buyer; (6) each and every recall of any product, whether voluntary or involuntary; and (7) any other act or omission as provided in the Contract Documents. This indemnification shall be in addition to the warranty obligations of Seller. In the event of recall of a product (whether voluntary or involuntary), in addition to its indemnification obligations, at Buyer's sole option and discretion, Seller shall: (a) at Seller's expense, subject to Buyer's request and approval, (i) prepare and mail adequate written notification of the recall to Buyer's customers who purchased such product and/or (ii) provide any other type of notification that may be required by any applicable governmental authority and/or be reasonably required by Buyer to provide adequate notice to its customers, and (iii) arrange (in a manner and process acceptable to Buyer) and pay for all other costs and expenses associated with the recall and/or exchange of the product and any loss to Buyer or its customers; and/or (b) pay Buyer for all its and its customers' actual direct and indirect costs, expenses (including attorney's fees) and damages incurred in connection with (i) Buyer providing notification to Buyer's customers in a manner Buyer reasonably deems necessary, and (ii) the recall and/or exchange of the product and any loss to Buyer or its customers. In all recall cases, Seller shall cooperate fully with Buyer and any applicable governmental authorities in connection with the recall and implementing a responsive process to: (i) prevent any loss and minimize any inconvenience to Buyer and its customers; (ii) ensure that payments are made to Buyer so that it may properly account to its customers; and (iii) account fully to Buyer for all returned products and payments.

Risk of Loss. Unless otherwise specified to the contrary in this PO, all goods and other materials to be provided by Seller pursuant to this PO shall be delivered to Buyer F.O.B. Buyer's loading dock or, for goods and materials shipped from outside of the U.S., DDP Buyer's loading dock (as that term is defined in *Incoterms 2000*). Seller assumes all risk of loss and damage until delivery to Buyer at the destination designated in this PO. Insurance, which may be obtained by Seller upon such goods, is to be at Seller's expense, and is included in the purchase price stated herein. Proceeds of such insurance shall be payable to Seller and Buyer as their interests may appear. No act or omission of Buyer shall have any effect upon the risk of loss of the goods that are the subject of this PO. If this PO provides for any of Buyer's property to be in Seller's possession at any time, Seller agrees to be fully responsible

to Buyer for said property which shall include the responsibility to insure said property against all insurable risks, including fire and casualty, for the full insurable value thereof; and Seller shall provide to Buyer a certificate of insurance, naming Buyer as an additional insured, to verify such coverage.

Compliance with Laws, Regulations and Industry Standards. (1) Seller shall comply with all applicable federal, national, state and provincial laws and regulations in effect at the time of shipment of products or performance of services, including but not limited to, applicable portions of the United States Code of Federal Regulations, such as (but not limited to): Titles 7, Agriculture; Title 9, Animals and Animal Products; Title 15, Commerce and Foreign Trade; Title 16, Commercial Practices; Title 19, Customs Duties; Title 21, Food and Drugs; and the corresponding United States Code provisions, including, but not limited to, the Federal Food, Drug, and Cosmetic Act. (2) Seller further represents and warrants that all products which are provided by Seller under this agreement have been produced, manufactured, and labeled for interstate sale in accordance with all applicable federal, national, provincial, state, local and other applicable laws and regulations (including, but not limited to, the California Safe Drinking Water and Toxic Enforcement Act of 1986, as amended [more commonly referred to as Proposition 65], and with all applicable federal laws, codes and regulations and with the laws, codes and regulations of the country of origin. (3) Seller shall comply with any other applicable laws, codes, regulations or industry standards governing the manufacture, sale, labeling, branding, packaging, shipment, importation, distribution or sale of the products covered by this PO and the containers of such products. (4) Seller further agrees that all products sold comply with the applicable industry standards in effect at the time of shipment of products or performance of services, including, but not limited to, American Standard for Test Material (ASTM), International Fabrics Association (IFA), Underwriter's Laboratories (UL), and/or National Institute of Standards and Technology (NIST Handbook 133). (5) To the extent they are applicable to Seller's performance hereunder, this agreement is subject to applicable provisions under: the Fair Labor Standards Act of 1938, as amended; laws relating to equal opportunity and nondiscrimination in employment by reason of race, religion, color, sex, national origin, age, disability, veteran status, use of minority businesses, or other protected classifications. (6) Seller agrees to defend (by counsel acceptable to Buyer), indemnify and hold Buyer and Buyer's Beneficiaries harmless from and against any claim, loss, expense (including attorney's fees), or damage associated with, or arising from, the failure of Seller, or the goods or services covered by this PO, to comply with any applicable laws, codes, regulations or standards and/or from the recall of goods covered by this PO and any resulting loss to Buyer or its customers. (7) Seller hereby certifies that all goods furnished hereunder shall have been produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the U.S. federal Fair Labor Standards Act of 1938, as amended, and of regulations and orders of the Secretary of Labor issued under Section 14 thereof.

Ingredients Disclosure and Special Warnings and Instructions. If requested by Buyer, Seller shall promptly furnish Buyer in such form and detail as Buyer may direct: (a) a bill of materials for or list of all ingredients, components or constituents in the goods purchased hereunder, (b) the amount of one or more ingredients, components or constituents, and (c) information concerning any changes in or additions to such ingredients, components or constituents. Prior to and with the shipment of goods purchased hereunder, Seller agrees to furnish to Buyer sufficient written warning and written notice, including appropriate labels on goods, containers and packaging, of any hazardous material that is an ingredient or a part of any of the goods, together with such special handling instructions as may be necessary to advise carriers, Buyer and their respective employees as to how to exercise that measure of care and precaution that will best prevent bodily injury and property damage in the handling, transportation, processing, use and/or disposal of the goods, containers and packaging shipped to Buyer.

Buyer's Property; Tools, Design Work, Drawings, Specifications and Technical Information. Except as otherwise specifically provided in this PO, Buyer shall have no obligation to furnish or pay for any design work, drawings, tools or other equipment required for the performance of this PO. Any design, drawing, specification, photograph, tool or other equipment, material or part or engineering and manufacturing information heretofore or hereafter furnished to Seller by Buyer, or the cost of which shall have been paid by Buyer or included in the aggregate price hereunder, whether or not separately itemized, shall be and remain Buyer's sole and exclusive property, shall be conspicuously identified as such in Seller's records and by physical marking thereon, shall be promptly delivered to Buyer upon request, shall not be used in processing or manufacturing goods for any person or entity other than Buyer and, while in the possession of Seller, shall be Seller's responsibility and adequately insured at Seller's expense for the benefit of Buyer against loss or damage by fire or other hazard. No change shall be made in any design, drawing, specification, tool or other equipment furnished by Buyer without Buyer's express written consent.

Payment. Payment shall be made in accordance with the terms on the face of this PO. Discount period, if any, will begin on the later of the date of receipt of goods at destination or Buyer's receipt of Seller's invoice, unless expressly stated otherwise. In the absence of specific payment terms, invoices will be paid on a net 30 days basis.

Assignments and Subcontracting. No part of this order may be assigned or subcontracted without the prior written approval of Buyer. Any assignment without such approval shall be void.

Setoff. All claims or rights by Seller for money due, or to become due, from Buyer shall be subject to deduction or setoff by Buyer by reason of any sums owed or payable to Buyer or claimed by Buyer (including, but not limited to Charge-backs) due to Seller's obligations or breach under this agreement or as otherwise provided in this agreement that arise out of this or any other transaction with Seller and/or such setoffs may be enforced as provided in the Supplier Compliance Manual.

Shipment. If, in order to comply with Buyer's required delivery date, it becomes necessary for Seller to ship by a more expensive way than specified in this PO, any resulting increased transportation costs shall be paid by

Seller unless the necessity for such rerouting, expedited handling or increased costs is attributable to Buyer's breach of its obligations hereunder or other misconduct.

No Waiver. Any failure or delay by Buyer in exercising any right, power, privilege or remedy under (or in insisting on Seller's full performance of) any or all of the terms and conditions hereunder or in the other Contract Documents or that is otherwise available at law or in equity shall not operate as a waiver thereof, nor shall any partial exercise thereof preclude any other or future full exercise thereof. Further, any actual waiver by Buyer of (or other course of conduct by Buyer relating to) any condition, term, right, power, privilege or remedy hereunder or in the other Contract Documents or that is otherwise available at law or in equity shall not operate as a waiver thereof (or establish a course of conduct) for future POs and resulting contracts.

Confidential Information. This PO and all Contract Documents are confidential; and it is agreed by Seller that none of the details connected therewith shall be published or disclosed by Seller to any third party without Buyer's prior written permission.

Contract Documents; Entirety; Consistent Interpretation and Cumulative Remedies. This PO, the accompanying transmittal letter, the accompanying PO Requirements, the Product Specification(s), the Supplier Compliance Manual, these Terms and Conditions, and any matters incorporated therein shall be the Contract Documents and shall constitute the entire agreement between the parties relating to the purchase made hereunder. Buyer shall not be bound by or liable to Seller for any representation, promise, or inducement not embodied therein. The various Contract Documents are intended to be interpreted in a consistent and cumulative manner, and all obligations, rights and remedies provided therein are intended to be cumulative.

Electronic Transmission or Signatures Binding. Buyer and Seller agree to conduct contract communications and to sign and/or transmit Contract Documents and acceptances thereof or subsequent amendments thereto electronically (whether by e-mail, facsimile (Fax), or other similar media); and the Buyer and Seller agree that they will be bound by, and not contest the validity or enforceability of, any Contract Documents or acceptance thereof or subsequent amendments thereto on the basis that they were signed and/or transmitted by such electronic means. Buyer and Seller each represents to the other that the persons signing any of the Contract Documents or transmitting acceptances thereof or amendments thereto or related documentation is authorized to bind their respective companies by such actions for such purposes; and such electronic transmittals shall constitute valid and binding signatures on behalf of the party transmitting them to the other party. Computer maintained records of a party when produced in hard copy form shall constitute business records and shall have the same validity as any other generally recognized business records.

Governing Law, Jurisdiction and Venue, Language. This PO and any resulting contract shall be governed by the laws of the State of Wisconsin, without reference to its conflicts of laws principles. THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL NOT BE GOVERNED BY THE 1980 U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS. To the extent this PO entails delivery or performance of services, such services shall be deemed "goods" within the meaning of the Uniform Commercial Code, except when doing so would result in a clearly unreasonable interpretation. Any litigation in connection with this PO, any resulting contract or the relationship of, or disputes arising between, the parties hereto shall be filed in either the United States District Court for the Western District of Wisconsin or the Wisconsin Circuit Court of Green County; and the parties hereby consent and voluntarily submit to the personal jurisdiction and venue of those courts in connection with any such litigation. All Contract Documents, correspondence, packing slips and other documentation provided pursuant to the Contract Documents shall be in English.

Limitation on Buyer's Liability. IN NO EVENT SHALL BUYER BE LIABLE FOR ANTICIPATED PROFITS, FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR PUNITIVE OR EXEMPLARY DAMAGES. Buyer's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this PO or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof which gives rise to the claim. Buyer shall not be liable for penalties of any description.

REV: 20110215

Purchase Order Transmittal Letter

Letterhead

Vendor Name
Attn: Contact Name

Re: Attached Purchase Order(s) [**Please Note--FORM REVISED effective February 1st, 2009**]

The enclosed copy of our Purchase Order(s) is the only copy you will receive (unless we issue an amendment). For each Purchase Order, please e-mail or fax written confirmation and acceptance to us within 48 hours that:

- You received all pages transmitted.
- You are able to and will supply the quantity we need.
- You are able to and will meet our requested due date. (Note: The due date on our Purchase Contract is the date we expect to receive your product at our facility. You must adjust your shipping date to assure that we receive your product on the requested due date. As our contract states, "On time delivery is of the essence.")
- The price is correct.
- The Terms and Conditions are acceptable.

Such confirmation or any other action that recognizes the existence of a contract shall constitute an acceptance of each such Purchase Order and result in a Purchase Contract as provided below. Any proposed additional or different quantity, delivery date, price, or other terms in your confirmation will be of no effect unless we issue an amendment to the Purchase Order incorporating any changes approved by us and e-mail or fax this amendment to you.

Each Purchase Order and resulting Contract covered by this transmittal includes and incorporates by reference: the terms described in this transmittal letter; the Terms and Conditions enclosed herewith; the enclosed Standard Purchase Order Requirements documents; the Product Specification(s); and the Supplier Compliance Manual. Additionally, you are required under each Purchase Order and the resulting contract to maintain the requested Product Liability Insurance as long as you supply products to us and to provide us with a current Certificate of Insurance for our files.

Thank you for your cooperation. If you have any questions, please let us know.

Sincerely,

(Signature)

For further information, please contact:

(Name)
(Address)
(City State Zip)
(Email)
(Fax)

Note: To view the latest version of the Supplier Manual, visit www.colonybrands.com

Standard Purchase Order Requirements Domestic Shipments

Delivery Dates: The date on the Purchase Order is the expected delivery date at our dock. Contact your Buying Team if this date cannot be met.

QA Requirements: The items that are the subject of each Purchase Order must strictly conform to the Product Specification(s) approved by the Supplier. The Supplier must adhere to the current Product Specification number and date listed in the item description. Any alteration, change, or deviation from the Product Specification, or any change in your suppliers, is strictly prohibited without prior notification to us and receipt of our express prior written consent. Failure to comply with this provision shall be deemed to be a breach of contract for which your company will be liable to us for all costs, expenses, and damages; and you agree to defend (by counsel acceptable to Buyer), indemnify, and hold Buyer and its successors and their representatives harmless from any resulting claims, damages, costs, expenses (including reasonable attorney's fees), or penalties.

Proper Labeling: We have mandatory labeling requirements. Please refer to the Supplier Compliance Manual for specifics.

- **Retail Price Labeling:** Product must be free of retail price labels – please refer to the Supplier Compliance Manual for specifics.

Routing Instructions: Please contact the Corporate Transportation Department for routing instructions.

Phone: 608-328-8903

Fax: 608-328-8846

Email: traffic@sccompanies.com

- Call 48 hours or more in advance for routing and/or scheduling delivery appointments.
- See the Supplier Compliance Manual and Shipment Control Form (Domestic Cargo) for additional contact information and routing procedures.

Packing Lists: A Packing List must be included with all shipments. For UPS/RPS shipments, a Packing List must be attached to each carton. For less than truckload or truckload shipments, a Packing List must be attached in a visible location to one of the pallets / cartons in the shipment. In addition, please provide the carrier with a copy of the Packing List with the Bill of Lading. Please refer to the Supplier Compliance Manual for further Packing List requirements.

NOTE: We reserve the right to cancel any Purchase Orders and/or Releases or the resulting Contracts or to reduce the quantities purchased for any shipments that arrive past our in-house due date unless we granted prior written approval for the delays associated with those quantities. We will not be responsible for any costs associated with reduced or canceled Purchase Orders, contracts and/or Releases that result from late shipment and delivery by your company.

REV: 20090201

Standard Purchase Order and Invoice Requirements International Import Shipments

Notification to Consolidator MUST be made at least 48 hours in advance of sailing.

Document Dispersal: A set of **original** documents must be sent to the Import Compliance Group at the following address before the arrival of the goods into the US:

1112 7th Avenue
Monroe, Wisconsin 53566 USA
Attn: Sunshine Mergen
Phone: 608-324-4406

****Required:** E-mail a **copy** of all documentation to GlobalCompliance@sccompanies.com or fax it to (866)-540-9984 within 7 days of the confirmed on board sailing date (ocean) or within 24 hours of the departure date for air freight shipments.

Bill of Lading: If applicable, an original Bill of Lading must be in our freight forwarder's possession before it will release the shipment.

Routing Instructions: Please contact your Inventory Manager should you have any questions regarding your Purchase Order / shipment instructions.

- See the Supplier Compliance Manual for additional contact information and routing procedures.

Proper Labeling: We have mandatory labeling requirements. Please refer to the Supplier Compliance Manual for specifics.

- **Retail Price Labeling:** Product must be free of retail price labels – please refer to the Supplier Compliance Manual for specifics.

Fumigation Certificate: If not applicable, the commercial invoice must state, "Fumigation Certificate Not Applicable."

QA Requirements: All items that are the subject of each Purchase Order must strictly conform to the Product Specification(s) approved by the Supplier. The Supplier must adhere to the current Product Specification number and date listed in the item description. Any alteration, change, or deviation from the Product Specification, or any change in your suppliers, is strictly prohibited without prior notification to us and receipt of our express prior written consent. Failure to comply with this provision shall be deemed to be a breach of contract for which your company will be liable to us for all costs, expenses, and damages; and you agree to defend (by counsel acceptable to Buyer), indemnify, and hold Buyer and its successors and their representatives harmless from any resulting claims, damages, costs, expenses (including reasonable attorney's fees), or penalties.

NOTE: We reserve the right to cancel any Purchase Orders and/or Releases or the resulting contracts or to reduce the quantities purchased for any shipments that arrive past our in-house due date unless we granted prior written approval for the delays associated with those quantities. We will not be responsible for any costs associated with reduced or canceled Purchase Orders, contracts and/or Releases that result from late shipment and delivery by your company.

REV: 20100301

U.S. Customs Invoicing Requirements

U.S. Customs Regulations call for specific invoice requirements to be met on all import shipments. These invoicing requirements must be shown on all commercial invoices from Suppliers in order to comply with U.S. Customs Regulations. **All invoices must be in English or a translation to English**

Please find below a condensed list of the minimum information required by U.S. Customs invoicing regulations. This condensed list will give you an idea of what is required on your commercial invoices for import shipments.

Invoices must at the minimum include the following:

1. Name of Supplier & Address
2. Name of Purchaser & Address
3. PO (Purchase Order) / Contract Number
4. Item Description – Including a Detailed Description and If Applicable: Fabric Content, % Material, Gender, and Woven or Knit for Textiles
5. Net Weight Per Piece (Textiles)
6. HTS (Harmonized Tariff) Information as Provided on the Purchase Order
7. PLN #
8. Our SC #
9. Quantity Shipped of Each Item
10. Unit Cost of Each Item (In USD\$)
11. Total Product Dollars for Each Item (in USD\$)
12. Include Any Charges or Discounts That May be Applicable (i.e. Packing, Royalty Fees, Freight, Rebates, or Assists)
13. Value Declaration of Any Replacement Parts / Samples (For Customs Reporting Purposes)
14. Total Value of Invoice (In USD\$, written and numerical format)
15. Terms of Sale – Include any L/C Information If Applicable
16. PO Conformity Clause
17. Supplier Number
18. Supplier Item Number
19. Country of Origin
20. GSP Statement (or Appropriate Documentation if Applicable)
21. Actual Manufacturer's Name and Address (For Customs Reporting Purposes & For Importer Security Filing/10+2 (2009))
22. Fumigation Statement
23. Solid Wood Packaging Statement
24. For All Products Made of "Any Member of the Plant Kingdom Including Roots, Seeds, Parts or Products Thereof, Including Trees", the Supplier/Manufacturer Will Be Required to Provide a Declaration Containing:
 - a. The Genus and Species of the Plant, b. It's Country of Origin, c. The Quantity and Value of Said Item, and d. Percentage (%) of recycled materials --- Farm Bill: Lacey Act Amendment.
25. Supplier Certification -- "Seller represents and warrants to Seventh Avenue, Inc. and its affiliates ("Buyer") the product(s) shipped under Seventh Avenue Purchase Order# _____ have been produced, manufactured, and labeled for interstate sale in accordance with all applicable federal and national laws and regulations and with all applicable state, provincial and local laws and regulations as amended from time to time including, but not limited to, the California Code of Regulations Sections 93120-93120.12 titled "AIRBORNE TOXIC CONTROL MEASURE TO REDUCE FORMALDEHYDE EMISSIONS FROM COMPOSITE WOOD PRODUCTS." (When Applicable)
26. Breakdown of Samples and Spare Parts
 - a. Description of each piece (part) b. What each piece is made of (ex. Iron, wood) c. Quantity of each piece d. Exact value of each piece e. What item(s) these parts are for

We will make payment based on payment terms calculated from the day we receive the product or invoice, whichever is later. Invoices that do not include information described in numbers 1 through 24 above may be returned for correction/clarification, which could result in delayed payment; provided, however, the availability of discount terms will run from the day that we receive any necessary correction/clarification(s).

In addition to the foregoing requirements, specific types of merchandise may require more detail. If you would like more information regarding invoicing requirements, please do not hesitate to contact us.

REV: 20100301

SHIPMENT CONTROL FORM – USA Domestic Shipments Only

Supplier Name: _____ Contacts Name: _____
 Street Address: _____ Phone # _____
 City: _____ State: _____ Zip _____ Fax # _____
 Pickup Address & Phone # if Different from Above: _____

Shipping Hours:	⊖ Floor Load	⊖ Supplier Load	⊖ Drive Load
Ready to Ship Date:	⊖ Pallets	⊖ Driver Count	⊖ Pallet Exchange
In-House/Due Date:	⊖ Temperature Sensitive	⊖ 24 Hr. Notice	⊖ Appointment Only

Purchase Order #	Package Label #	Description	Cartons	Weight (Lbs)	Pallets/ Cube	Freight Class
TOTALS						

The Top Section To Be Completed by Supplier / Shipper

The Bottom Section To Be Completed by the Seventh Avenue Transportation Department

Carrier: _____ Contact: _____

Phone Number: _____ Pickup Date / Time: _____
 (If Applicable)

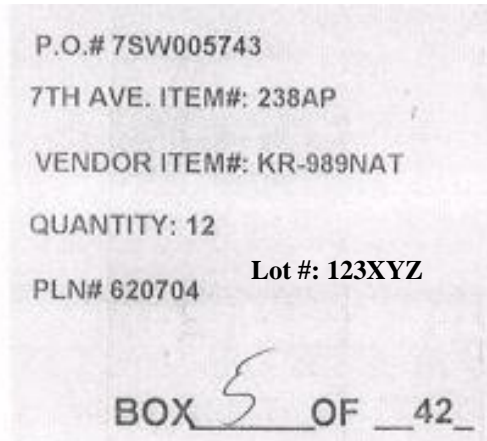
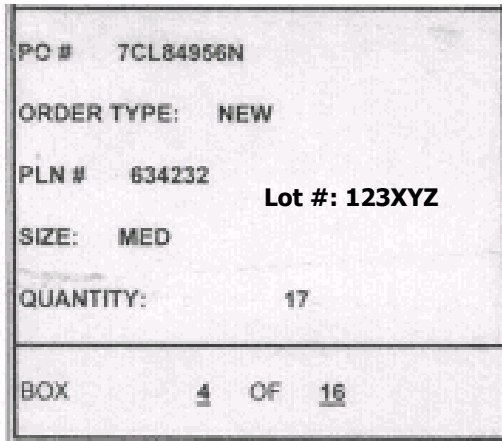
- Please Call Carrier For Pickup Seventh Avenue has already contacted carrier

****Please Attach Copies of the Packing List to the Freight and to the Carrier's Bill of Lading****

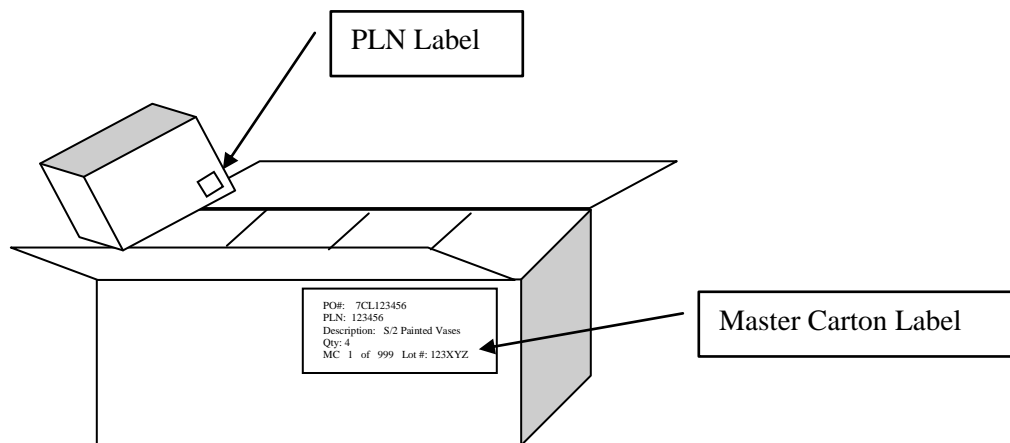
**Please Fax or Email Form To
 Seventh Avenue Transportation Department
 Fax Number: 608-328-8846 or Email: traffic@sccompanies.com**

For a downloadable copy, please visit -- http://www.colonybrands.com/seventh_avenue_suppliers.html

Sample Master Carton Labels



PO#: 7CL123456
PLN: 123456
Description: S/2 Hand Painted Vases
Qty: 4
MC 1 of 999 Lot #: 123XYZ



**** Please do not reference the name Seventh Avenue on any inner or outer packaging including the carton or master carton unless instructed to do so by a Seventh Avenue representative (Exception -- the from/to label for USA domestic shipments). ****

Sample Packing List

Selling Company Inc.

Company Address
 City, State ZIP Code
 Phone Number Fax Number

Customer No. 95840000
Customer P.O. 7CL003934
Ship Date 11/01/2004
Cancel Date 12/1/2004

Packing List

Sold To: Seventh Avenue, Inc. Receiving Department 3650 Milwaukee Street Madison, WI 53714-0000	Ship To: Seventh Avenue, Inc. Receiving Department 3650 Milwaukee Street Madison, WI 53714-0000
--	--

Bill of Lading Number	Freight Terms	Freight Carrier
SCB-8456523	Collect	Watkins Motor Express

Line #	Item No.	Lot Number	Description	Quantity			Number of Cartons
				Ordered	Shipped	B/O	
1	5327100A	123XYZ	Toaster Deluxe 4SL WHT PLN # 676626 Seventh Avenue # 298WA	100	100	0	50

Message / Terms	No Packages	Commodity Description	Weight
Customer requests that packing list be inserted into a packing list envelope and attached to the last box on trailer (tail). A duplicate copy to be given to the carrier.	50	Toasters	756
		50	Total Amounts

Original

Chargebacks

Our Requirements

We have developed the following non-compliance charges or fees (“Chargebacks”) as a way to recover certain extra costs or damages to us for handling merchandise at our Distribution Centers when a violation by Supplier occurs in connection with certain procedures or terms set forth in the Supplier Compliance Manual or in the Contract Documents. [For Quality related Chargebacks, please see **Defective Products, Warranty Violations and Product Specification Violation Chargebacks.**] Keep in mind that we want to work with you to avoid these situations since the ultimate loss to both our companies is lost sales and customer dissatisfaction.

It is in everyone’s best interests to be in compliance with these requirements. We plan to work with you, our valued Suppliers, to achieve this objective. Don’t hesitate to contact us with questions and concerns regarding these charges.

There are six main groups of potential Procedural Violations. Chargebacks will be calculated depending on the level of the violation. Note that the below charts only summarize the five main groups of potential Seventh Avenue Distribution Center Handling Charges / Chargebacks and should only be utilized for general purposes. Please consult each section of the Supplier Compliance Manual for more detailed information regarding our requirements.

Seventh Avenue Distribution Center Handling Charges / Chargebacks

Effective Date: March 1st, 2009

Packing Slip Violations	Explanation	Charge
No packing slips (and/or)	Packing slips not sent with merchandise	\$200 / shipment
No or incorrect Purchase Order on packing slip (and/or)	Correct Purchase Order must be on packing slip	
Packing slip not detailed per manual (and/or)	Packing slip must include the same level of detail as listed in the manual.	
Packing slip not consolidated on the outside of lead carton	Packing slip must be consolidated on the outside of the lead carton, placed in easily removable pouch	
Packing slips not attached to each RPS/UPS carton	Cartons sent through RPS or UPS must have a packing slip attached to each carton	\$200 / shipment

Packing Violations	Explanation	Charge
Oversize master carton	Cartons cannot exceed 36” long, 26” wide, 30” tall & weigh more than 50 lbs.	\$200 / shipment
Undersize master carton	Cartons cannot be less than 9” long, 9” wide, 4” tall & weigh less than 5 lbs.	\$200 / shipment
Multiple PO’s shipped in a carton	No more than one purchase order should be placed in a carton	\$200 / shipment
Inconsistent counts per carton	Standard counts are required for master cartons, with the exception of one partial per sku that must be clearly marked as a partial.	\$200 / shipment

PO Violations	Explanation	Charge
Canceled order	You shipped a Purchase Order canceled by Seventh Avenue	\$200 / purchase order
Over-shipment	You shipped additional quantity than stated on Seventh Avenue purchase order. No over-shipment is allowed	\$200 / shipment
Late Shipment	Your shipped merchandise was received after our <u>in-house</u> due date on Seventh Avenue purchase order.	<u>USA Domestically Sourced Product</u> (Based on Due Date) · If between 4 and 15 days late – 5% of Invoice Value · If 15 days or more late – 10% of invoice or \$8.00 per backorder, whichever is greater <u>Direct Import / Internationally Sourced Product</u> (Based on the Confirmed Ship Window) · If between 4 and 15 days late – 5% of Invoice Value · If 15 days or more late – 10% of invoice or \$8.00 per backorder, whichever is greater
Substitutions	You shipped colors, styles, or sizes not listed on the PO or incorrect quantities per the PO	\$200/shipment + 15% / unit retail, or right to refuse.

Labeling Violations	Explanation	Charge
Package label number (PLN) labels not applied to cartons / packages	You shipped product in cartons / packages that did not have Seventh Avenue specific Package Label Number (PLN) applied	\$200/ Package Label Number. Maximum charge of \$450 per shipment receipt.
Master carton labels	Master carton label not detailed per Supplier Compliance Manual.	\$200/shipment

Lot Code Violations	Explanation	Charge
Lot Code missing or incorrect on packing list (Toys and Children's Items)	Packing list sent without referencing the lot code	\$200 / shipment
Lot Code missing or incorrect on package label number (PLN) – Toys and Children's Product	You shipped product that did not have the Lot Code referenced on the PLN label	\$200 / shipment
Lot Code missing on master carton label (Toys and Children's Product)	You shipped product that did not have the Lot Code referenced on the Master Carton Label	\$200 / shipment

Packaging Violations	Explanation	Charge
No package test report supplied.	Failure to supply a package test report prior to first shipment of merchandise or within 72 hours of request. (See Packaging Test Requirements)	\$200 per incident
Package test failure on delivered merchandise.	Merchandise shipped to our warehouse failed the internal package test and the packaging is not per supplied test report or no test report is available.	\$50 per hour labor rework charges plus cost of materials.
High level of damages on merchandise shipped to our customers.	Merchandise shipped to our customers has an unacceptable damage rate and the packaging is not per supplied test report or vendor provided no test report.	\$50 per hour labor rework charges plus cost of materials. Additionally, charges related to sending replacements to customers as a result of receipt of damaged items.

Supplier Transportation Violations	Explanation	Charge
Unauthorized carrier substitution	Failure to use designated carrier as per the routing guide	\$200 plus all freight charges
Misdirected freight	Merchandise shipped to the wrong distribution center	\$200 plus all freight charges
Failure to make appointment for Supplier routed and/or delivered freight	All freight deliveries need to be coordinated with the transportation department	\$200 per incident

Supplier Product Liability Insurance

Our Requirements

It is the policy of Seventh Avenue, Inc. and its parent company (Colony Brands, Inc.) that a supplier must submit proof of product liability insurance meeting our stated requirements **before a purchase order can be issued. No new Purchase Orders will be issued until a current Certificate of Insurance is received.**

We must, at all times, have a current Certificate of Insurance in our file, which states the following:

1.

General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000

2. Reference of **Seventh Avenue, Inc., its parent company (Colony Brands, Inc.) and their subsidiaries and affiliates, and their respective officers, directors, agents and employees** as an Additional Insured as respects your General Liability policy and Excess Liability, if it is necessary to maintain the requested Limits of Liability.

Reference as an Additional Insured - Vendor is not sufficient to satisfy our requirements and will result in delay and non-issuance of a Purchase Contract for your products.

3. Cancellation: 30-day's notice must be provided and the following phrases must be removed from the standard cancellation language provided by the Certificate of Insurance, as referenced in the sample.
 - "endeavor to"
 - "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives."

4. Certificate holder's name must be read as follows:

Seventh Avenue, Inc., its parent company (Colony Brands, Inc.) and their subsidiaries and affiliates, and their respective officers, directors, agents and employees
 1112 7th Avenue
 Monroe WI 53566-1364

5. **Overseas vendors must include all coverage within stated coverage territory. IE: "Worldwide Coverage Territory".**

6. **Vendors who may be on site or driving vehicles to a Swiss Colony site must supply Automobile Liability policy numbers.**

Certificates of Insurance should be sent to the attention of Dawn Johnson, Fax 800-439-0612 or email to Johnson_D@sccompanies.com .

If you have any questions, please contact Dawn Johnson at 608-328-8821.