

2020

Vendor Operations Guide

Crate&Barrel CB2 HUDSON | GRACE

Summary of Changes

We are excited to publish the Company's new 2020 Vendor Operations Guide. We have highlighted areas in gray throughout the document, indicating there have been changes made within that section, making them easy to identify. We aim to use common sense in taking a practical approach in our Vendor Operations Guide. If you have any questions about the content of our Vendor Operations Guide, reach out to your Merchandising team or the contact listed in the respective section. See a summary of changes below.

Section	New or Revised Content
Section 1 Introduction	<ul style="list-style-type: none"> Hudson Grace
Section 2 Code of Conduct and Gift Policy	<ul style="list-style-type: none"> Code of Conduct Principles
Section 3 Supplier Declaration on Sustainability	<ul style="list-style-type: none"> Leather and Hides Ban on Mohair Requirements for the Use of Wood Guidelines FSC-certified Product and Documentary Proof Organic Cotton Accepted Certifications Fairtrade Cotton Recycled Materials for Textiles Auditing of Factories Sub-Supplier Disclosure Production Countries Passing on of Requirements and Cooperation Supply Chain Transparency Public Disclosure of Information Countering America's Adversaries Through Sanction Act
Section 4 International Regulatory Requirements	<ul style="list-style-type: none"> Consumer Products Safety Improvement Act Federal Hazardous Substances Act Food Safety Items Intended to Come into Contact with Food Proposition 65 (Safe Drinking Water and Toxic Enforcement Act) Ban on Fur Products Illinois Lead Poisoning Prevention Act Toxic Substances Control Act (TSCA) Title VI Formaldehyde Emissions Standard Flammable Fabrics Act State Chemical Flame Retardant Bans Flammability of Mattresses, Mattress Pads, and Mattress Sets Phyosanitary Certification Toxics in Packaging Clearing House (TPCH) North American Free Trade Agreement Fiber Identification and Care Labels

Section	New or Revised Content
Section 5 Franchise Consolidation HUB	<ul style="list-style-type: none"> Shipping Requirements Documentation and Payment Request Processes: Infor Nexus
Section 7 Electronic Purchase Order Management System	<ul style="list-style-type: none"> Infor Nexus for Purchase Order Management
Section 8 Merchandising Requirements	<ul style="list-style-type: none"> Product Information Bulletin (PIB) Quality and Compliance Manual Product Quality and Transit Testing Program Reasonable Testing Program Private Label Packaging
Section 10 Company Brand Labeling	<ul style="list-style-type: none"> Barcode Label Procurement Process Textile Care and Fiber Content Tags / Labels Item Tag / Label Errors
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Section 12 Carton Labeling and Packing Lists	<ul style="list-style-type: none"> Master Carton Label Master Carton Label Placement for Infor Nexus shipments Inner Pack Chargebacks
Section 13 Shipping Requirements	<ul style="list-style-type: none"> Import Shipping Requirements North America Shipping Requirements Freight Terms
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Please provide copies of this document to the appropriate contacts within your company. We will be providing updates periodically, so please keep the original intact and available in a central location.

Section 1

Introduction to Crate & Barrel Holdings, Inc.

Throughout this Vendor Operations Guide, Crate & Barrel Holdings, Inc., and its various subsidiaries, specifically including Euromarket Designs, Inc., which does business as Crate & Barrel, CB2, and Hudson Grace will be referred to as “the Company”.

We have developed many rewarding and personal relationships with our vendors over the years. Some of the same vendors who helped put us on the map are still with us today. Some are new faces who have brought a fresh perspective, and we hope they will continue to do so. We pride ourselves on being an authority in home design with an expertise in entertaining, and our vendors enable us to present fresh, seasonal styles and a unique point of view on the latest trends to our customers.

Crate and Barrel

With over 100 stores in the U.S. and Canada, and franchise partners currently in 9 countries, Crate and Barrel is an international destination for contemporary and modern furniture, housewares and decor. Our lifestyle brands offer inspired living through high-quality products, exclusive designs, and timeless style - all powered by digital design and visualization tools that provide seamless shopping solutions in-store and online. With a distinct architectural aesthetic, experiential store environment, and online community, we engage with our customers through social media, mobile shopping, design services, gift registry, and more.

Founded in 1962, Crate and Barrel’s growth and expansion has been due in large part to the fact that we’ve remained loyal to our mission of offering quality products, exceptional prices, and outstanding service. Since 1998, the Company has been a member of the Otto Group of Hamburg, Germany. This relationship has enhanced our successful expansion across all channels and has allowed for new growth.

CB2

Our expansion isn’t limited to just the Crate and Barrel brand. CB2, our destination for the customer seeking affordable modern furnishings, has been growing at an exciting pace since 2000. With successful urban stores, robust online and catalog businesses, and active engagement on social media, CB2 attracts new customers every day.

Hudson Grace

Hudson Grace was acquired by Crate and Barrel in 2019. Originating in San Francisco in 2012, this brand evokes the coastal California lifestyle. Rooted in a philosophy of simplicity and authenticity, Hudson Grace favors beauty and practicality in a curated collection of quintessentially modern tabletop and entertaining essentials sourced from original and vintage design.

Section 2

Code of Conduct and Gift Policy

In today's international marketplace, the Company has become increasingly aware of our need to ensure that its direct business partners and any other suppliers working on their behalf in relation to the production of goods for the Company, agents, and its vendors (collectively, "Business Partners") (1) treat all employees with the highest level of respect and regard for their rights and (2) not engage in any form of fraud, bribery, corruption or other similar wrongful conduct in our collective business practices.

Code of Conduct

In 2018, the Company adopted the [amfori BSCI Code of Conduct](#) ("Code of Conduct") to apply to our Business Partners. amfori is a global business association for open and sustainable trade. amfori BSCI (Business Social Compliance Initiative) supports the efforts of retailers and importers to improve working conditions in factories while promoting social, environmental and economic benefits. There is one common Code of Conduct and one single Implementation System, so all can collectively work to address complex labor issues within the global supply chain.

The Company's parent company, The Otto Group, is a founding member of amfori BSCI and thus, Otto Group and the Company have always accepted this Code of Conduct. Now, we have aligned our social compliance requirements throughout the supply chain and by doing so will reduce conflicting requirements for suppliers. Attached to this Guide is an acknowledgement page indicating that you have read the Code of Conduct and will abide by its contents. You are required to commit to the Company's Code of Conduct and a business relationship may only be entered into once the Code of Conduct has been acknowledged.

Code of Conduct Principles

Our Business Partners (including Producers or Business Enterprises as defined in the Code of Conduct) are required to protect worker's rights that are prescribed by the law and abide by the Code of Conduct. You can review the Code of Conduct and additional documents (Terms of Implementation, amfori BSCI Reference and amfori BSCI Glossary) at the [amfori BSCI website](#). The key principles of the Code of Conduct are highlighted below.

- 1. The Right to Freedom of Association and Collective Bargaining** – Respect the right of workers to form unions or other types of workers' associations and engage in collective bargaining.
- 2. Fair Remuneration** – Respect the right of workers to receive fair compensation that complies with, at a minimum, wages required by the governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher.

- 3. Occupational Health and Safety** – Ensure a healthy and safe working environment while assessing risk and taking all necessary steps to eliminate or reduce it.
- 4. Special Protection for Young Workers** – Provide special protection to all workers that are not yet adults.
- 5. No Bonded Labor** – Will not engage in any form of forced servitude, trafficked or non-voluntary labor.
- 6. Ethical Business Behavior** – Will not tolerate any acts of corruption, extortion, embezzlement or bribery.
- 7. No Discrimination** – Provide equal opportunities and not discriminate against workers.
- 8. Decent Working Hours** – Observe the laws regarding working hours.
- 9. No Child Labor** – Will not hire workers who are below the legal minimum age.
- 10. No Precarious Employment** – Hire all workers on the basis of documented contractors and according to the law.
- 11. Protection of the Environment** – Take necessary steps and measures to avoid environmental degradation.

In addition, Business Partners shall do the following with respect to this Code of Conduct: Keep workers informed about their rights and responsibilities; use these principles to influence other Business Partners; and, provide a way for workers to report complaints or suggestions.

How to Report Complaints or Violations

All Complaints or information about violations of this Code of Conduct must be reported promptly to the Company (see below for contacts) any time that they arise. Individuals filing a complaint are asked only to report information they believe to be true. Business Partners may not retaliate in any way against an individual (or group of individuals) for a complaint or information being reported. Each Business Partner guarantees that individuals and groups of individuals filing complaints will not be subject to retaliation, reprisals or disciplinary action of any kind.

General contact:

John Olech
Director - Quality, Regulatory, and Corporate Social Responsibility
1250 Techny Road
Northbrook, IL 60062
jolech@crateandbarrel.com

Contact for cases of bribery and corruption:

Vicki Donati
General Counsel, Corporate Secretary & SVP, Administrative Services
1250 Techny Road
Northbrook, IL 60062
vdonati@crateandbarrel.com

Receiving Gifts, Merchandise and Entertainment Policy

This policy is intended to prevent the creation of any personal dependence, obligation or improper influence, or the appearance of the same, between and among our associates, management, third-party contractors, vendors, and others with whom the Company does business. Associates must never solicit, request or make business decisions on the basis of any gifts or other business courtesies (e.g., meals and/or entertainment) from existing or potential business partners or others.

What are gifts? Gifts are any items, benefits or advantages.

If the gift to an associate is above \$50 in value it must be turned into the corporate Human Resources department. If a gift is below \$50, the associate may keep the item.

Exceptions to the threshold limit include:

- Gifts and other items received from a conference or other approved event that are provided to all attendees (or made available to attendees on equal terms).
- Books or professional literature.
- Work related items where there is a demonstrable benefit to the Company if the item is used by the recipient.
- Items that are not clearly valued in excess of the \$50 limit (with the determination being made by Associate Relations).
- Food items should be shared with associates in the department or location and not taken home for personal use.

Permitted with Company approval:

- Invitations to professional/networking events, etc.;
- Products for testing (samples) or to increase knowledge or ability to sell, within reasonable limits. It is expected that samples will remain on the Company premises unless the requirements of testing dictate otherwise;
- Business trips to resolve business-related issues, such as issues with a vendor or visits to real estate sites under consideration by the Company;
- Invitations to business-related social events at which the invitee is intended to represent the Company; or
- Invitations to business meals within reasonable limits.

The following are prohibited:

- Gifts of cash in any amount, including loans;
- Gifts of Company assets to any individual (e.g., merchandise, cash, shop cards, etc.). Corporate-sponsored programs are the only exception;
- Gifts for private use, particularly to or from third-party contractors, vendors or others with whom the Company does business, including holiday gifts, sporting or event tickets, etc;
- Free/discounted purchase of goods or merchandise credits that are not offered to all associates; or
- Financing of personal or business trips by any third-party contractors, vendors or other individuals we do business with. Any exceptions must be approved by the department head and CFO. In no case should trips or services benefit an individual associate.

Contact for gift policy abuse:

Tim Marcolini
Senior Director, Asset Protection
1250 Techny Road
Northbrook, IL 60062
tmarcolini@crateandbarrel.com

Additional Reporting Mechanisms for Violations of Code of Conduct or Gift Policy**Ethics Hotline and Website - Code of Conduct Posters**

In addition to the above procedure for complaints, the Company requires vendors with factories located in the following countries to ensure that the Company's Code of Conduct Poster, which highlights central principles from our Code of Conduct, is displayed in factories involved in the production of goods for the Company. Click below to download.

- [China](#)
- [Northern India](#)
- [Southern India](#)
- [Indonesia](#)
- [Italy](#)
- [Mexico](#)
- [Poland](#)
- [Portugal](#)
- [Taiwan](#)
- [United States](#)
- [Vietnam](#)

The Code of Conduct poster is shared with vendors, who are in turn responsible for sharing with their factories. On the posters, individuals at factories will have access to a phone number, website and QR code to assist them in reporting violations of our Code of Conduct or Gift Policy that they believe to be true.

The website for factories to report is: <https://crateandbarrel.tnwreports.com>. Retaliation against individuals who report a complaint can result in cancellation of purchase orders or termination of our partnership.

Vendors are required to ensure that their factories:

1. Immediately print the poster that you forward to the factory (in color where possible)
2. The Company recommends placing the poster in the following locations at the factory:
 - a. One on each floor of the production facility
 - b. One in each stairwell
 - c. One in each bathroom
3. If the Company stops sourcing from a factory (for example due to social audit non-compliance, resourcing, or discontinued product), vendors are responsible for ensuring that Code of Conduct posters are removed from the factory.

Section 3

Supplier Declaration on Sustainability

To the Company, the achievement of social and environmental objectives is just as much a part of our business mandate as economic success. We live up to this responsibility by protecting people, the environment and animals. To achieve this, compliance with minimum requirements and standards is a vital element that underpins our business relationships. The Company has adopted our parent company, The Otto Group's, *Supplier Declaration on Sustainability*.

Besides statutory regulations and the Company's Code of Conduct, the *Supplier Declaration on Sustainability* also comprises key requirements that correspond to the Company's stated aim to act ethically. This is a claim the Company is putting into practice together with you, our Business Partners. The following corporate responsibility requirements form the basis for this joint endeavor, and thus for all business relationships for merchandise purchased by the Company. If you have any questions about the requirements in Section 3, please contact socialcompliance@crateandbarrel.com.

APPLICABILITY

The *Supplier Declaration on Sustainability* must be followed and complied with in all national and international business relationships involving the procurement of merchandise for the Company and all other [Otto Group companies](#). Attached to this Guide is the 2020 Vendor Acknowledgement Form indicating that you have read the *Supplier Declaration on Sustainability* and are willing to abide by its contents.

REQUIREMENTS

The Company's Code of Conduct

The [Code of Conduct](#) that the Company has adopted, as well as the Terms of Implementation for Business Partners, form the basis for our business relationships. In this sense, Business Partners endorse the values and principles of the Company's Code of Conduct and commit to take, within their sphere of influence, all reasonable and appropriate measures to observe them. Business partners require their third-party partners to work toward full observance of the Company's Code of Conduct.

Sandblasting

The finishing method sandblasting is banned in the production of textiles. Products that are produced using sandblasting must not be sold.

Uzbek Cotton

The procurement, production, sale and distribution of products made from Uzbek cotton are banned.

Fur

The use of any type of real fur is banned. The use of artificial fur is permitted, and the product must be labeled as artificial fur.

Leather and Hides

Leather and hides may only be used if they are the by-product of the food industry.

For Leather, which in processing will have the hair, fleece, or fur fiber completely removed, no proof of origin needs to be provided for cows, pigs, goats, sheep and lambs. For leather from all other species of animal, documentary proof that the leather is a by-product of the food industry – including a statement of the animal’s full Latin name and region of origin – must be provided to your Merchandising team. The article may only be included in the Company’s assortment once the information has been reviewed and species approved.

For Hides, the Company only permits cowhide, sheepskin, deerskin, and goatskin. No proof of origin needs to be provided for cowhide, sheepskin or goatskin with hair attached. For deerskin with hair attached, documentary proof that the hide is a by-product of the food industry – including a statement of the animal’s full Latin name and region of origin – must be provided to your Merchandising team. The article may only be included in the Company’s assortment once the information has been checked and the species approved.

Feathers and Down

The following guidelines apply to the use of feathers and down:

- The use of feathers and down of ducks, geese and chicken is permitted if they were obtained as a by-product of the food industry.
- The use of feathers and down from birds which have been live plucked is banned.
- The use of duck and geese feathers and down from foie-gras production is banned.
- The use of grey-goose feathers and down is banned.

For feather and down from all other species of bird, documentary proof – including a statement of the animal’s full Latin name and region of origin – must be provided to your Merchandising team before an order is placed. The article may only be included in the Company’s assortment once the information has been checked and the bird species approved.

Wool

The use of mohair from angora goats is banned.

The use of angora wool from angora rabbits is banned.

The use of Australian sheep’s wool is banned. This ban on Australian sheep’s wool does not extend to certified organic sheep’s wool and Responsible Wool Standard-certified wool, as mulesing is not accepted as part of certification.

The use of sheep’s wool is permitted provided it does not come from Australia. For wool from all other species of animal, documentary proof – including a statement of the animal’s full Latin name and region of origin – must be provided to your Merchandising team before an order is placed. The article may only be included in the Company’s assortment once the information has been checked and the species approved.

Wood Species: Endangered Wood Species and Tropical Wood

All national and international regulations, e.g. CITES and Lacey Act must be complied with. *Lacey Act*: All import suppliers of wood and plant based products (furniture, baskets, etc.) must follow legal requirements under the most current version of the Lacey Act. The Lacey Act requires that a “Plant Declaration Form” be submitted to U.S. Customs prior to exporting the merchandise. Additional information regarding The Lacey Act can be found in Section 4 of this Guide. Other requirements concerning sustainable forestry and tropical woods are provided below and impact all wood products sold to the Company.

CITES: Any trading of wood species listed under the most current Annexes I and II of the Washington Convention (CITES) is forbidden. To import wood species listed in Annex III of the Washington Convention, besides the necessary statutory documents for these species, a valid Forest Stewardship Council (FSC) certificate for the product is required.

Tropical Wood:

- In general, the use of tropical wood is only permitted if product is FSC-certified.
- The Company requires all Business Partners to follow our wood sourcing guidelines located in our [Requirements for the Use of Wood Guidelines](#). The timber species found on this list is not exhaustive. In particular, only the most common tropical woods are listed.
- Additionally, the current CITES listing of banned and restricted woods is always the final authority. If a timber species is unknown and cannot be safely excluded, please reach out and verify with your Merchandising team for approval first.

Wood Species: FSC®-certified Furniture Products and Documentary Proof

For products carrying FSC Certification, Business Partners must include a valid FSC certificate in all shipping documents. And, provide your Merchandising team with the most current version. FSC Business Partners must present one of the following documents (this also applies to Business Partners participating in FSC credit-note process):

- FSC invoice for FSC-certified products,
- FSC supplier-confirmation and FSC article-listing of the supplier, or
- Offer confirmation for FSC products or order confirmation of FSC products.

Organic Cotton

Only certified organic cotton is to be used when using organic cotton. The Company accepts certification according to these standards: Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Naturtextil IVN certified BEST (IVN BEST) and PUREWEAR. For product carrying one of these organic cotton certification schemes, Business Partners must provide your Merchandising team with a valid certificate before product is approved. Additionally, vendors are responsible to follow all organic cotton labeling requirements. Blends of organic cotton and conventional cotton are banned; however, blends with other raw-material fibers are permitted if organic cotton accounts for at least 5 percent of the outer material composition. Scope and Transaction Certificates for the final production stage must be presented for GOTS and OCS.

Fairtrade Cotton

The Company must be involved in the inclusion of Fairtrade Cotton.

Recycled Materials for Textiles

Only certified recycled materials are to be used when using recycled materials in textiles. The Company accepts certifications according to two international standards: the Recycled Claim Standard (RCS) and Global Recycling Standard (GRS). In addition, recycled polyester with the label Repreve® is accepted. The Company must be involved in the inclusion of a new recycling standard and our explicit written approval obtained.

Fluorescent Tubes

The sale and distribution as merchandise of low-energy fluorescent bulbs (also called low-energy bulbs), fluorescent tubes containing mercury and products in which these are integrated (such as lamps and furniture) are banned.

Auditing and Disclosure of Factories

Factories for final production manufacturing in risk countries (primarily as defined by the latest amfori BSCI classification) must present a valid and accepted social standard during the entire period of production. No orders may be placed at factories without a valid, accepted social standard. Steps must be taken to ensure that a valid and accepted standard is present covering the entire production period up to the time of shipment. The Company's current accepted social standards are: amfori BSCI audit (Effective January 2021, only accept scores A – C); SA8000 Certificate; or, the Otto Group Assessment. Vendors must be pre-approved by the Company's Social Compliance team to receive a social audit branded vendor exemption.

The Company reserves the right for itself or any third party authorized by the Company to conduct a review of a Business Partner's compliance with the principles set forth in our Code of Conduct, at the direct Business Partner or other suppliers working on its behalf. This can include announced and/or unannounced compliance audits.

Sub-Supplier Disclosure

For purposes of our Code of Conduct, a sub-supplier contributes with goods to the Business Partner, however does not perform the contractual obligations of the Business Partner. In case the final production is outsourced, please refer to Business Partner obligations detailed below. The Company requires Business Partners disclose sub-suppliers when submitting signed Vendor Acknowledgment Forms, and again during the year prior to using sub-suppliers via the [2020 Sub-Supplier Disclosure Form](#).

Production Countries

The admission of new production countries in the form of new factories for the final production of goods for the Company requires our explicit written approval. Contact your Merchandising team, who will advise if this is a new production country requiring approval.

Passing on Requirements and Cooperation

The Business Partner shall keep third-party partners informed about the Company's requirements, ensure they are compliant with and provide proof of this upon request. The

Business Partner shall take and support all necessary steps to ensure compliance with the Company's regulations and resolve any abuses, such as through training, audits and/or on site visits by the Company itself or any third party authorized by the Company. The following Procedures must be observed by the Business Partner and forwarded to third-party partners. These procedures were developed by the Company's parent company, The Otto Group, and have been adopted by the Company. In the event of violations of the Code of Conduct Business Partners must follow these Procedures:

- a. [Procedure For Dealing With Child Labor](#)
- b. [Procedure For Dealing With Refugee Workers in Goods Production](#)
- c. [Procedure For Dealing With Homework \(Homeworking\)](#)
- d. [Procedure For Dealing With Forced Labor](#)
- e. [Duty to Inform in the Case of Subcontracting](#)

Supply Chain Transparency

The Business Partner agrees to disclose third-party partners producing merchandise for the Company upon request.

Public Disclosure of Information

The Company is entitled to publish details of Business Partners as well as their production sites and their third-party partners, such as factory names, locations, production stages, product ranges and employee numbers, on the websites of the Otto Group or the Company. The Business Partners are responsible for seeking approval from third-party partners prior to publication. No financial figures will be disclosed.

Countering America's Adversaries Through Sanctions Act

In 2017, the Countering America's Adversaries Through Sanctions Act was signed into law in the United States. This Act creates a presumption that goods made wholly or in part with North Korean labor are made with forced labor. The Company does not tolerate the use of North Korean labor in our supply chain. Business Partners should take necessary measures to ensure goods are not made with North Korean labor, and shall notify the Company immediately should Business Partners discover the presence of North Korean labor.

Accord on Fire and Building Safety in Bangladesh

The Otto Group is a member of the ACCORD (since 01.06.2018: 2018 Transition Accord on Fire and Building Safety in Bangladesh). Accordingly, all factories for final production in Bangladesh that produce RMG (readymade garments) for the Company must be reported to the ACCORD when placing their first order. The Company thereby assumes a legally binding responsibility for these factories and must be informed about all active factories for final production and/or must be involved prior to the beginning of any collaboration with a factory for final production. All Business Partners must implement the requirements of the ACCORD in their factories for final production. Joining the 2018 Transition Accord does not absolve them from disclosing the factories for final production to the Company.

Section 4

International Regulatory Requirements

At the Company, our customers are our most valuable asset. We strive to ensure that our products are safe and comply with all regulations wherever we do business. Quality and safety is the right approach for our clients, complying with regulatory requirements allows us to do business.

There are many regulations regarding product safety, performance and composition, which vary based on materials (metal, wood, ceramics, glass, plastic, etc), manufacturing processes, and product type. It is the responsibility of our vendors to be aware of and comply with all U.S. and international legal requirements for their products for each shipment sent to the Company.

If there is any aspect of your product, which would make the product non-compliant with regulations in any of these markets, you must notify your Merchandising team as well as Quality and Regulatory Compliance as soon as you are aware.

Markets

The Company is operating in the following jurisdictions currently or in the near future:

- United States
- Canada
- Chile
- Colombia
- Costa Rica
- Mexico
- Philippines
- Peru
- Singapore
- Taiwan
- United Arab Emirates and other Gulf Cooperation Council Countries

On the following pages is a list of the common legal requirements affecting product categories that we sell. New legislation and regulations are always in development and it is the vendor's responsibility to understand any regulations or standards that may affect their products. This summary is intended for information purposes only and should not be considered a complete explanation of any or all applicable laws. Nothing in this Vendor Operations Guide is to be considered as rendering legal or professional advice for any specific matter. Vendors are responsible for complying with all applicable laws and for confirming such compliance with their own legal counsel if necessary. We advise our vendors to work with independent testing labs and industry organizations to maintain awareness of these requirements. We require proof of compliance from a Company recognized, Consumer Product Safety Commission approved, third party testing laboratory prior to shipment of goods.

Overall Consumer Product Safety Regulations

In the United States, the Consumer Product Safety Commission (CPSC) has the authority to write and adopt regulations to reduce and eliminate risks from consumer products. The CPSC administers the recall of any consumer product that can harm consumers. Health Canada and PROFECO (Consumer Protection Federal Agency of the United Mexican States) hold similar responsibilities in Canada and Mexico respectively. Each market that we serve has similar agencies and laws to protect consumer safety, such as Singapore's Consumer Goods Safety Requirements. Any product the Company sells must comply with all of these regulations.

Consumer Products Safety Improvement Act

Through the Consumer Products Safety Improvement Act (CPSIA) of 2008, the U.S. government published new product safety regulations, governing children's products (e.g. toys, nursery products, etc.) and general use items (rugs, mattresses, furniture, etc.). All domestic manufacturers, and importers of consumer products must issue either a General Certificate of Conformity (GCC) or a Children's Product Certificate (CPC) if the product is subject to any regulation enforced by the CPSC. A GCC or CPC and supporting test report is required to certify that the products comply with applicable standards. Items that are continued in our line must be re-tested annually, as part of the "reasonable testing program" established by this law. An approved third-party laboratory must conduct these tests. A list of all the regulations, standards, and bans established by the CPSC may be seen at the [CPSC website](#). Note that if an item is unregulated, any safety issues must still be brought to the attention of the appropriate Merchandising team and Quality and Regulatory Compliance.

The CPSIA also mandates that tracking labels be provided for items determined to be children's products. All items ordered under the Crate&Kids brand are considered children's products and must be labeled as such. (See [Quality and Compliance Manual](#) for additional information).

CPSC or Other Government Agency Product Safety Activity

It is critical for the Company to be aware of any potential safety recalls of product that it carries, or has carried, in order to prepare appropriate activities. Should a manufacturer or importer receive any incident report, or request for response by any agency, or are considering a potential recall on any product carried by a Company store, the supplier shall contact the appropriate merchandising team and the Quality and Regulatory Compliance email product-test@crateandbarrel.com immediately.

Federal Hazardous Substances Act (FHSA) – 16 CFR 1500.48-53

The FHSA, enforced by the CPSC, regulates hazardous household products and requires them to have warning labels. It also assigns the CPSC the authority to regulate or ban hazardous substances in toys or other articles intended for use by children, under certain circumstances to protect the public. Examples of products regulated under this law include electrically operated toys, cribs, rattles, pacifiers, bicycles, and children's bunk beds.

Product Specific Safety Regulations

Below are some examples of product specific safety regulations that may apply to a vendor's items. For a more comprehensive list, please refer to the [Quality and Compliance Manual](#), product testing protocols, or the Quality and Compliance team.

Food Safety and Items Intended to Come Into Contact With Food

The U.S. FDA (Food & Drug Administration) enforces laws related to the manufacture and importation of food, health and beauty, drugs, medical equipment, and laser devices.

Food products and items intended to come into contact with food must meet all regulations applicable in the markets they are sold. Each market in which the Company does business has an FDA equivalent that regulates food contact items. Suppliers of food products must provide proof of a current FDA registration.

Bioterrorism Act of 2002

Enforced by the FDA and the Department of Homeland Security, this act is designed to prevent, protect, and provide the U.S. government with the ability to respond to any bioterrorism threats. Vendors who supply food or food packaging must register with the FDA, provide prior notice for any import shipments, and retain shipment records. Additional information can be found at the [FDA's website](#).

California Proposition 65 (Safe Drinking Water and Toxic Enforcement Act)

The Company requires its products to comply with California Proposition 65 (Prop 65) either by reformulation; or if reformulation is not possible, by including warning labeling and signage. The Company's preference is to always have a product made either completely free of OEHHA listed chemicals or with chemical content below the established settlement limits. In the event that a vendor's product contains requires warning language, the vendor must contact the Company's authorized agent by emailing prop65info@crateandbarrel.com as required by California law.

Only written notices sent to prop65info@crateandbarrel.com will be considered as received by the Company, and must include 1) a statement that the product may result in an exposure to a listed chemical, 2) the SKU(s) of the product(s) or other identifying information, and 3) all the necessary warning materials (such as labeling, shelf warnings, warning language for online display).

For additional information about Prop 65 please refer to the [Proposition 65 Warnings Website](#). For questions about acceptable label formats, warnings, or reformulations reach out to prop65info@crateandbarrel.com.

California Ban on Fur Products

Beginning January 1, 2023 California will no longer allow products containing certain fur and hides. As a result of this legislation, the Company has the expectation that all vendors will no longer use fur and hides, as defined below, in products for the Company. For the purpose of this rule:

(1) “Fur” means any animal skin or part thereof with hair, fleece, or fur fibers attached thereto, either in its raw or processed state.

(2) (A) “Fur product” means any article of clothing or covering for any part of the body, or any fashion accessory, including, but not limited to, handbags, shoes, slippers, hats, earmuffs, scarves, shawls, gloves, jewelry, keychains, toys or trinkets, and home accessories and decor, that is made in whole or in part of fur.

Exemptions for the new rule:

(B) “Fur product” does not include any of the following:

- (i) A dog or cat fur product, as defined in Section 1308 of Title 19 of the United States Code
- (ii) An animal skin or part thereof that is to be converted into leather, which in processing will have the hair, fleece, or fur fiber completely removed
- (iii) Cowhide with hair attached
- (iv) Deerskin, sheepskin, or goatskin with hair attached
- (v) The pelt or skin of an animal that is preserved through taxidermy

Please note that the Company’s Leather and Hide requirements, found in Section 3 of our Vendor Operations Guide, have also been updated to reflect this new legislation.

Illinois Lead Poisoning Prevention Act

Illinois law requires warning labels for child care articles and children’s jewelry whose lead content levels in materials and coatings exceed 40 ppm, and for toys whose lead content levels in coatings exceed 40 ppm.

Azo-based Dyes in Textiles

Certain Azo based dyes are potentially hazardous when in prolonged direct contact with the skin. No textile products shall contain the Azo dyes referenced in EU Reach regulation (EC 1907/2006, Annex XVII).

Cosmetic Regulations - Canada

All cosmetics sold in Canada must be safe to use and must not pose any health risk. They must meet the requirements of the Food and Drugs Act and the Cosmetic Regulations, as administered by Health Canada. This defines the requirements for the manufacturing, labeling, distribution and sale of cosmetics. Prior to importing cosmetics into Canada, the manufacturer must submit a “Cosmetics Notification Form” to Health Canada. Soap and hand lotion are examples of Company products that would fall into this category. We do not market these products outside of the U.S. and Canada at this time.

Toxic Substances Control Act (TSCA) Title VI Formaldehyde Emissions Standard

The Environmental Protection Agency regulates the amount of formaldehyde emissions from composite wood material - Medium Density Fiberboard (MDF), Particle Board (PB), and Hardwood Plywood (HW-PW). These standards are among the most stringent in the

world. The law requires that lumber mills producing composite wood materials undergo a certification to ensure compliance with these limits. In order for customers to determine that the goods comply with the law, all composite wood materials as well as finished goods are required to be labeled as compliant.

For items made with any MDF, Particle Board, or Hardwood plywood components, one of two different labels should be placed on the back or bottom of the product, on the outside of the carton, and on the invoice (see the labels are pictured below). The first version should be used if the composite wood generally complies with the TSCA Title VI requirements. The second version should be used if all composite wood is from certified ULEF materials. Note that vendors must use the below TSCA Title VI declaration labels CARB declarations labels are no longer accepted. The following statement also needs to be on the commercial invoice: "TSCA Title VI Compliant for Formaldehyde"

TSCA Title VI label for product with non ULEF based materials:

Made for Crate and Barrel. TSCA Title VI Compliant for Formaldehyde. Fabriqué pour Crate and Barrel. Conforme au titre VI de la TSCA concernant le formaldéhyde. Hecho para Crate and Barrel. Cumple con el Título VI de TSCA para formaldehído.

MM/YYYY

"MM/YYYY" to be replaced with the date of manufacture (in MM/YYYY format)

TSCA Title VI label for product with all ULEF based all composite wood materials:

Made for Crate and Barrel. TSCA Title VI Compliant for Formaldehyde. Produced with all ULEF-based products. Fabriqué pour Crate and Barrel. Conforme au titre VI de la TSCA concernant le formaldéhyde. Fait entièrement de produits conformes à la norme ULEF. Hecho para Crate and Barrel. Cumple con el Título VI de TSCA para formaldehído. Fabricado con un producto a base de ULEF.

MM/YYYY

"MM/YYYY" to be replaced with the date of manufacture (in MM/YYYY format)

Additionally, for our systems and notification to the EPA, we will be asking import suppliers that provide composite wood products to provide a certification document for our files.

More information regarding this law and labeling requirements for Formaldehyde Emission Standards for Composite Wood Products can be found at the [EPA's website](#).

Flammable Fabrics Act - 16 CFR 1602-1632

The Flammable Fabrics Act established standards for the flammability of clothing, carpets, rugs, children's sleepwear, mattresses and mattress pads.

California Technical Bulletin 117-2013

TB 117-2013 is a mandatory flammability standard that uses a smoldering cigarette test to test the component materials used to make upholstered furniture and cushions for seating. All upholstered furniture components except frames must comply with this test procedure and criteria. The Company requires compliance with TB 117-2013, and products must achieve compliance without the use of added chemical flame-retardants in any upholstery components. Additional information on the requirements can be found at the [Bureau of Household Goods and Services website](#).

Various State Chemical Flame Retardant Bans

The Company has a strict no added chemical flame retardant policy for upholstered furniture, and vendors must ensure that any upholstered furniture complies with this. Regular testing and verification of supply chain is strongly suggested. Some states may also require declarations that upholstered furniture is free of chemical flame retardants (see the Law Label section below for examples of California SB 1019 flame retardant chemical declarations that are required to comply with California SB 1019). If a vendor's product is known to contain or may contain chemical flame retardants, please reach out to the Quality and Compliance team for additional information.

Flammability of Mattresses, Mattress Pads, and Mattress Sets

All mattresses, mattress pads, and mattress sets must comply with the standards and testing requirements in 16 CFR 1632 and 1633 regarding flammability.

Other Product Regulations

The Lacey Act

The Lacey Act was amended in 2008 to help reduce illegal logging and expand anti-trafficking protections to a broader set of plants and plant products. An import declaration for plants and plant products (including products made with wood) must be filed upon importation that contains the genus, species, country of harvest, and quantity of the plant used. Additional information on The Lacey Act may be found at the [USDA's website](#).

Phytosanitary Certification

For a small segment of our product, due to export regulations, we will require product shipments to be accompanied by a phytosanitary certificate. A phytosanitary certificate for export is usually issued by the NPPO (National Plant Protection Organization) of the country of origin. A phytosanitary certificate for export describes the consignment and, including the treatment details, declares that the phytosanitary status of the consignment meets phytosanitary import requirements. Phytosanitary certificates are not the same as a

fumigation certificate. The phytosanitary certificate is issued by the NPPO of the exporting government, and is its declaration that the treatment of the product meets requirements. Suppliers will be notified if they have products which must be accompanied by these certificates, and PO's for the products will require an uploaded Certificate as part of the shipping paperwork for these few products. For more information, see the [Canadian Food Inspection Agency's website](#) for products produced outside the U.S., and the appropriate directives found at the [USDA's website](#) for products produced in the U.S.

California Title 20 (Bulb-In-a-Box)

This law, administered by the California Energy Commission, is intended to reduce energy consumption. Nicknamed “bulb-in-a-box,” the provision requires that manufacturers include an Energy Star rated LED bulb in the product packaging for each standard screw-base socket on the product. There are several other options for complying with this law. More information regarding this law can be found at the [California Energy Commission's website](#).

Imported Wood Packaging Materials - 7 CFR 319.40

All wood packaging material shall be appropriately treated and marked in the country of export under an official program developed and overseen by the National Plant Protection Organization (NPPO). Additional information can be found at the [U.S. Department of Agriculture \(USDA's\) website](#).

Import Security Filing (commonly referred to as “10+2”)

All importers in the United States are required to electronically submit to U.S. Customs and Border Protection (CBP), an Importer Security Filing (ISF) no later than 24 hours before the container is loaded on board the first foreign port of departure. Importers are responsible for the 10 data elements; the carrier is responsible for the 2 additional data elements. Importers can be subject to a \$5000 penalty for every ISF that is filed late, incompletely or inaccurately. Additional information may be found at the [USDA's website](#), or contact our import department.

Department of Agriculture (USDA)

The USDA enforces laws governing the importation of food, plant, and animal products. Inspection of wood pallets and packing materials falls under this agency's jurisdiction. Additional information can be found at the [USDA's website](#).

Toxics in Packaging Clearing House (TPCH)

In order to comply with the Company's Toxics in Packaging Clearinghouse (TPCH) requirements, vendors must provide a signed self-certification document attesting that any and all packaging materials used with the submitted product complies to the intentional and incidental heavy metals requirements of TPCH. Please refer to the Legal section below for additional information about the regulation.

North American Free Trade Agreement (NAFTA) and Other FTA's

An agreement has been signed by the leaders of the U.S., Canada, and Mexico, but each country must obtain further approvals before this replacement is in service. Therefore, we continue to require compliance with NAFTA until the updated FTA is approved. NAFTA was designed to remove tariff barriers between the three partner countries, and only applies to goods produced in one of those countries. We require vendors who produce eligible goods to confirm specific information to allow us to complete a NAFTA certificate for their SKU's. The confirmation is required annually for each SKU.

Our Global Transportation Department will work with you to provide instructions, answer questions, and provide forms about NAFTA-eligibility. We need to have your response of confirmation by the deadlines we set when we solicit the information. We may also request certification or clarification for other Free Trade Agreements, depending on the country of origin of your product(s) and our partners. We are dedicated to handling our products in a compliant manner and all information received on these certificates should be accurate and verifiable. Any costs associated with information found to be inaccurate may be the responsibility of our vendors.

Labeling

Any product that requires specific labeling (e.g. lamping labels, warning labels, upholstery and stuffed articles) should be submitted to the lab with all labeling attached to the product. If there is an instance where label information is generated during testing (e.g. burn time for candles, fiber content for textiles), then a soft or electronic copy of the label may be submitted in lieu of a printed label.

Country of Origin Labeling Regulations

Every article shall be marked in a way that the consumer can see the country of origin (COO). The following labeling requirements apply to all products carried by the Company.

For products that do not require a SKU barcode label, the vendor is responsible for marking the item with the country of origin. Country of origin marking (conspicuous placement of legible and permanent marking) must be present on all products. This information must match the commercial invoice COO. Various types of permanent markings or back stamps are acceptable to U.S. Customs. For large furniture items, it is preferable to stamp the country of origin into the product in a location that does not detract from the visual appeal and use of the item. If you have any questions regarding placement, please contact your Merchandising team.

For items requiring a SKU barcode label, the vendor must provide the correct COO to the Company for this information to be entered into our systems. If the vendor provides incorrect information, the vendor will be charged for label reprinting and any related expenses.

Fiber Identification and Care Labels

The Textile Fiber Identification Act requires textile products to be labeled with the generic names and percentages by weight of each fiber in the garment or textile product. The textile must also be labeled with the name of the responsible party or RN number, either of which must be accompanied by the name of the country where the product was manufactured.

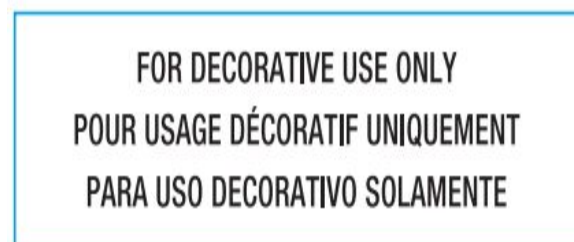
Labeling of food contact items

Any item intended for serving, preparation, or storage of food or drink, will require a label on the master shipping carton that identifies it as food contact, as below. Letters are to be 1" high, assuming the carton size allows for it (image below reduced); black print on white label.



Ceramic food contact items must be permanently marked on the physical product with our name, as well as the country of origin. This is commonly called a “backstamp”, and the Merchandising team will provide artwork. Performance attributes may also appear on these backstamps, such as Dishwasher Safe, etc. at the discretion of the team.

Decorative items such as a bowl that appears as if it may be used for serving, preparation or storage of food or drink, but which has not been tested to comply with these regulations, will need a permanent sticker on the physical product that states “For Decorative Use Only,” in English, French and Spanish as below:



Law Labels - Uniform Bedding and Upholstery Labels and Registration Requirements – U.S. and Canada

Many U.S. states and Canadian provinces have labeling and registration requirements for bedding and upholstery items that contain stuffing. These include mattresses, seat cushions, quilts, pillows, floor cushions, upholstered furniture, and other housewares articles. The purpose is to inform the consumer of the composition of the stuffing. In the US, a uniform registry number is obtained that is printed on law labels that are attached to the product. Separate Canadian registration and law labels are also required for these products.

Vendors are responsible for sourcing these law labels and registering in the appropriate states and provinces. The requirement and content of the labels will depend on the product. Below are links for further information pertaining to labeling requirements and guidelines:

- [International Association of Bedding and Furniture Law Officials](#)
- [U.S. Guidance on Filling Material Terminology](#)
- [Québec statute on stuffing and upholstered and stuffed articles](#)

Stuffed Toy Licensing and Labeling

Pennsylvania (PA), Ohio, and Massachusetts require the licensing/registration of stuffed toy manufacturers and the labeling of stuffed toys. This registration is commonly referred to as “PA Registration” as it is advised that vendors obtain their registration with Pennsylvania first, and then register their license number with Ohio and Massachusetts. Note that the license number for stuffed toys is different and separate from the bedding registration required by Pennsylvania. If a vendor is registered with Pennsylvania under the bedding law, they must re-register under the stuffed toy registration law. More information regarding registration and labeling can be found at the [PA Department of Labor & Industry's website](#).

Printed Materials Language Policy

In order to support international expansion and to address a growing population of Spanish speakers in the US, the Company has transitioned to trilingual print (English, French, and Spanish). This transition impacts our Crate and Barrel and CB2 brands. All product print material such as care, characteristics, warnings, labels, safety information, and marketing materials, which are included with the product, should be translated to French and Spanish.

Company Supplied Print Material

In many cases, the Company provides artwork for print material. The Company will provide this art in all three languages (or wordless) at no additional charge to the vendor. No further action is required of these suppliers. Examples of the Company supplied artwork include:

- Private label packaging (anything that has the Company logo such as hangtags, insert cards, etc.)
- Sewn-in care labels used for textiles, rugs, etc.
- Back stamp art used for ceramic items
- Warning labels for candles

Vendor Supplied Print Material

Vendors may also include print material with their product. Examples include care, safety and warning information, etc.

- French and Spanish must be equivalent in size and prominence to English.
- Pamphlets, warning labels, care instructions; safety warnings, product information and registrations cards must all include English, French and Spanish.
- Outer shipping cartons do not need to be translated and may be in English only.

In order to provide an accurate and consistent translation, we require that you work with our language service provider, Lionbridge Technologies for all translation materials. The translation cost is the responsibility of the vendor. By using the Lionbridge Freeway Web Portal, you can upload text files and receive the translated copies usually within a matter of days. To set up a Lionbridge account, please contact Ryan Nguyen rgnuyen@crateandbarrel.com and allow 3-5 business days for approval.

As you develop product, consider that any customer facing print material will require translation into English, French, and International Spanish. Should you have any questions or require clarification please contact the merchandising team you are working with for assistance.

Section 5

Franchise Consolidation HUB

Introduction

The Company has partnered with global third-party logistics provider DB Schenker to manage the flow of goods from Asian ports of origin to the Hong Kong Multi-Country Consolidation (HKMCC) HUB. The HUB acts as a cross-dock facility for the consolidation and distribution of goods to our Franchise Partners across the globe. The implementation of the global consolidation HUB allows us to bypass our U.S. distribution network, reduces handling and improves lead times to our Franchise Partners.

At this time, products flowing through this HUB will include products shipping from the below countries. Other countries may be added to this model at a later date.

- China
- Hong Kong
- Indonesia
- Philippines
- Taiwan
- Thailand
- Vietnam

Only Purchase Orders with the prefix “089” will ship through the HUB and are referred to as “International Orders.” All other orders shipping to the U.S. will not be impacted at this time. This section is intended to detail requirements that are specific to International Orders and supplement the requirements laid out in the rest of this Guide.

Purchase Order Requirements

International Orders will be placed on a separate purchase order and not mixed with purchase orders going to the United States. International and U.S. Orders will be placed at the same time to ensure minimum production order quantities are met. Order volume will remain consistent, however the quantities will be divided between International and U.S. purchase orders. Purchase terms will remain the same as already negotiated and be consistent for International and U.S. Orders. The Company does not accept Minimum Order Amount (MOA) or related charges.

The vendor will deliver all International Orders to DB Schenker at the origin port and the vendor must upload all associated documents into DB Schenker’s booking system (known as “SCOUT”). All purchase order types will continue to be managed through either the EDIPX or Infor Nexus portal.

Shipping Requirements

International Orders must ship complete. Split-shipping is not allowed. The *line* of a Purchase Order (“PO”) must never be split-shipped across more than 1 container. Any vendor disregarding this rule will be subject to a **chargeback of \$250 per incident**. Purchase orders going to the HUB are already planned for the Company’s Franchise Partners. The HUB is not an inventory holding location so the quantity shipped needs to match the quantity ordered. You will not be allowed to ship over the quantity on the purchase order. Additionally, short shipping of requested quantities is not allowed. If you ship less than the purchase order requested quantity, the balance will either be canceled or re-written to a new purchase order. Master pack variances will also not be allowed. The master pack size and quantity shipped must match the PO.

Shipments are required to be physically loaded by the DB Schenker SO (Shipping Order), the Company’s Purchase Order, and Purchase Order Line number. If a carton is damaged in-transit to DB Schenker, the vendor has the option of sending new packaging materials to DB Schenker to re-package on their behalf at the vendor’s expense. The vendor may be charged back for any storage related fees that are incurred due to the re-packaging. Additionally, costs incurred by DB Schenker for labeling cartons that are missing proper carton labels will be charged back to the vendor.

Early/Late Shipping

The expectation is that the vendor will ship +/- 5 days of the ship date on the purchase order. If a shipment falls outside the +/- 5 days window, SCOUT will not allow the vendor to book delivery and the vendor will need to re-enter in the Company’s Order Management System of Record to adjust the purchase order ship date accordingly. Early/late shipping penalties will be assessed per the same guidelines as U.S. orders.

Order Booking

Order booking for International Orders will be done through the DB Schenker web portal SCOUT. SCOUT will be used for order booking for International Orders only. Purchase order management and ship date change requests will continue to be done through the Order Management System of Record website.

For International Orders, vendors will need to book delivery of the goods with DB Schenker 14 days prior to the ship date. This timeframe is the same as it is for U.S. orders. Vendors first need to book an order in SCOUT before generating a shipment plan in EDIPX. The booking number provided in SCOUT must be provided in the shipment plan.

International Orders must be booked for the quantity on the PO. Quantity variances will not be accepted on the booking. You will need to contact your Merchandising team to change the quantity. In order to change any ship date, vendors must make requests in Order the Management System of Record website. Please reference the DB Schenker user materials for more information regarding SCOUT and order booking. For SCOUT related questions contact Henry Tam, henry.tam@dbschenker.com.

Quality Assurance

Non-agented vendors are required to complete an outbound quality inspection (One report per PO) three days prior to shipping product. This inspection does not need to be done by a third party, but should follow the criteria outlined in the Quality Assurance Inspection Report Template. If no issues are discovered during the outbound inspection, you should keep the report on file for future reference if requested. You do not need to send this report to us.

If an issue is discovered and the shipment does not meet acceptable quality standards for that product, defects should be noted on the Quality Assurance Inspection Report Template, an email should be sent to vendorinspectionreports@crateandbarrel.com, and the shipment held at the factory pending Merchandising team review. The subject line of the email must include the vendor name and PO number. The Merchandising team will review issues with the vendor and do one of the following:

- Approve shipment
- Request shipment be corrected prior to shipping
- Cancel the shipment and chargeback the vendor
- If an issue is discovered after reaching the HUB and is not approved to ship to the franchise partners by Merchandising, product will be returned to vendor to be corrected.

Please direct all Quality Assurance questions to vendorinspectionreports@crateandbarrel.com.

Documentation

The vendor must upload all documents for each PO to SCOUT. Required documents the vendor must upload include:

For Container Freight Station (CFS) shipments:

- Country of Origin Certificate (COO)
- Commercial Invoice
- Packing List

Failure to submit documents on time will result in a \$250 charge per incident.

Please note that, if an order is managed on Infor Nexus, the Infor Nexus generated Commercial Invoice and Packing List are the required versions to be uploaded in SCOUT.

For Container Yard (CY) shipments:

- Country of Origin Certificate (COO)
- Commercial Invoice
- Packing List
- 7-Point Container Checklist
- Photos of Container Loading

Failure to submit documents on time will result in a \$250 charge per incident.

Please note that, if an order is managed on Infor Nexus, the Infor Nexus generated Commercial Invoice and Packing List are the required versions to be uploaded in SCOUT.

Consignee and Notify Party on All International POs should be:

Euromarket Designs Inc C/O Schenker International (HK) Ltd
Suite 1A, 10B-12 of 21/F., Skyline Tower,
39 Wang Kwong Road, Kowloon Bay, Hong Kong

More information regarding the documentation requirements for International Orders can be found in the DB Schenker user materials.

Payment Request Process

The payment process follows procedures laid out in Section 18, with the following exceptions:

- 1) A Forwarder's Cargo Receipt (FCR) is required in lieu of a Bill of Lading
- 2) Invoices for International Orders must be emailed to importpayments@crateandbarrel.com in a separate email from the invoices for the US. Please ensure that the subject line of the email clearly indicates that the payment request is for an International Order (089). This ensures quicker payment processing.

Please note that Infor Nexus active invoices will be authorized for payment on the Infor Nexus platform and do not require documents to be emailed. Business partners will need to upload their FCR to the invoice folder.

Section 6

Customs Trade Partnership Against Terrorism (C-TPAT)

To monitor that our business partners are actively working towards meeting U.S. Customs “Minimum Security Criteria,” we have partnered with Omega Compliance to conduct Factory Security Audits. The Company has a vendor paid factory security audit program. We reserve the right to require these audits at factories located in [risk countries](#) (primarily as defined by the latest amfori BSCI classification) that are importing product into the United States on behalf of the Company. The criteria that are evaluated in the C-TPAT factory audit will be based upon the most current U.S. Customs recommendations. This currently includes: Container and Trailer Security; Physical Access Controls; Personnel Security; Security Training and Threat Awareness; Physical Security; and, Information Technology Security. The complete report will be made available to vendors following the audit and continuous improvement monitored during required follow up audits. Participation in the C-TPAT Program requires following Customs’ “Minimum Security Criteria”. These criteria define a baseline of security measures that apply to all C-TPAT members.

The Company and their Business Partners are required to have security processes and procedures consistent with the requirements listed below. It is our expectation that our vendors are actively working toward meeting all of these requirements if they have not already done so. In addition, most countries have developed their own C-TPAT type programs that allow exporters to be certified as businesses with secure operations and procedures. We expect to receive further benefits under C-TPAT if we work with vendors who are members of these foreign programs.

Container and Trailer Security

These measures aim to protect against the introduction of unauthorized materials and/or persons into shipping containers. At the point of stuffing, procedures must be in place to properly store, inspect and seal a container or trailer.

Container Storage

Containers must be stored in a secure area to prevent unauthorized access or manipulation. Procedures must be in place to report unauthorized entry into containers or storage areas.

Container Seals

The following procedures must be followed to ensure secure controls on container seals:

- All seals must meet the “ISO 17712:2013” standard for high security bolt seals. All unused seals must be kept in a secure (locked) location.
- A limited number of designated employees should have access to container seals.
- Upon receipt of a new shipment of seals, each seal must be entered in a secure log by number.
- Seals must be used in a random order to prevent anyone from anticipating what number will be used on any particular container. Upon use, specifics of the shipment (date, container number, P.O. or invoice number) must be entered in the log next to the seal number used.

- Voided seals that cannot be used must be designated in the log and destruction authorized by a supervisor.
- Seal numbers must be listed on manifest documents and verified upon arrival.
- On a regular basis, the log must be audited to confirm that no seals are unaccounted for.

Container Inspection

Containers must be stored in a safe area to prevent tampering. Before loading, a seven-point inspection process is required for all containers or trailers:

- Outside and Undercarriage – support beams should be visible
- Doors – inspect locking devices for tampering
- Left Side – for false walls
- Right Side – for false walls
- Front Wall – for false wall fronts
- Floor – for false floors
- Ceiling/Roof – for false ceilings/roofs

The results of each inspection should be recorded and kept on file and included with your shipping documents. On an annual basis, the Company will select randomly a small percentage of vendor-loaded containers we have received in the preceding year. In order to confirm that our vendors have inspected the container before loading, we will request that you send us the container inspection form you used to record the results of the inspection.

Physical Access Controls

Access controls prevent unauthorized entry to facilities. All employees, visitors and vendors are to provide positive identification prior to entry.

Employee Identification

Companies should use an employee identification system. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security must control all identification badges and follow documented procedures regarding the issuance of keys or other access devices.

Visitors / Deliveries

Visitors must present photo identification for documentation upon arrival. All visitors should visibly display temporary identification and be accompanied by a company member.

Personnel Security

Processes must be in place to screen potential employees and check current employees.

Pre-Employment Verification

Application information, such as employment history and references must be verified prior to employment.

Background Checks

Consistent with foreign, federal, and state and local regulations, background checks and

investigations should be conducted for prospective employees. Periodic checks should be performed based on cause or the sensitivity of the employee's position.

Termination Procedures

Companies must have procedures in place to remove identification, facility and systems access for terminated employees.

Procedural Security

Processes must be in place to ensure the integrity and security of processes related to the transportation, handling and storage of merchandise.

Documentation Processing

Information used in the clearing of merchandise must be legible, accurate and protected against the exchange, loss or introduction of incorrect information.

Shipping and Receiving

Arriving merchandise should be reconciled against information listed on the manifest. Manifest should include merchandise weight, labels, marks and piece count prior to delivering or receiving merchandise. Drivers must be positively identified. Manifest differences such as overages and shortages must be resolved and investigated appropriately.

Physical Security

Merchandise handling and storage facilities must have physical barriers and deterrents that guard against unauthorized access. Importers should incorporate the following security criteria throughout their supply chains as applicable.

Fencing

Perimeter fencing should enclose the areas around merchandise handling and storage facilities. All fencing must be regularly inspected for integrity and damage.

Gates and Gate Houses

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be the minimum necessary for proper access and safety.

Parking

Private passenger vehicles should be prohibited from parking in or adjacent to merchandise handling and storage areas.

Building Structure

Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

Locking Devices and Key Controls

All external and internal windows, gates and fences must have secured locking devices. Management or security personnel must control the issuance of all locks and keys.

Lighting

Adequate lighting must be provided inside and outside the facility including entrances and exits, merchandise handling and storage areas, fence lines and parking areas.

Alarms Systems & Video Surveillance Cameras

Alarm systems and video surveillance cameras should be used to monitor premises and prevent unauthorized access to merchandise handling and storage areas.

Information Technology Security

Systems must use individually password-protected accounts that require periodic password changes. Training must also be provided to employees covering information technology on security policies, procedures and standards. There must also be a system in place to identify abuse of information technology such as improper access, tampering or altering business data.

Business Partner Requirement

Vendors must have written and verifiable processes for the selection of business partners including truckers, freight forwarders and customhouse brokers.

Participation/Certification in Foreign Customs Administrations Supply Chain Security Programs

Current or prospective business partners who have obtained a certification in a supply chain security program being administered by foreign Customs Administration should be required to indicate their status of participation to the vendor.

Other Internal criteria for selection

Internal requirements, such as financial soundness, capability of meeting contractual security requirements, and the ability to identify and correct security deficiencies as needed, should be addressed. Internal requirements should be assessed against a risk-based process as determined by an internal management team.

Security Training and Threat Awareness

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

Section 7

Electronic Purchase Order Management System

Domestic and Import purchase orders are currently managed under different purchase order management systems. However, this is subject to change at any time at the discretion of the Company. Business Partners can find additional details below.

Domestic Purchase Orders

The Company currently partners with 1EDISource to be our service provider for our domestic order electronic purchase order management. You will utilize a web portal called EDIPX. EDIPX is a web-based tool that allows companies to send and receive purchase order documents electronically. The EDIPX website is being offered at no cost to our partners. Listed below are the main pieces of information we will be communicating with our vendors, agents, and carriers:

- The Company will send purchase order information via the web-portal.
- The vendor will provide an electronic confirmation of the purchase order.
- All purchase order changes and updates will occur via the web-portal.
- We will require all vendors/agents to create a Shipment Plan in advance of the ship date and generate master carton labels from the EDIPX website.
- The Shipment Plan must then be submitted 2 weeks before the ship date for imports and 7 days before the ship date for domestic orders.
- Import vendors and agents will send the Company an advanced ship notice (ASN) electronically 3 days before the sail date. Important information required for us to file the ISF (Importer Security Filing) for U.S. Customs will be taken from the ASN. Failure to provide complete and accurate information may result in up to a \$5,000 fine, which would be the responsibility of the vendor. Domestic vendors will send the Company an ASN electronically on the day of shipment or up to 24 hours after shipment made.
- A late ASN is subject to a chargeback of \$250.00 if the ASN is not submitted on time as specified above.

Once you have been set up as a vendor/supplier, we will provide you with an account to the EDIPX website. You will receive an email providing you with EDIPX website instructions and next steps to set up your EDIPX account. Please email your questions to crate-tpm-group@crateandbarrel.com.

Import Purchase Orders

The Infor Nexus platform for purchase order management will promote purchase order efficiency and offer the Company increased supply chain visibility. Infor Nexus offers the following benefits to our Business Partners:

- Electronic delivery of purchase orders and purchase order amendments.
- Factory floor system to ensure packing and labeling compliance is met based on the Company's requirements.
- Advance Shipment Notice (ASN) delivery.
- Greater communication among all parties, including our Logistics Providers.
- Streamlined invoicing procedures.

Business Partners will be required to register with Infor Nexus before initial purchase order placement. Also, Business Partners will be responsible for the following related to the Infor Nexus platform:

- Vendor Level:
 - Annual Membership fee.
 - Invoice fee.
 - Wire transfer / ACH fee (money movement fee).
- Factory Level:
 - Potential investment in a printer.
 - Potential investment in a scanner.
 - Potential investment in labels.

Please contact vendor_relations@crateandbarrel.com with further questions.

Section 8

Merchandising Requirements

The purpose of this Vendor Operations Guide is to complement, but not replace the communication that exists between our vendors and our Merchandising teams. We realize that the relationships that exist are one of the strengths of our company and we want to continue to foster and develop those relationships. Each individual Merchandising team might have requests and needs that may be unique.

Buying/Selling Agents

The Company considers a buying agent to be a person or company who works on behalf of the Company to source and acquire merchandise. We consider a selling agent to be a person or company who represents the manufacturer of the imported merchandise. The distinction is important as it impacts how the Company pays duties and taxes on these goods.

Any and all commissions paid to a foreign selling agent are considered part of the dutiable value of the goods to U.S. Customs and Border Protection. All such commissions must be included in the first cost of the goods. If not, vendors are required to notify the Merchandising team and import department to declare any such selling agent's commissions that are not passed on in an item's first cost. The Company will pay any design or buying commissions directly. Buying agents are not allowed to take any additional commissions or fees from the manufacturer and vendors are required to disclose if any commissions or fees are charged.

Design Rights, Protection and Confidentiality/Indemnification

To maintain our position as an industry leader, we expect to be presented only with original designs and product ideas that are available to us without conflict of other parties' rights. Conversely, designs and other intellectual property (including Trend Presentations and Trip Books) that we share must be preserved as ours and ours alone, and are subject to the confidentiality requirements found in the conclusion section of this Vendor Operations Guide. Each of our vendors plays a critical role in fulfilling these requirements.

All designs and products you and your employees/associates present to us must be original in design and be either your sole property, or designs and products you have full rights to provide to us, in terms of the intellectual property rights they embody. We are not interested in purchasing, or even being shown, designs that are copied or improperly derived from others' work or in which you do not have all the rights we will require to sell them to our customers. By signing this guide, you are committing on behalf of yourself and your employees/associates to sell to us only designs or products that you have the full right and ability to sell to us, which means that you either own or have the ability to grant to us all rights (including copyrights, patents, rights of publicity and trademarks) that are embodied by any design or product that you offer to sell or sell to us. If you or your employees/associates choose to show us a design or product for which you have been

granted a license, you agree to immediately inform us about the license so that we can determine whether we wish to move forward on a license basis.

You and your employees/associates must safeguard any designs or other intellectual property we share with you. Whether it is a new design, a revised design or comments on a design you present, or even a design provided to us by others, you and your employees/associates may not share that intellectual property with others, other than in the ordinary course of sourcing, designing and manufacturing products solely on our behalf. Such designs or products should not be used in your showroom, nor should they be shown or offered for sale to another person or entity, without our express, prior written permission. Please note that this applies whether or not we decide to move forward with the design or product on which we have added design assistance or other intellectual property. You will be advised by one of our merchandising teams or by an agent acting on behalf of the Company as to whether we choose to move forward with the manufacture or sourcing of a design or product. If we choose to move forward with the manufacture of design or product a design or product that will be sold by us on a private-label basis, upon, and in consideration for, us offering it for sale, you hereby irrevocably assign and transfer to us all rights, title and interest in and to such design and/or product, including without limitation all copyrights and other intellectual property rights relating to the design and/or product. You agree to execute any additional documents that we may require to effect this permanent and irrevocable assignment of rights to us, and you agree to waive and release any rights you or any others have in the design. If we choose not to move forward with the manufacture of a design or product, we require that all artwork, design aids, drafts, sketches, working drawings and all other items referring or relating to or setting forth any intellectual property we may have provided you, be returned to the Company or such agent as we designate to act on our behalf in receiving such items. You may not sell Company product (including any product that incorporates any Company design) in your possession to anyone other than the Company unless pre-approved by the Company in writing.

Indemnification

If a claim, action or suit is brought against the Company relating to or alleging that any products or designs or design modifications or other conduct or services that you have provided to the Company under this Vendor Operations Guide violate or infringe any third-party intellectual property rights, you agree to indemnify, defend and hold harmless the Company, its related companies, officers, directors and employees from and against any and all loss, liability, costs, settlements and expenses (including attorneys' fees) incurred in any such claim, action or suit. We will promptly notify you of any such claim, action or suit. You will have the right to control any litigation relating to such claims; provided, however, that any attorneys retained in connection with such disputes must be acceptable to us, and you may not settle any disputes without our prior written approval. We may hold back any monies due to you and offset such amounts against any costs, settlements and expenses incurred by us as a result of your failure to meet your indemnity obligations.

Brand Product Distribution Rights

The Company operates stores in many international markets. Our goal is to offer the same products and collections no matter where a store is located while honoring any local distribution arrangements. In order to do that, we need to know if our suppliers have any distribution restrictions.

If you have an exclusive distributor in **any** country worldwide you will need to complete an [International Distribution Rights Information Form](#) and return to franchise-local-distributors+2018@crateandbarrel.com.

It is the vendor's responsibility to inform the Company of any local distribution arrangements, regardless of whether the Company currently operates in that country, and provide the distributor's contact information. Should the vendor fail to provide this information, the vendor will be liable for any product that is shipped in error.

Product Information Bulletin (PIB)

The Company Product Information Bulletin (PIB) is generally updated on a semi-annual basis. To ensure you have the most recent version, contact the Merchandising team of the product you are working with. The PIB serves two important functions:

1. The PIB is your opportunity to tell our associates the wonderful features of your product and the details that make your item special. We utilize this information for associate training, catalog, website copy, and store signage.
2. The PIB provides technical information regarding materials and methods of construction of your product that will allow our Regulatory Division to correctly determine testing needs, Packaging Division to make correct transit testing decisions as well as providing information for our Classification Division to properly classify your SKU for importation.

Here are a few examples of the type of detailed information you are required to provide:

- The correct genus, species, country of harvest for any wood or plant materials used to make your product, if applicable, needed to comply with the Lacey Act. We use the website [Catalogue of Life website](#) to verify this.
- Information on materials (such as wood species or fiber makeup) to support compliance with our sustainable sourcing requirements.
- Security Filings (commonly referred to as "10+2") that we are required to submit to U.S. Customs and Border Protection.
- Product information necessary for the Consumer Products Safety Improvement Act.

The PIB form consists of multiple pages or tabs. The first page/tab is an overview of your company and the product. The second page/tab contains pointed questions regarding product exclusive information that is specific to your product. Our teams will provide the appropriate form to you. The PIB must be completed and returned to your merchandise team by the date requested by the team. A PO will NOT be written until the Company has received the completed PIB.

Sample Procurement and Shipping Procedure

Each Merchandising team has different requirements for their development process and will communicate these directly to the vendor. Throughout the development process the Merchandising team may require multiple samples, including a final production sample for approval with proper labeling and bar codes.

Please follow the below procedures when shipping samples:

- Obtain approval from the Merchandising team before sending any samples.
- Unsolicited samples must NOT be sent.
- ALL packages must have the word “SAMPLE” clearly displayed.
- The Proforma Invoice must include the actual value of the product.
- Each sample must be labeled with Date, Buyer’s Name, Factory, Item #, SKU, First Cost, and Agent (if applicable).
- Ship samples in the most efficient and cost effective manner. At times the arrival of samples to the teams may be time sensitive. Communication throughout the process is important.
- If consolidating samples from multiple Merchandising teams in one container, proper labeling of every sample inside the container with the team’s name will help to expedite the delivery of your sample to the correct Merchandising team.

Sample/ PO shipments less than 60kg with carton dimensions of 60cms x 60 cms x 60 cms or less please ship using the Recommended Parcel Courier.

The Company Sample Parcel Shipments Account Numbers: FedEx Import Account #: 158107708

Sample / PO shipments over 60 kgs and or carton dimensions greater than 60 cms x 60 cms x 60 cms must use Air Freight Forwarder, Truck or be shipped by Ocean. Contact our Global Transportation Dept for approval.

- Shipping documents including the Invoice, packing list and BOL for air freight shipments should be emailed to airdocuments@crateandbarrel.com.
- Shipping documents including the Invoice, packing list and BOL for ocean / truck shipments should be emailed to importdocuments@crateandbarrel.com.

Production Changes

Once the Company has approved a production sample and both the testing results and factory social audit have been accepted, no changes can be made to the materials, construction, manufacturing facility, sub-suppliers, material suppliers, packaging components or package printing (any printed matter, including labels, inserts, and instructions) without the prior approval of the Merchandising team. Often even minor changes to the process or materials can affect both the look and the performance of an item. If changes are made, you may be required to submit additional samples for approval and/or testing prior to shipping the merchandise.

Quality and Compliance Manual

Please refer to the Company's [Quality and Compliance Manual](#) for in depth information regarding the Company's Quality and Regulatory Compliance Testing Program and Company testing policies and procedures. This Manual provides guidelines and additional information regarding testing costs, periodic testing, material changes, group testing, Franchise testing requirements, as well as a laboratory contact lists.

Product Quality and Transit Testing Program

The below information is a brief summary of the Company's Quality and Regulatory Compliance Testing Program. For in depth information, refer to the Company's [Quality and Compliance Manual](#).

All products supplied to the Company must comply with all applicable laws, regulations, guidelines and rules, as well as with the Company's quality standards. If a product does not meet these requirements, the vendor must notify the Company's Quality and Regulatory Compliance team as soon as the vendor is aware of such noncompliance. It is the absolute right of the Company, among other things, to cancel or return any noncompliant order(s) or products at the expense of the vendor without financial impact to the Company.

Our Quality and Regulatory Compliance and transit-testing program is a vendor pay program. All products are required to be tested by third party testing labs in order to assure compliance with all mandatory regulatory requirements as well as Company specified product performance and packaging requirements. Required product testing must be completed and be up to date prior to receiving approval for product shipment. You should always request a cost quote from the testing company prior to conducting product testing. Costs for testing will vary according to the product category and features of your product.

It is the vendor's responsibility to work directly with the Company's designated third party testing laboratories to submit all necessary online forms, including any applicable supplemental documents. In addition, successfully completing all testing requirements within the required timeline to meet business obligations and shipping schedules. Please note that the vendor is responsible for obtaining the Company's testing protocols from the nominated third party labs.

Ultimately, you are accountable for the safety and quality of the products you provide to the Company, and should a product be recalled for any reason, you will be held responsible for all related costs. The Company has developed a testing program designed to help ensure:

- All federal, state, and provincial legal requirements are met
- The product meets our performance and safety requirements, and
- The product is packaged in a way that will minimize damages incurred while in transit

The Company's approved third party testing partners are Bureau Veritas (BV) and Intertek (ITS); both have labs worldwide and can assist with product quality and transit testing. Other recognized labs may be used only with approval from Quality and Regulatory Compliance.

At the Company, we allow for "group testing" to help control testing costs provided certain requirements are met. Refer to the [Quality and Compliance Manual](#) for additional information regarding the group testing of regulatory and performance requirements. For packaging group testing requests please contact packaging-group@crateandbarrel.com. For questions regarding testing, see contacts below:

Type of Testing	Contact Information
Quality and Compliance	Your BV or ITS testing partner, or product-test@crateandbarrel.com
Packaging / Transit	packaging-group@crateandbarrel.com

Reasonable Testing Program

The Company requires vendors to regularly test products with third party labs as part of its periodic testing program. Periodic testing ensures that products continue to meet performance expectations and comply with applicable regulations. Test reports older than twelve (12) months from the date of issue are not considered valid and must be updated. Products cannot ship with expired testing and must have a new Company accepted test report on file for the applicable quality testing at least thirty (30) days prior to the ship date. Vendors found shipping product without a valid Company accepted test report may be subject to penalties.

Please see the below chart for additional information regarding what testing may be required at the time of reorder.

Testing Timeline		
Annual (Regulatory Requirements only)	Annual full protocol testing (Including Regulatory requirements)	Biannual full protocol testing (2 years)
All imported products with regulated requirements	High Risk Products	All imported Products

High risk products fall into the following categories:

- Children's products
- Electrical products
- Candles and candle holders
- Health and beauty products, and
- Imported food

It is the Business Partner's responsibility to notify the Company's Quality and Compliance team at product-test@crateandbarrel.com if no regulatory requirements are applicable. For more information, please refer to the Company's [Quality and Compliance Manual](#).

Product Transit Testing

In order to reduce damages caused during shipping, we require certain products pass a transit test protocol using standards adopted by the International Safe Transit Association (ISTA). Test protocols are based on the size and weight of the carton and the type of delivery method being used. Pallets are not considered to be part of a product's packaging and will not be included in the transit test. Only an ISTA Certified Laboratory can perform these tests for the Company. The Packaging Team will provide specific testing requirements. Please send transit test inquiries to packaging-group@crateandbarrel.com.

In general, if your package falls within the below listed parameters then you should have your product transit tested. If you are unsure, discuss this with your Merchandising team.

- Product is packed as a single, and does NOT fit into one of the below box sizes:
 - 24" x 20" x 15" (Crate and Barrel or CB2 product)
 - 27" x 20" x 7 7/8" (Crate and Barrel or CB2 product)
 - 26" x 18" x 10" or 24" x 16" x 15" or 36" x 7" x 7" (Kids products)

OR

- Weight of a product/package exceeds 30 lbs. (Crate and Barrel or CB2 product)

Exceptions to the above parameters:

- Textiles do NOT require transit testing
- Chairs that are packed in two's DO need to be transit tested
- Only test one color of the same product and size
- If the inner pack qualifies for transit testing, the inner will need to be transit tested, NOT the master carton.

Please ensure there is adequate time between transit testing and the ship date to ensure there are no delays. If you are unsure of this requirement, please discuss this with your Merchandising team.

Product transit testing will be required to be re-tested at a minimum every three years. We are constantly monitoring damage rates due to packaging issues, so we may require more frequent testing. We will notify you if additional testing is required.

Furniture and Housewares Packaging Guidelines

We have created two Packaging Guideline documents:

- [Furniture Packaging Guidelines](#)
- [Housewares Packaging Guidelines](#) for all other product categories.

Within these documents are guidelines organized by product category that provide recommended types of packaging materials, and placement of materials in the package.

Inbound Quality Assurance Program

To further complement our quality product and transit-testing program, we have an inbound quality assurance inspection program in our warehouses. The inbound inspection program is based on a random sampling method, a list of audit criteria developed by our Merchandising teams, and an acceptable quality level. Upon first receipt of a new SKU, our QA team will inspect the product according to the following categories:

- Labeling – must meet labeling requirements set forth in this guide.
- Packaging – ensuring that the packaging is executed according to the product transit test results or agreed upon packaging.
- General Appearance and Construction – comparing the production to the approved sample in terms of overall quality, color, performance, and acceptable characteristics.

Our goal is that every shipment will meet our expectations, however if they do not meet these requirements one of the following may occur:

- The item may be returned at the vendor's expense to the vendor for repair or replacement.
- The item may be repaired at the vendor's expense at a third-party facility or a warehouse.
- The entire shipment would undergo a 100% inspection at the vendor's expense to identify any acceptable goods. Unacceptable goods may be returned to the vendor or disposed of.
- Depending on the nature of the issue, the shipment may be accepted with the understanding that future shipments will be corrected with agreed upon improvements.

On-going inspections are done throughout the year on products with higher than average return rates, known quality or performance issues, or shipments that failed the initial quality inspection.

Assembly Instructions

For all products that require assembly, we have partnered with outside companies to create our assembly instructions. This helps us ensure consistency in style, and also allows us to post these [assembly instructions](#) on our website at the Company's website for the customer to view. In order to support our international expansion, these instructions will be

wordless. The printing and cost for this service is the vendor's responsibility, with the prices ranging from \$175.00 to \$350.00. Our Merchandising teams will communicate to you which products will require assembly instructions made by our outside company. If you are unsure about the type of assembly instructions needed, please contact your Merchandising team.

For all products that require assembly, the vendor is wholly responsible for working with our partner companies to create a set of written instructions explaining the proper and safe assembly, care, and cleaning of each product, for reviewing, and then accepting or rejecting any changes to the assembly instructions made by the Company or our partner companies. The vendor must follow the assembly instruction creation timeline as dictated by our partner companies. In the event that a change to the assembly instructions is needed after they have been approved, the vendor must notify the Company as soon as possible and include any Company and vendor approved updated assembly instructions in all subsequent production.

Ultimately, the vendor is responsible for the final content of the assembly instructions regardless of any changes proposed by the Company or our partner companies, and shall defend, indemnify and hold the Company and its partner companies and affiliates harmless under this Vendor Operations Guide for any damages or losses arising out of or related to the assembly instructions.

Replacement Hardware

A common customer complaint involves missing or incomplete hardware. The Company is extremely sensitive to customer issues and would like to resolve them as quickly as possible. Our only option when hardware is unavailable is to pull inventory and remove hardware from existing merchandise. In order to alleviate this situation the Merchandising team will negotiate an arrangement for additional hardware up to 10% of the total units ordered free of charge. The replacement hardware will appear on the purchase order contract and will be assigned a SKU and order quantity. It is extremely important that the hardware requests be processed in a timely manner and that the following guidelines are followed.

Replacement Hardware Packaging

Package the replacement hardware as if it were shipped with the merchandise. For example, if an item required 4 nuts, 4 bolts, and 4 washers to assemble, please assemble all units to form a complete pack. This will allow the Company to send the customer a complete assembly packet. Include a copy of the assembly instructions in each packet.

Also, label each individual packet with the hardware SKU number, vendor name, and description.

Carton Labeling and Shipping Requirements for Hardware

Please follow the carton labeling requirements outlined in Section 12 of this guide. Mark each carton label “Attention – Receiving Department.” In addition to invoicing instructions in Section 18, hardware must be listed on the invoice and fully detailed as follows:

1. Total number of pieces in the packet must be listed.
2. Components of the hardware packet must be listed (screws, bolts, etc.).
3. Material of all parts must be listed (brass, steel, plastic, etc.).
4. FOB value of the hardware needs to be listed on the invoice for U.S Customs.

Private Label Packaging

Many of the products we offer are exclusive to the Company and are displayed using packaging specifically designed by the Company’s Creative Department. There are two ways we develop Private Label Packaging:

1. The Company sources, prints and delivers the material to you.
2. We ask that you source, quote and print the materials. If we require your assistance with our display packaging, our Creative and Merchandising teams will provide all Private Label Packaging requirements, printing specifications and assembly instructions.

Standard requirements of the Private Label Packaging development process for vendors include (but are not limited to) providing:

1. Packaging Specifications (if applicable).
2. Material, color and blank structure samples (also referred to as construction samples) for approval.
3. Price quote for approval.
4. Final art deadlines.
5. Print proofs for approval. Color correct proofs on final material or standard proof with ink drawdowns on final material is required by the Company’s Creative Department before running print job.
6. Assembled production proofs for approval. A fully assembled product with all approved packaging components (including barcode sticker) is required by the Company’s Creative Department prior to full production or product shipment.
 - Print Proof 1: Due no later than 3 weeks from release.
 - Print Proof 2 (if needed): Due no later than 5 weeks from release.
 - Specific dates are subject to change and are provided in the art spec block and in the art release email. All proof must be sent to the attention of the associate who released the artwork. Failure to send proofs to the Creative Department could result in delays in approvals.
 - Assembled Production Proof: Due 2 weeks after print proof approval
7. Protective packaging (i.e., Poly bags, tissue paper, padded inserts, shrink wrap, etc) for shipping to prevent damage to packaging and product inside. Furthermore, it is

the responsibility of the vendor to conduct drop tests to ensure the safety of product inside all private label packaging. Please Note: Requirements may vary depending on the product.

Packaging Exclusivity

Private Label Packaging projects shall remain exclusive to the Company and under no circumstances should these designs be shown to another company. If the Company agrees to release a design to the vendor, that communication will be provided in writing by the Merchandising team.

Indemnification and Insurance Requirements

Indemnification

You agree to defend, indemnify and hold harmless the Company and its affiliates for any liability or claims arising out of or relating to your acts or omissions and/or any products or services provided by you (or your business partners), or a breach of any representation to Crate and Barrel in the Vendor Operations Guide by you and/or your employees/associates, including without limitation the costs of defending and resolving any such liabilities and claims.

Insurance

Vendors also must carry minimum amounts of insurance of the types and the coverage amounts specified below from a licensed or authorized insurer having an A.M. Best rating of A-VIII ("Excellent") or higher, and must provide the Company with a certificate of insurance confirming the existence of such coverage and the satisfaction of the additional insured requirements as specified before any purchase order is written.

Products Liability Insurance

For vendors providing the Company products to sell, products liability insurance in an amount of at least One Million Dollars (USD \$1,000,000) per occurrence is required. Any aggregate limit must be unimpaired.

Workers' Compensation/Employer's Liability (applicable if deliveries are being made to Company premises, or if vendor will be on premises for any other reason)

Workers' Compensation insurance coverage in such amounts and on such terms as are sufficient to meet all applicable statutory requirements in all applicable jurisdictions. Employer's Liability coverage with limits of at least the following: Five Hundred Thousand (USD \$500,000) bodily injury by accident – each accident; Five Hundred Thousand (USD \$500,000) bodily injury by disease – each employee; Five Hundred Thousand (USD \$500,000) bodily injury by disease – policy limit. The Employer's Liability limits may be combined with either an Excess or Umbrella Liability policy.

Automobile Liability (applicable if deliveries are being made to Company premises, or if vendor will be on premises for any other reason)

Coverage for owned, leased, hired, and

non-owned vehicles with a combined single limit of One Million Dollars (USD \$1,000,000) per accident for bodily injury and property is required.

Excess/Umbrella Liability

Excess of primary general liability, automobile liability and employer's liability insurance in an amount of at least Five Million Dollars (USD \$5,000,000) per occurrence is required. Any aggregate limit must be unimpaired.

All required policies (other than the Worker's Compensation insurance) shall name **"Euromarket Designs, Inc.; Crate & Barrel Holdings, Inc.; Crate & Barrel Canada, Inc.; and each of their respective and collective subsidiaries, affiliates, officers, directors, employees and beneficiaries"** located at 1250 Techny Rd., Northbrook, IL 60062 as additional insured's under ISO forms #CG2015 and #CG2026 (11/85) or its equivalent, such that those entities and individuals are provided additional insured status for all specified coverage, including, without limitation to, products liability coverage. The coverage provided by the Additional Insured endorsement shall be primary without right of contribution by any coverage carried by Euromarket Designs, Inc.; Crate & Barrel Holdings, Inc.; Crate & Barrel Canada, Inc. or any of their respective or collective subsidiaries, affiliates, officers, directors, and employees. - The policies shall include a Waiver of Subrogation endorsement in favor of Euromarket Designs, Inc.; Crate & Barrel Holdings, Inc.; Crate & Barrel Canada, Inc. or any of their respective or collective subsidiaries, affiliates, officers, directors, or employees under ISO form #CG2404 or its equivalent.

The policies shall contain a severability of interests clause for all additional insured's without cross suits liability exclusion. We require that you provide the Company with a certificate of insurance and a copy of your Additional Insured endorsement evidencing the insurance coverage specified above prior to a purchase order being written. You should contact your insurance agent/broker to obtain these documents. If you are working with or providing product to the Company, please forward your Certificate of Insurance and Additional Insured endorsement to vog-product-liability-insurance@crateandbarrel.com.

Section 9

On-Time Shipping Policy

As the Company has grown, our vendors have grown with us. We value each and every one of our vendor partnerships and consider this to be one of our core strengths.

The Company is a multi-channel retailer with sales being generated through our Retail, Catalog, and Internet channels. We believe that our product offering to our customer should be consistent across all of these channels and we count on getting our orders from our vendors – on time and complete. We have made major advertising and catalog investments in order to present your product to our customer. When we do not have the product we advertise, we not only fail to sell the product, we often lose the customer. We work hard to make sure our customers are never disappointed, and we expect and look forward to your cooperation in this effort. We feel it is important to communicate our expectations to you and provide a corporate policy that is flexible and fair.

Purchase Order Contract

The ship date on the purchase order is the key to our Shipping Policy. For this reason, it is imperative that when you receive a Company Purchase Order, you acknowledge the ship date and confirm that you accept the terms of the purchase order. Please contact your Merchandising team if the ship date is not achievable - we will work together to develop a mutually acceptable ship date and the purchase order document will be revised and reissued. As always, a purchase order confirmation will again be required. The Company does have the right to alter quantities if the ship date is revised.

If you find that the anticipated ship date is different from the confirmed purchase order, you must contact your Merchandising team to discuss the specific situation and to develop a solution that is mutually acceptable. Pro-active communication of a delay in a shipment can help us to reduce the negative impact on our customers.

On-Time Shipping

Currently, our on-time shipping policy is the last approved ship date plus or minus 5 calendar days (this creates a shipping window of 11 calendar days). An “early shipment” is defined as shipping more than 5 days earlier than the last approved ship date. A “late shipment” is defined as shipping more than 5 days after the last approved ship date.

To support U.S. Customs requirements, the ship date will match the purchase term listed on your purchase order. The purchase term listed on your purchase order is the point where transfer of ownership between the manufacturer and the Company takes place.

Import – FOB (Freight on Board) – For import PO's with a purchase term of FOB, the last approved ship date will be defined as the Cargo Handover date.

Import – Ex-Factory – For import PO's with a purchase term of ex-factory, the last approved ship date is defined as when the shipment leaves the factory.

Domestic – FOB Origin – For domestic PO's with a purchase term of FOB Origin, the last approved ship date is considered the date the shipment leaves the factory.

Domestic – FOB Destination – For domestic PO's with a purchase term of FOB Destination, the last approved ship date is considered the date the shipment arrives at the Company's warehouse ship-to location.

If for any reason, you feel that your shipment will be late, you must contact your Merchandising team prior to the last approved ship date listed on the purchase order to discuss implementation of one of the following options:

- You can upgrade the transportation method in order to get the goods to the Company at approximately the same time as if the shipment had been shipped on time. You will be responsible for the incremental costs of the upgraded transportation. Technically, the shipment has shipped late. However, because you are taking proactive steps to get the merchandise to the Company in a timely manner, all other penalties will be waived.
- If a shipment is leaving more than 15 days late, in addition to the late shipment penalty, you are expected to pay for upgraded transportation with the entire transportation charge being at the vendor's expense.
- The Company has the right to cancel all or a portion of units of the late purchase order.

Partial Shipments

The Company purchase order may contain different ship dates for different items. The items on the purchase order must be shipped in their entirety and on time. Any split shipments of an item are not permitted without the prior approval from the Company's Merchandising team. Split shipments without prior approval may result in implementation of the On Time Shipping policy for the partial shipment quantities that are late.

Product Quantity Variance

The Company will allow a maximum variance on a purchase order (over or under) of up to 3% per SKU. Specific product categories may not allow any variance and you should contact your Merchandising team if you have questions regarding this. If the shipment variance is greater than 3% (over or under), the following may occur:

- If the shipment is under the purchase order quantity, the remaining units on the purchase order are governed by the Company's On Time Shipping policy.

- If the shipment is over the purchase order quantity, one or more of the following may occur:
 - The Company reserves the right to return the excess units at the vendor's expense.
 - The Company reserves the right to cancel units on future purchase orders equal to the amount of variance on the current shipment.
 - The Company will accept the excess units in exchange for a 20% discount from the purchase price on the excess units.

Cancellation Policy

The Company reserves the right to cancel all or part of the units on a purchase order if the shipping window has been missed. The Company reserves the right to cancel the excess or shortage units that result from a shipment variance to the purchase order greater than 3% (over or under).

Early or Late Shipment Penalty

If your shipment is early or late (shipping outside of the ship window), the Company reserves the right to charge 1% of the purchase price per day for the shipment (this charge will not exceed 15%), and/or to charge the loss of gross margin sales in the case of a late shipment.

We will calculate gross margin loss as:

Gross Margin Loss = (Planned Sales – Actual Sales) x Gross Margin %.

Note: Gross margin % must be based on our landed cost.

Section 10

Company Brand Labeling

From the day the Company first opened for business almost 50 years ago, the visual appeal of the product has been our primary selling point. For that reason, we display most items in our stores without packaging. For those items that do require packaging, our design criteria are that it be eye-catching and aesthetically pleasing. The SKU barcode and textile sewn-in labels that are applied to our product are extremely small and intended to improve the checkout process without distracting from the appearance of the product.

Barcode Label Procurement Process

The Company has a vendor order and vendor paid barcode label program. Vendors are required to order and purchase labels from an approved barcode label provider. In order to maintain consistency across all products, vendors are not allowed to print barcode labels. The Merchandising team must approve any exceptions. The appropriate label formats required for each SKU will be listed on the Company's purchase order, and should be ordered well in advance of the purchase order's ship date. It is the vendor's responsibility to make sure labels are correct and the order is complete. The Company will consider a shipment delay due to label issues to be the vendor's responsibility. Any exceptions must be discussed directly with your Merchandising team.

A vendor who supplies the Company with product in the following Department / Classes can be exempt from our barcode labeling requirements. Contact your Merchandising team with any questions.

- 01: Kitchen (National branded vendors as defined by the Company and with own UPC labels)
- 25/20: Accessories / Home Accents (Gifts only with own UPC labels)
- 25/30: Accessories / Candlelight (Domestic candles only with own UPC labels)
- 25/40: Accessories / Wellness (With own UPC labels)
- 50/20: Furniture / Special Order (No barcode or UPC labels required)
- 31/07: CB2 Bath / Accessories
- 31/11: CB2 / Gifts

When you are ordering labels, please order 3-5% extra in the event that some labels are damaged while being applied to the product. Any excess labels that are not used on current or future Company orders must be destroyed and cannot be used on products sold to any other company. The vendor will be responsible for removing the labels from items that the Company has not agreed to purchase through a confirmed purchase order.

We are currently partnering with Fineline Technologies, Nexgen Packaging and Avery Dennison as our preferred barcode label providers. You may use any of these providers to source your labels. Each vendor will provide you with order information, pricing, and account set up information.

Listed below is the current contact information:



- Fineline Technologies
1-800-500-8687
support@finelinetech.com
- Nexgen Packaging

630-455-5500 (U.S. Orders)
+44 118 3030030 (Europe Orders)
+852 3551 2600 (Asia Orders)
crate.barrel@nexgenpkg.com
- Avery Dennison
336-808-7275
Toby.Griffin@averydennison.com

Barcode Label Format Illustrations

Listed below are examples of the barcode labels currently in use by the Company (the appropriate logo will be used for each company). These are meant for illustrative purposes only. The company logo, SKU, description, country of origin, and retail price (where appropriate) will vary based on the specific SKU information.

ILLUSTRATION	LABEL TYPE CODE	DESCRIPTION
	<ul style="list-style-type: none"> • DUM – Dumbbell with Price • DNP – Dumbbell no Price • 905 – CB2 Dumbbell with Price 	Primarily used for ornaments, small gifts, some baskets, and other seasonal items.
	<ul style="list-style-type: none"> • SSN – Standard Label no Price • 930 – CB2 Standard Label no Price 	Most commonly used barcode label accounting for over 80% of our total volume. Label uses a removable adhesive with a security cut to prevent tampering.
	<ul style="list-style-type: none"> • KIM – Hangtag Label no Price • 915 – CB2 Hangtag Label no Price 	Hangtag Label is used for items where an adhesive label will not adhere.
	<ul style="list-style-type: none"> • CLR – Clear Label with no Price 	Same size and dimension as the standard label, however this item is printed on clear acetate. Used primarily for colored glass items where a white label would distract from the presentation of the product.

ILLUSTRATION	LABEL TYPE CODE	DESCRIPTION
	<ul style="list-style-type: none"> WSN – Wood Label no Price 	Same size and dimension as the standard label, however this item is printed with permanent adhesive to adhere better to wooden products.
	<ul style="list-style-type: none"> RLP – Removable Label w/ Price 	Used primarily for food pantry items. Label utilizes a removable adhesive with a security cut to prevent tampering. Retail price is printed on the bottom of the label.




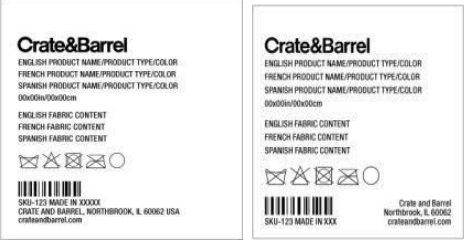
Barcode Label Placement

The barcode label must be applied to the item in such a way as to not distract from the appearance of the product. The location of the barcode must be consistent on every unit of the same item (i.e. a shipment of 500 wine glasses must have the barcode in the same location on each unit). Some items have the barcode label already incorporated into the packaging design provided by the Company (example: candles, and food containers). In these instances an additional barcode label will not be required. If you are unsure as to where to place the barcode label, please discuss this with your Merchandising team.

Textile Care and Fiber Content Tags / Labels

All textile products must contain a care tag that is sewn into the product or have a care label adhered to either the product or product packaging. Vendors are required to create and produce all tags and labels using the Textile Care Template Art Files provided by your Merchandising team. Vendors must also follow the guidelines outlined in the Crate and Barrel Textile Care Templates Vendor Training Manual and the CB2 Textile Care Templates Vendor Training Manual, as provided by your Merchandising teams. Product Names and SKUs will be provided to vendors by the Merchandising team. The vendor is responsible for providing all additional and accurate product information including (but not limited to) care, fiber content, flammability information, and product measurements. Sewn in tag material and printed information must be able to be laundered and ironed. Adhesive label materials placed directly on products must adhere to the product and not leave a residue or stain when removed. Vendor's are required to provide proof of all final tags or labels with all final and accurate information for approval.

Approval of a final tag or label proofs is required by the Company prior to full production or product shipment. It is the vendor's responsibility to have these labels printed in a timely manner using the artwork templates provided. The Company will consider a shipment delay due to label issues to be the vendor's responsibility. Any exceptions must be discussed directly with the appropriate Merchandising team.

ILLUSTRATION	Description
	<p>Rug care label may either be sewn-in or applied with an adhesive label.</p> <p>Size: 2.5" x 5"</p> <p>Stock: White Tyvek or white polyester to be sewn into product or white adhesive label.</p> <p>Inks: 100% Black</p>
	<p>Primarily used for pillows. Label is folded in the center.</p> <p>Size When Folded: 1.375" x 2.23"</p> <p>Stock: White Tyvek or white polyester to be sewn into product.</p> <p>Inks: 100% Black</p>
	<p>Used for most textile items. Label is folded in the center.</p> <p>Size When Folded: 1.375" x 2.125"</p> <p>Stock: White Tyvek or white polyester to be sewn into product.</p> <p>Inks: 100% Black</p>
	<p>Used for items where a sewn-in label cannot be used due to the construction of the textile item.</p> <p>Size: 2.125" x 2.125" or 2.625" x 2.625"</p> <p>Stock: White adhesive label</p> <p>Inks: 100% Black</p>

Item Tag and Label Errors

If the item tag or label is missing or incorrect when the Company receives the shipment, the vendor will be responsible for the costs that will be incurred by the Company. The cost for any labeling or re-labeling project is \$0.25 per unit, or the total cost of the labeling project. The vendor will be charged a minimum of \$250.00 per receiving location.

Section 11

Packaging Requirements

The Company expects its vendors to package their merchandise adequately to endure the normal handling and movement experienced within our supply chain and while the product is in-transit to our customer. In order to protect the safety of our associates, when multiples with the same SKUs are packed in a master pack, the master package (outermost package) weight should not exceed 60 lbs. The Merchandising team will communicate requirements above and beyond those specified here and must agree to any exceptions. Each vendor is responsible for the quality of packaging. Vendors that are identified as having poor packaging will be solely responsible for all damages, concealed shortages, and claims.

We have created two Packaging Guideline documents:

- [Furniture Packaging Guidelines](#)
- [Housewares Packaging Guidelines](#) for all other product categories.

Within these documents are guidelines organized by product category that provide recommended types and amounts of packaging, and placement of materials within the package.

The illustrations on the following page shows how many different times your packaged product may be handled within our supply chain before it gets to the consumer. This is why the proper packaging is so critical to ensuring an issue free delivery.

Carton Packaging Guidelines

Due to our wide and varied product offering, it is extremely difficult to provide carton recommendations that will be universal for all vendors. However, we have developed a short list of requirements that address the most common packaging issues that we see.

Master and Inner Carton Requirements

Most packages, but not all, being sent to the Company will have both a master and inner carton. The inner carton can be considered the corrugated boxes immediately surrounding the product. The master carton would be the larger corrugated box that contains several inner cartons. Both the inner and master cartons must adhere to all the requirements listed in this document, including carton strength, void space limits, flute direction, and sustainability goals.

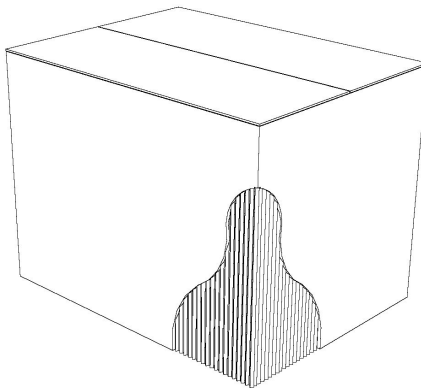
Carton Strength

The carton strength must be adequate for the weight and the stacking strength required to support the full weight of the pallet of boxes (if box is on bottom layer). The following box strength requirements are based on packaging industry standards as well as our own experience. The Company will accept either Burst Strength (lbs per sq inch) or Edge Crush as a form of measuring acceptable carton strength

Carton Weight (LB)	Carton Weight (KG)	Bursting Test (lbs/sq inch)	Edge Crush Test (lbs/inch width)	Corrugated Combined Board
0-30.0	0-13.0	200	32	Double-wall
Greater than 30	Greater than 13	275	44	Double-wall

Flute Direction

To prevent damages that may occur due to compression, when carton is positioned in the shipping direction the flute must be in vertical direction.

**Packaging Reduction Goals and Requirements**

The Company strives to implement business practices that will achieve our goals while being sensitive to the environmental impact. Our products should arrive to our customers home undamaged and looking as beautiful as they do in our stores, catalogs and online. We take important steps to improve the packaging materials we use with the goal of protecting your purchases as well as the environment. As part of our commitment, we will regularly explore the latest environmental material improvements, and we are encouraging our vendors to do the same. In recognition of our commitment to the environment we ask that vendors meet the following packaging guidelines:

- Whenever possible, the Company prefers our vendors to use sustainable, easily recycled packaging materials. Packaging materials made from recycled content is also preferred.
- Styrofoam (EPS) should not exceed 12% of the total volume of the packaging.
- Recycled materials must meet all performance and quality standards.
- Reused packaging materials are not accepted.
- All products must pass any applicable transit tests (currently in place for furniture items and large accessories that ship in a master pack quantity of 1).
- Banding is not preferred, but may be used if necessary. Metal banding is not accepted.

Item Cushioning

Cushioning must be adequate to withstand normal distribution hazards. Fragile or breakable items should be packed with cushioning material to limit interior movement and protect against distribution hazards. For furniture items (including Ready-To-Assemble furniture), corners, edges and faces need to be protected using cushioning of the proper density to support the product weight. In addition, all assembled items with attached legs **MUST** utilize spacer boxes to elevate the bottom of the legs off of the master container. Legs must be suspended at least 2 inches from the bottom of the master container. To protect legs against side impacts, proper cushioning should be applied. See the table below for cushioning specifications. Please refer to the Company's Packaging Guidelines for further information.

Surface Protection

For items that may come in contact with each other, cartons, or interior corrugated dividers should be wrapped in an appropriate protective material. Extremely fragile or breakable items should be wrapped in 3/32 foam to prevent damaging of the surface.

Desiccant Packs

Desiccant packs must be used in all packages to prevent damage to the product and packaging. Desiccant packs help prevent any possible rusting on metal products, as well as mold and mildew on textiles, wood, and paper products and packaging. This is of particular concern if products are produced, packaged, or loaded into containers during high humidity seasons. Children's Products requires desiccant packs in packaging for all categories with the exception of baby and kids bedding, throw pillows, and curtain panels.

Product/Carton Fit

Components within the carton should be secured so no movement is possible within the carton. For housewares products, they should also be packed so that there is a maximum of ¼" of void space in any direction. Void space should be considered the space between the edge of the product and the beginning of the carton. The space is still considered void if it is filled with cushioning materials, unless those materials are deemed necessary for the protection of the product. The only products exempt from this requirement are cookbooks.

Carton Closure

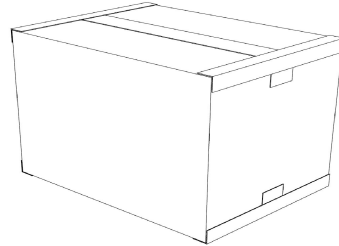
The carton closure should be adequate to secure the contents and prevent shipment shortages or damages. Proper carton closure can be achieved utilizing either pressure-sensitive sealing tape or water-activated reinforced tape. The taping method should create an "H" pattern on both the top and bottom of the carton by sealing across all of the major and minor flaps. Cartons weighing less than 15 lbs (or 6.8 kg) should have a minimum tape width of 2 inches (or 5.08 cm). Cartons weighing more than 15 lbs (or 6.8 kg) should have a minimum tape width of 3 inches (or 7.62 cm).

Staples or banding may not be used as a carton closure method. Staples and banding often damage the product and expose our customers and associates to possible personal injury when opening.

Additional Packaging and Handling Guidelines

Tamper Evident Packaging Tape

We also recommend our suppliers use tape that incorporates either the supplier's (or the Company's) brand logo or tamper-evident tape to seal all master cartons.

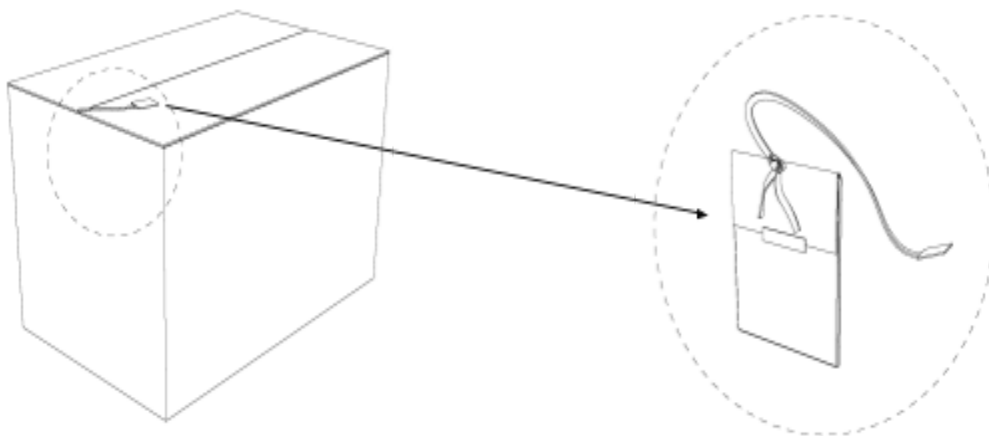


Hardware Packaging

When packaging an item that contains hardware, please ensure that the hardware packet is clearly labeled and easily identifiable. If not, it may be inadvertently disposed of or misplaced when unpacking the carton. We have found that by using the packaging method listed below, the likelihood of missing hardware is reduced:

- A product's hardware should be packaged in a blister pack or red envelope/sleeve based on direction provided by your Merchandising team.
- Assembly Instructions should be packaged in a red envelope/sleeve.
- Attach the blister pack and envelope/sleeve to a red ribbon/string.
- Secure the blister pack and red envelope/sleeve inside the carton in a way that will not damage the product while in-transit and that is easy to ID when the carton is opened.
- Feed the other end of the string/ribbon through the top flap of the carton and secure to the top or side of the carton.
- Label the end of the ribbon/string "Hardware Enclosed."

Hardware Packaging Illustration



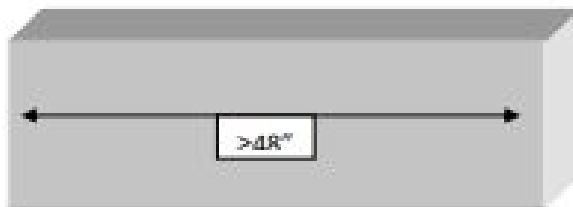
Component Packaging for Unassembled Chairs

Within our distribution centers, individual chair components are picked out of the master carton and need to be easily identified and removed to fulfill orders. Components (seat, legs, and hardware) need to be labeled and the hardware needs to be attached to a piece of the chair. We have seen success with wrapping the hardware bag around the chair legs.

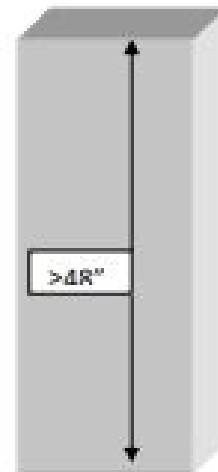
Packaging for storage at the Company

Due to the way the Company warehouses are set up along with the ramifications of OSHA requirements, some consideration should be taken when designing the packaging for a piece that will be warehoused in one of our distribution centers. Items where the longest dimension is longer than 48" will most likely be stored on their end. This is generally applicable to items like side tables and media centers.

Items that are shaped like this:



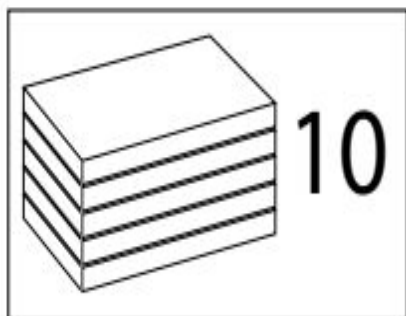
Will be stored like this:



With this knowledge, internal protective packaging needs to be sufficient on all corners, edges, and faces to provide adequate protection against distribution hazards regardless of orientation. If a product is going to be shipped to the Company packed in something other than a corrugated carton it will need to be reviewed by our team so that we can determine the warehouse orientation. Most of our furniture is moved through our warehouse using a hand truck or dolly, and we may use alternate orientations for storing an item if it allows for the use of a dolly.

Storage and Handling Markings

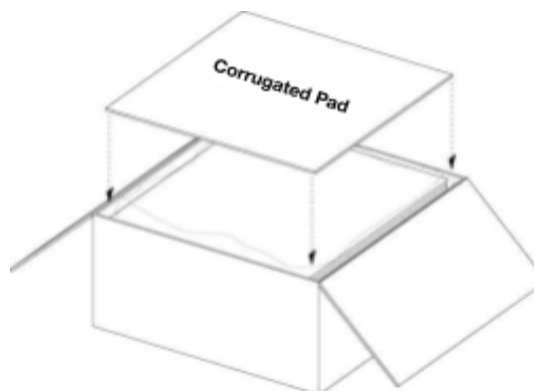
For all furniture pieces, an arrow indicating storage orientation alongside the words “This end up” will be required. This arrow will indicate which orientation the piece should be shipped and stored. This arrow can be pre-printed, labeled, or stenciled onto the master carton. This should be the only instance of an arrow on the outside of the packaging. In addition to orientation arrows, please indicate any other specific handling requirements, such as “Handle with Care”, “Fragile”, and “Do not Stack.”



Another visual we are now requiring on the packaging is the maximum stack height of the product. When products arrive to our DC they may be stacked during staging and storage. Without knowing the maximum stack height that the product can withstand our associates could over stack product.

Display Packaging

In order to prevent cutting through the display packaging (i.e., plastic bags for comforters/sheets, holiday tins, boxed for display photo frames) when opening a carton with a utility knife, please use an additional piece of corrugate on top of the product.



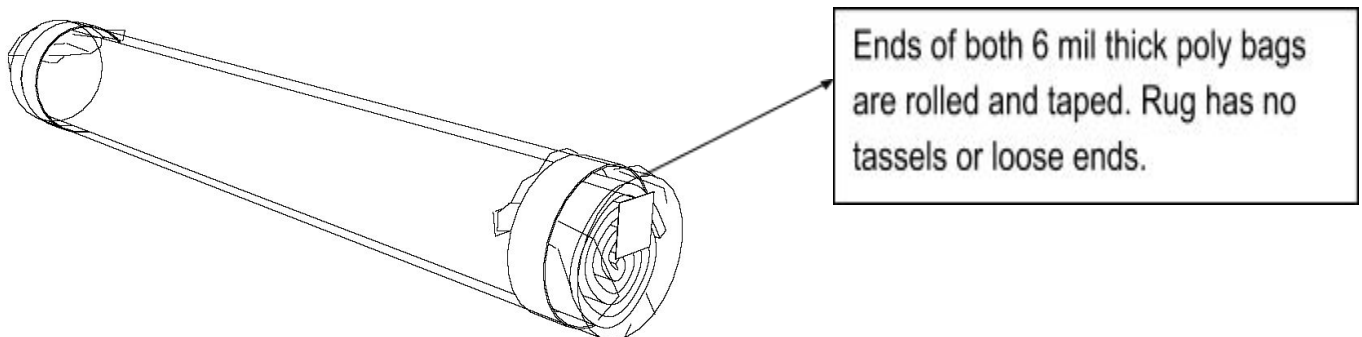
Rug Packaging Guidelines

Packaging a rug in order to protect the product as well as enable shipment to our customers can be challenging. The following rug packaging guidelines have been tested throughout our facilities and we have found them to be the most successful in reducing damages and protecting the product while streamlining the distribution process.

General Packaging Guidelines

- Please utilize two 6 mil thick poly bags or corrugated carton for master and inner packaging materials.
- The width of the poly tubing should be sized to fit tightly around the rolled rug. The ends of the poly tubing should be sealed, taped, or secured flush to the ends of the rug roll. We cannot accept rugs that have tassels; knots or handles of poly tubing that extend beyond the end of the rug roll. (See illustration below.)
- Please roll the rug in a compact and tight manner; this enables us to reduce our shipping charges. When rolling a rug, please roll so the smallest dimension is the length. For example, when rolling a 2' x 3' rug, roll the rug so the length is 2'.
- We require that all non-cotton rugs be rolled to avoid permanent creasing.
- Within a unit pack, each rug must be individually folded or rolled. Do not roll multiple quantities of rugs in one roll. This creates distribution difficulties for us.
- Master carton labels should be placed on both ends of the roll so it can be viewed from either end when stacked on a pallet. (See illustration below.)
- Please utilize silica gel packets in all unit packs to absorb any excess moisture and prevent mold and odors in transit.

Rug Packaging Illustration



Section 12

Carton Labeling and Packing Lists

In an effort to streamline paperwork requirements for our vendors, we have updated our carton labeling specifications to be consistent for both import and domestic vendors. Because we may allocate your merchandise to our stores in either the full master pack or inner pack units, please note the section regarding inner carton labeling specifications. Please contact the Merchandising team you are working with regarding specific inner carton labeling requirements.

Master Carton Labeling

In order to facilitate shipment receipt at our warehouses, each outer carton should be clearly labeled on the right side of the carton, centered from the top and bottom. The master carton labels generated via the Infor Nexus/EDIPX websites meets all of our specifications. These carton labels are essential to the receiving process in our warehouses and stores.

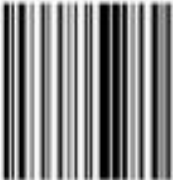

The following are required information on the master carton label

1. From: Ship from location. Vendor name should not be visible, vendor number required
2. To: Ship to location
3. SKU barcode and SKU number
4. Carton quantity (Master pack quantity)
5. Weight of carton
6. SKU Description and Vendor item ID
7. Dept number/Dept description
8. Class number/Class description
9. Purchase order number
10. Item Country of Origin
11. Last 4 digits of the serial number of cartons
12. Serial number of carton and barcode

Master Carton Label Illustration

The following illustrations are meant for demonstration purposes only. Please feel free to contact us if you have any questions about our current label formats.

The Company Master Carton Label

FROM: Vendor # 255 LAKRI FAZALPUR MORADABAD, Uttar Pradesh, 244001 IN	 370-993
TO: 199 EUROMARKET DESIGNS, INC. 1860 W JEFFERSON NAPERVILLE, IL, 60540 US	Carton QTY: 144 Weight: 144.5 KG
MERRY NAPKIN RING	
AD-SBP-01	
05 ENTERTAINING 25 ACCESSORIES	
PO: 199-8080 Country: IN	2206
(00) 1 0025528 000052220 8 	

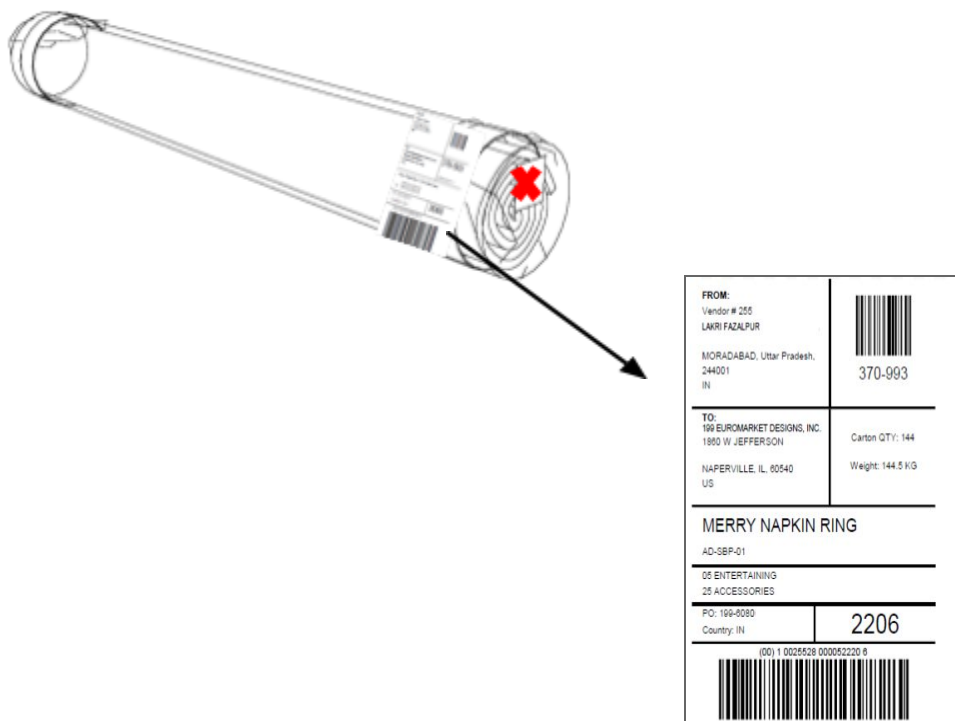
Master Carton Label Placement Illustration

Below is an illustration of the proper master carton label placement for corrugated cartons. Infor Nexus shipments require 2 labels be applied on adjacent sides for corrugated cartons.

Rug label placement

Place labels on the side of the rug close to the end of the roll.

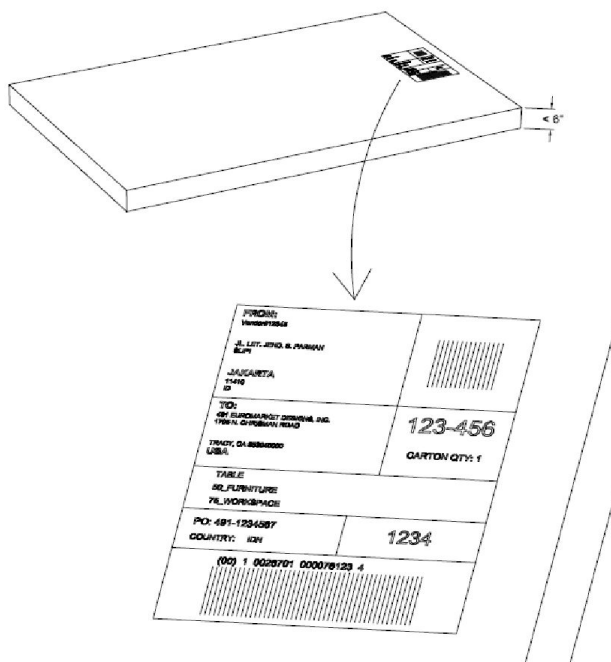
For Infor Nexus shipments, place labels on both sides toward the end of the rolled rug.



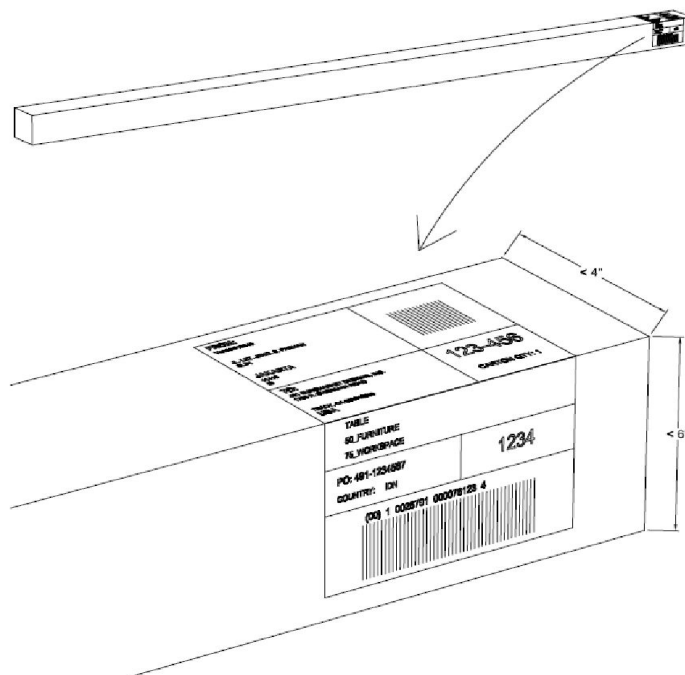
Additional Carton Placement Illustrations

For Infor Nexus shipments, adding 2 labels to the carton is at the discretion of the vendor due to space constraints.

Label placement for cartons with height less than 6 inches:



Label placement for cartons with width and height smaller than label size:

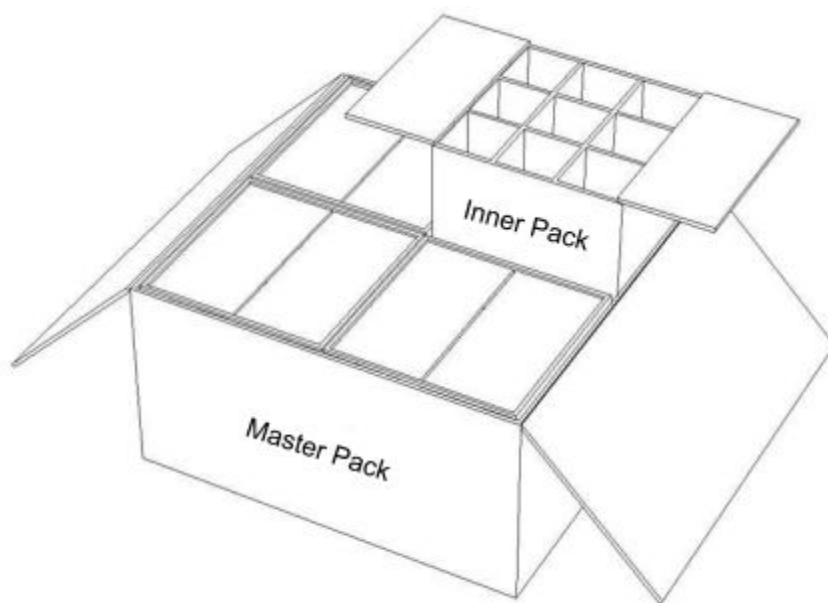


Inner Packs

An inner pack refers to the quantity of product packaged together inside the master carton. An inner pack quantity can be as little as 1 unit (each item packaged individually but placed in a master carton). Our goal is to assign inner pack quantities that are efficient for those occasions when we have to ship less than a full master carton to our stores. In addition, we try to consider inner pack quantities that are consistent with the customer's purchasing patterns when buying multiple quantities of the same SKU.

The required inner pack quantity is listed on the purchase order. It is important that the master pack and inner pack dimensions are consistent in size and configuration on each shipment. Product profiles (master pack, inner pack and dimensions) are used across the supply chain and inconsistencies create data integrity issues in our systems. The warehouses cannot receive a shipment that differs from the stated inner pack quantity without contacting Merchandising for approval. In many cases, when we receive an incorrect master and/or inner pack, the inventory must be repackaged. In the event that the master and/or inner pack does not match the purchase order, the vendor will be charged a minimum of \$500 per Distribution Center where the correction project is completed, or the cost of the project (\$64/hr. + materials + disposal if applicable), whichever is greater to resolve the situation.

Master Pack/Inner Pack Illustration



Inner Carton Label Illustration

Inner Unit Pack Carton Labeling. This information will be noted in your Purchase Order. All inner packs require Inner Unit Pack Carton Labels with the below 3 points of information.

1. SKU number
2. SKU Description
3. The quantity of SKUs or sets in the inner pack carton. Please only use pieces or sets. Using the words “dozens,” i.e. 6-dozen instead of 72 is not permitted.

Inner Carton Label Illustration

(1) 123-456

(2) Pretty Goblet

(3) 9 pieces

(1) 456-789

(2) 5 piece bowl set

(3) 2 sets

Additional Labeling Requirements

In addition to the master carton labels which are required for all cartons, additional labeling is required if any of the following criteria applies. This information can be either printed directly on the carton, or applied using separate labels.

Special Order/Made to Order (Custom) Shipments

All cartons must have the word “CUSTOM” boldly displayed using a brightly colored label on a minimum of two sides.

Adult Assembly Required Labels for Children’s Products

If a children’s product requires customer assembly, we require that you attach a bright orange sticker, at least 3” x 5”, with “ADULT ASSEMBLY REQUIRED” printed in black on each box. This sticker should be placed on one side of the box, not on the top or bottom. If you are not sure whether you need to apply this label, contact the Merchandising team and the Product Regulatory department.

Perishable Food Product Labels

If your product is perishable food, you must label the outside of the carton as such. Your Merchandising team will advise if this is required.

Two Man Lift Labels

In order to protect the safety of our associates, the master package (outermost package) weight should not exceed 60 lbs. If the carton weighs over 60 lbs., please apply a sticker at least 3" x 5" with "TWO MAN LIFT" printed in black on each box. This sticker should be placed on one side of the box, not on the top or bottom.

Carton Weight

The carton weight must be printed or labeled on the outer carton, either in pounds (lb) or kilograms (kg).

Lot Number and date

Include manufacturing lot number and production date

Merchandising Sample Shipments

All cartons must have the word "SAMPLE" boldly displayed using a brightly colored label on a minimum of two sides.

Labeling of Food Contact Items

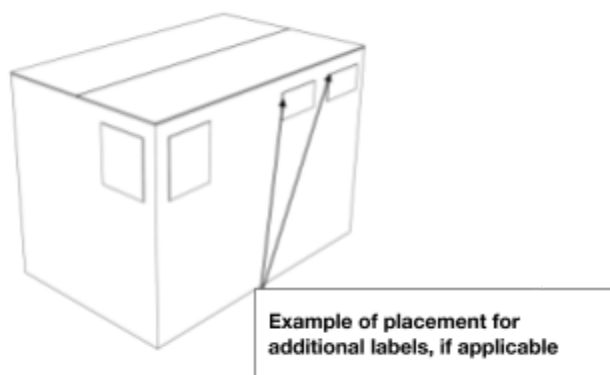
Any item intended for serving, preparation, or storage of food or drink, will require a label on the master carton that identifies it as food contact, as below. Letters are to be 1" high, assuming the carton size allows for this (image below is reduced); black print on white label.

FOOD CONTACT

Mixed SKU Carton

This is defined as multiple items shipped in one large carton such as replacement parts, hardware and swatches. Each unique SKU must be packed in a master carton with an EDI/EDIPX label and those should be placed in the larger mixed SKU carton with an outer label indicating the words MIXED SKUs boldly displayed using a brightly colored label on a minimum of two sides.

Additional Labeling Requirements Illustration:



Packing List Specifications

The packing list is a critical tool to ensure our warehouses receive your shipment accurately and efficiently. For domestic shipments there should only be one packing list per shipment sent. Missing or incomplete packing slips are the most common warehouses receiving issue. With your help and cooperation, we can ensure that merchandise arrives in our warehouses with all the necessary information needed to receive your shipment.

Missing, incomplete, or inaccurate packing list will result in a charge of \$250 per incident.

Packing List Requirements

Please include all of the following information on your packing list:

- Date
- Ship from information
- Sold to information
- Ship to information
- Commercial invoice number(s)
- PO number
- SKU number
- Detailed item number and description of the merchandise
- Total quantity cartons
- Total quantity per carton
- Total quantity shipped per SKU
- Range of carton #'s that correspond to SKU (carton1 of 10, 2 of 10, etc.)
- Net weight per carton (lbs or kgs)
- Gross weight per carton (lbs or kgs)
- Cube/carton (cbm)
- Total net weight of the shipment (total weight of product without packaging - lbs or kgs)
- Total gross weight of the shipment (total weight of product plus packaging – lbs or kgs)
- Total cube (cbm)

For import shipments: Packing list is part of the documentation required for U.S. Customs.

For domestic shipments: Copy of the packing list must be attached to one of the boxes and marked as such.

For those vendors who import on behalf of the Company and are sending containers to our facilities directly after customs clearance: Please fax a copy of the packing list to the appropriate Merchandising team listed below and directly to the warehouse that you are shipping to (fax #'s below). Please include the container number on the packing list.

For those vendors who load goods into containers/trailers at their facilities: Please designate the number of pieces of each SKU per P.O. number that are loaded into each container. Also include the container number, container size and seal number on the packing list.

Packing List Illustration

The below illustration is meant for demonstration purposes only and illustrates a Packing List for EDIPX shipments. Vendors using Infor Nexus should submit the Packing List generated through the website. Please feel free to contact us if you have any questions about either of our Packing List formats.

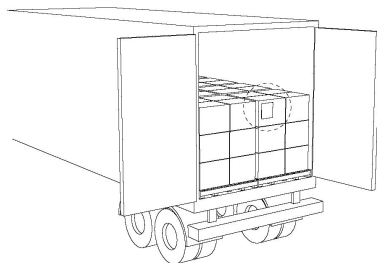
[illegible]

Packing List Placement

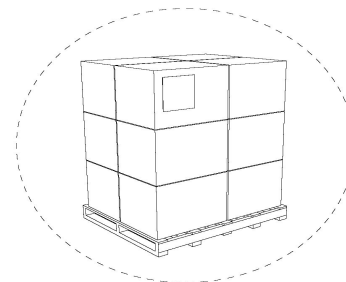
Please ensure that the packing list is attached to the lead carton of the shipment and can be easily identified by the warehouse receiving staff, as illustrated below.

Packing List Placement Illustration

Trailer / Container Illustration



Pallet Illustration



Section 13

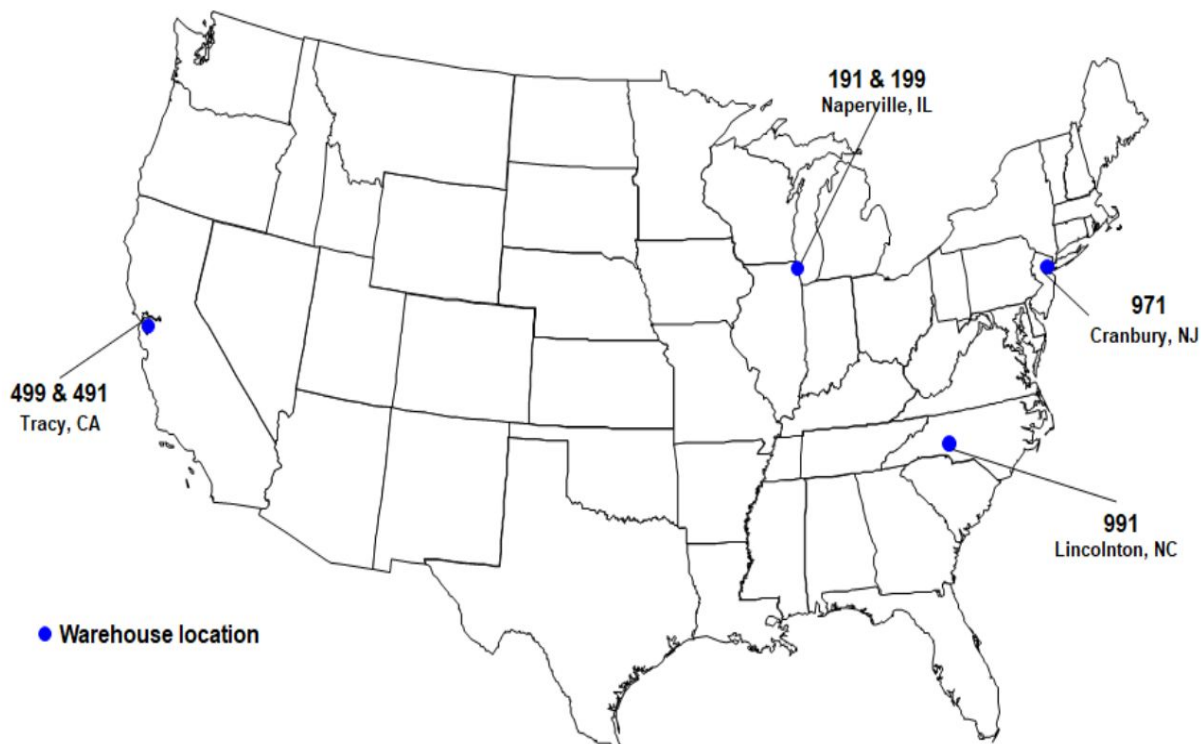
Shipping Requirements

Each year, our warehouse locations receive millions of units of merchandise directly from our vendors. To process this volume efficiently and accurately, we require consistency in the shipping methods from our vendors. Proper shipping documentation, carton labeling and packing list information is critical to the process. Any errors in this data can hold up a shipment from receipt ultimately resulting in a delay in availability to the customer.

In the event that a vendor has not met our shipping requirements, the warehouse personnel will inform the Merchandising team of the issue. If a substantial delay in the receiving process occurs, the Merchandising team will be provided with the amount of time required to properly receive the shipment. The cost of any project is \$25.00 per man-hour or \$0.25 per unit, or the total cost of the project. The vendor will be charged a minimum of \$250.00 per receiving location. The method of calculating the charge (per hour vs. per unit) is within the discretion of the Merchandising team and will be communicated to the vendor.

The Company provides general shipping instructions regarding the use of designated freight forwarders, domestic carriers, and efficient shipping methods. Any deviation from the Company shipping guidelines requires prior notification and approval by the Company's Global Transportation Department or penalties may be incurred for the incremental freight expenses, processing fees, and labor charge.

The Company's Warehouse Locations



Below is a list of our warehouse and Canadian Cross-Dock locations. Locations are subject to change and specific shipping instructions are located on the first page of a purchase order.

Housewares Warehouse Locations

Region	Location #	Address	Contact Information
West Coast	# 499	1605 N. Chrisman Road Tracy, CA 95304	Phone: 209-221-8007
Midwest	# 199	1860 W. Jefferson Naperville, IL 60540	napervilleoffice@crateandbarrel.com
East Coast	# 971	315 Half Acre Road Cranbury, NJ 08512	Phone: 609-819-0175 Fax: 609-819-0092

Furniture Warehouse Locations

Region	Location #	Address	Contact Information
West Coast	# 491	1705 N. Chrisman Road Tracy, CA 95304	Phone: 209-221-8000
Midwest	# 191	443 Fort Hill Dr. Naperville, IL 60540	napervilleoffice@crateandbarrel.com
East Coast	# 971	315 Half Acre Road Cranbury, NJ 08512	Phone: 609-819-0175 Fax: 609-819-0092
North Carolina	# 991	621 Lincoln County Parkway Extension Lincolnton, NC 28092	Phone: 828-428-0413 Fax: 828-428-4517

Canadian Cross-Dock Locations

Region	Location #	Address	Contact Information
East	# 370	6060 Burnside Court, Unit #2 Mississauga, Ontario Canada L5T 2TS	Phone: 905-564-1758 Fax: 905-564-9713
Mountain	# 371	#1881 120 Ave. NE Calgary, Alberta Canada T3K 0S5	Phone: 403-736-1022
West	# 372	#120-9969 River Way Delta, British Columbia Canada V4G 1M8	Phone: 604-588-8512
East	# 374	1255 32 nd Ave c/o AMJ Lachine, Quebec Canada H8T 3H2	Phone: 877-813-3501 x-227 Fax: 514-631-7267

Pallet Specifications

When shipping merchandise on pallets, each pallet must meet the following specifications:

- Pallets must be reusable, of wooden construction, and comply with Wood Packaging Materials regulations regarding treatment to eliminate harmful insects. Do not use plastic pallets, as we cannot store them in our racking configuration.
- We will detain, fumigate, and/or export any shipments, at the vendors' expense, where evidence of insects or non-indigenous organisms is found on pallets or crates.
- Pallet dimensions should be 48" x 40", 4-way entry (European pallet sizes will NOT be accepted). If the normal stacking footprint of a single packaged product is larger than a 48" x 40" pallet, the pallet dimensions must equal or exceed the dimensions of the packaged product. Product can also be floor loaded without pallets.
- The maximum height of the pallet and merchandise together is six feet. The strength of the carton shall be rated to handle the compression load of the weight of a fully stacked pallet of product.
- Pallets should be stacked with one SKU only. If it is necessary to stack with multiple SKUs, the pallet must be clearly marked with the SKUs and the quantities that are on the pallet.
- For all less than truckload (LTL) shipments, please make sure the driver is able to accurately count all pieces on all pallets before stretch wrapping the merchandise to the pallets. If the driver is unable to count the pieces, the vendor will be held responsible for any shortages to the bill of lading.

Import Container Weight Limits

Listed below are the weight limits that we have for import containers. This is the gross weight of the goods (merchandise and all packaging) in the containers. If a container is close to these weight limits merchandise should always be loaded evenly across both axles and braced to prevent slippage en route. If we receive charges to transload an overweight container or a traffic ticket to our trucker for moving an overweight container, any charges will be the responsibility of the vendor.

Container Size	Weight limit
20' Container	19,000 kgs
40' Container	19,000 kgs
40' High Cube Container	19,000 kgs
45' Container	19,000 kgs

Foreign Trade Zone (FTZ)

A Foreign-Trade Zone is a secure area located in or near a U.S. port of entry. There are many benefits to operating a FTZ including:

- Deferred payment of duty
- Lower broker fees
- Shorter transit times from the U.S. port to our DC
- Improved inventory control

Our distribution center campuses in Cranbury, New Jersey, Naperville, Illinois and Tracy, California are activated Foreign Trade Zones. Our distribution center in Lincolnton, NC is not an activated FTZ, but we follow many of the same security procedures there as well. In order to operate a FTZ, security, shipping, receiving and inventory control needs to be heightened. Also, we have different reporting that takes place with U.S. Customs and Border Protection (CBP). One of the most important changes with CBP is how we report the shipments received into the FTZ.

FTZ shipments are reported to U.S. Customs based on what we physically receive on a shipment after the goods are admitted into our FTZ. As a result we are scrutinized by CBP more closely and they are advised of any shipments with carton discrepancies, large or small. Because of this, any shipments with carton count discrepancies now require our notification to the forwarder or steamship line. If a carton discrepancy occurs, U.S. Customs ACE system (Automated Commercial Environment) does not close out properly for that shipment. As a result, it appears as if we have not reported all of our goods through U.S. Customs when in fact we have. Extra time is spent changing the manifest and the shipper's documents, and any fees incurred to change the manifest will be the responsibility of the shipper.

We kindly ask for your cooperation in making the necessary document changes so that the contents of our containers exactly match the documents. We are asking all of you to review your internal company procedures and make improvements if necessary.

The foundation of our supply chain lies first with the shipper and their ability to start the shipping process accurately. In summary, here is what we are asking you to do:

- Review your internal loading and document procedures.
- Make any necessary changes to your procedures to ensure that the SKUs and quantities loaded exactly match the SKUs and quantities on your documents. Everything in the container must be declared.
- If we advise you of a carton count discrepancy, please revise your documents promptly in order for us to facilitate a manifest change.

We consider our relationship with you to be a partnership; therefore we are here to help in whatever way we can. Please direct your comments or questions to the Global Transportation Department.

Import Shipping Requirements

1. **Book Freight** - Freight should be booked at least 2 weeks in advance of the intended sail date, in order to make a Purchase Order ship date.
2. **Book Freight as Sea Waybills** - Always book the Company's freight as Sea Waybills, Telex Release or Express Released in order to allow our freight to be surrendered directly to us once cleared by U.S. Customs. If you need to book freight as an Original Bill of Lading, let the Company know prior to booking. We will need to advise our Customs broker and track the document with our freight forwarder or steamship lines.
3. **Import Container Weight Mandate** - Vendor is responsible for SOLAS (Safety at Life of Sea convention) container weight requirements.

EDIPX PO's - Book on 1EDISource by submitting a shipment plan along with the booking ID/confirmation number from the freight forwarder or steamship line. You can make the ocean booking with our freight forwarder or directly on our steamship line contracts.

Infor Nexus PO's - Book on the Infor Nexus platform through our Logistics Service Provider (LSP). For PO's originating in Asia, you can contact our LSP, Allport Cargo Services (ACS). For PO's originating in India, you can contact our LSP, DHL International Supply Chain (DHL ISC). For contact information or anything else regarding our LSP's, you can reach out to the Company at the following emails:

- Asia PO's: global-logistics-asia@crateandbarrel.com
- India PO's: global-logistics-india@crateandbarrel.com
- Europe PO's: global-logistics-europe@crateandbarrel.com

Import Bill of Lading Requirements

- Obtain one bill of lading number for all goods shipping on the same vessel, regardless of container number(s).
- List all Euromarket Designs, Inc. Purchase Order Numbers. E.g. 491-1234567
- Delivery address of the appropriate Company warehouse that you are shipping to
- Consignee on all ocean or air Bills of Lading for the Company, regardless of destination warehouse should be:
Euromarket Designs, Inc.
1250 Techny Road
Northbrook, IL 60062

- The notify parties on all ocean or air Bills of Lading for Euromarket Designs, Inc, except those originating from Mexico are:
Schmidt Pritchard & Co. **And** Euromarket Designs, Inc
9801 W. Lawrence Ave. 1250 Techny Road
Schiller Park, IL 60176 Northbrook, IL 60062
phone: 847-671-5130 phone: 847-272-2888
fax: 847-671-1894 fax: 847-272-7397
- The notify parties on all Bills of Lading from Mexico for Euromarket Designs, Inc are:
J.O. Alvarez. Inc., **And** Euromarket Designs, Inc
#1 Andy Ramos Road 1250 Techny Road
P.O. Box 1434 Northbrook, IL 60062
Laredo, Texas 78042 phone: 847-272-2888
phone: 956-721-5906 fax: 847-272-7397

Place of Delivery on Bills of Lading will vary depending on the country of origin of goods, which of the Company's warehouse the order is shipping to, and our preferred routing for specific purchase orders. Contact the Global Transportation Department if you are unsure of the appropriate point of destination for your purchase order(s).

Submission of Import Shipping Documents

In an effort to improve our import processes, we are asking you to submit your shipping documents and payment requests using the following guidelines. Any late, incomplete or inaccurate shipping documents may be subject to \$100 minimum chargeback.

Shipping Documents

European shippers are to turn over all invoices and packing lists at the time of ex-factory date to the respective freight forwarders.

For all other origins, a FULL set of shipping documents are to be sent by email no later than 2 days AFTER the sail date.

For air shipments, documents must be sent within 1 day of the shipment/AWB date. Send a complete set of shipping documents combined as **one single** PDF in the order that is shown below:

1. Bill of Lading (B/L) Or Air Waybill (AWB)
2. Invoice(s)
3. Packing list(s)
4. All Other Documents (Examples: Fumigation Certificates, Lacey Form, Certificates of Origins, GSP Form A, etc.)

Contacts:

- Air Shipments: airdocuments@crateandbarrel.com
- Other Shipments: importdocuments@crateandbarrel.com
billh@schmidtpritchard.com
dakota@schmidtpritchard.com
imports@schmidtpritchard.com

Important: A separate copy of the invoice must be emailed separately to the import payments team.

Airfreight shipments also include any parcel shipments routed directly to one of our Distribution Centers.

Original Documents Required

In addition to the e-mailed documents there are additional shipping documents that must be sent via courier to our U.S. Customs broker.

- CITES Certificates (The Convention on International Trade in Endangered Species of Wild Fauna and Flora) are required for certain animal products such as shells.
- Original Bills of Lading (OBL's) – if used

Original documents are to be sent to:

Schmidt Pritchard
9801 West Lawrence
Schiller Park, IL 60176
Attention: Ocean Shipment Department
Telephone: (847) 671-5130

North America Shipping RequirementsRouting Information

Below is our routing information for all freight shipments to a Company warehouse. Our goal is to minimize shipping expenses wherever possible. We have negotiated competitive rates with specific carriers and depend on you to follow our routing instructions carefully. It is not our desire to penalize our vendors. Deviations from our route guide have a negative financial impact on the Company, which results in a full freight chargeback and processing fee.

- Please consolidate same day shipments to the same warehouse on one bill of lading.
- Unless authorized by the Company's Merchandising team or the Company's Domestic Transportation Department, do not ship more than one less than truckload (LTL) shipment to the same warehouse per week.
- Any deviations from route guide will result in full freight chargeback plus processing fee.

Use the table below to determine the appropriate shipping method. Shipment size pertains to a single shipment destined to one Company warehouse.

Shipment Size Per Destination	Shipping Method
Maximum of 4,000 lbs and less than 10 linear feet of trailer space	<u>Less than Truckload (LTL)</u> - Contact the Company's Domestic Transportation Department at: domestictransportation@crateandbarrel.com and crateandbarrel@t-insight.com
Over 4,000 lbs or greater than 10 linear feet of trailer space	<u>Trailer Load (TL)</u> - Contact the Company's Domestic Transportation Department at: domestictransportation@crateandbarrel.com and crateandbarrel@t-insight.com
Any temperature controlled and/or perishable shipment	Contact the Company's Domestic Transportation Department at: domestictransportation@crateandbarrel.com and crateandbarrel@t-insight.com
Any finished Furniture Collection case goods or upholstery items	Contact the Company's Domestic Transportation Department at: domestictransportation@crateandbarrel.com and crateandbarrel@t-insight.com
<p>Vendor Third Party Parcel Shipping</p> <p>5 cartons or less totaling a maximum volume weight of 150 lbs / 68 Kgs.</p>	<p>The Company's Vendor Parcel Shipping:</p> <ul style="list-style-type: none"> • Select FedEx Parcel Ground Service. • Bill Third Party FedEx Parcel Account # 342461794. (Company Orders Only) Do not include "Declared Value" or insurance on the parcel shipment. • Bill to Address: Crate and Barrel, 1250 Techny Road, Northbrook, IL 60062. • Individual package maximum length should not exceed 96 inches or 130 inches in length and girth (Longest length +2 x width + 2 x height). Individual package maximum volume weight 70 lbs / 31 kgs. Total parcel shipment volume weight not to exceed 150 lbs / 68 kgs. • Call 1-800-GO FEDEX (1.800.463.3339) to arrange pick up if necessary.

Less than Truckload (LTL) Instructions

Please use shipments with a maximum of 4,000 lbs and less than 10 linear feet of trailer space.

- Unless authorized by the Company's Transportation Department, do not ship more than one LTL shipment to the same warehouse, per week.
- **Contact both the Company and Transportation Insight at least 24 hours in advance of shipment for pick up.**
- Provide the carrier with the total number of pallets, weight, pallet dimensions if available, and/or approximate linear feet of shipment.
- Create a bill of lading with a unique, vendor-assigned bill of lading number (different from the carrier's pro number or P.O. number). See bill of lading instructions below.
- Include exact carton count and pallet count on the bill of lading. Do not use the phrase "said to contain." Be specific and accurate. Vendor must have carrier sign for exact carton count.
- Make sure the driver is able to accurately count all pieces on all pallets before stretch wrapping the merchandise to the pallets. If the driver is unable to count the pieces, the vendor will be held responsible for any shortages to the bill of lading.
- Contact the Company's Domestic Transportation Department and Transportation Insight if the LTL carrier shown in the route matrix does not provide a direct pick up at your shipping location.

Truck Load (TL) Instructions

Please use the following guidelines for shipments over 4,000 lbs or over 10 linear feet of trailer space.

- **Contact both the Company and Transportation Insight at least 48 hours in advance of shipment for pick up and then follow up with written pick up instructions to the carrier.**
- Provide the total number of cartons, pallets, weight, and linear feet of shipment.
- Also confirm the dimensions if available, physical pickup address, pickup hours, ready date, brief description of the goods, and any special pickup requirements needed.
- Carriers will provide one-hour free time to load trailer after which detention begins.
- Detention charges incurred during loading will be charged back to the vendor.
- Vendor is responsible for loading and counting all TL shipments.
- Vendor is responsible for creating a bill of lading with a unique, vendor-assigned bill of lading number (not the P.O. number) for each shipment.
- Vendor is responsible for properly blocking and bracing shipments and for the expense of the materials to do so.
- Vendor is responsible for sealing all TL shipments and recording seal number on the bill of lading. Please use ISO 17712:2013 compliant seals.

Freight Terms

It has always been the Company's policy to have our vendors ship freight collect and FOB origin using specific Company carriers. Our preferred Company carriers have waived any notification and/or drop trailer charges. If the vendor chooses to use a carrier other than a preferred Company carrier, the vendor must ship prepaid and FOB destination and will be responsible for any notification and/or drop trailer charges.

Bill of Lading (B/L) Instructions

The B/L is a legal document and primary source of information for our supply chain, which includes our vendors, carriers and the receiving locations. Therefore it is important that this document contain complete and accurate information required to process your shipment. Please use the following guidelines when preparing the B/L.

- Create a separate B/L with a unique B/L number for each shipment (truckload & LTL). Do not use a purchase order number or the carrier's pro numbers.
- Enter the complete ship to address and phone number.
- Include exact carton count and pallet count on B/L. Please do not use the phrase "said to contain." Be specific and accurate. For LTL freight, vendor must have carrier sign for the exact carton count.
- For LTL shipments include an accurate product description, item number, and classification as presented in the National Motor Freight Classification Guide (NMFC), for example: Cookware, cast iron, item #52890, class 70. The latest edition of the NMFC guide can be purchased at [SMC³](#).
- Include accurate shipment weight. The vendor is responsible for any additional carrier charges due to inaccurate weight on B/L.
- Include the purchase order number(s) and SKU(s) on the B/L.
- Include your vendor number on the B/L. This number can be found on your purchase order. If you do not know your vendor number, email your Merchandising team before shipping.
- Where applicable, declare full freight value. Do not ship at released value.
- For truckload (TL) shipments, specify on B/L that the carrier must call the receiving warehouse at least 48 hours in advance to schedule a delivery appointment.
- Please notate on the B/L:
Send freight bill to:

Crate and Barrel
PO Box 23000
Hickory, NC 28603

For questions, please contact the Company's Domestic Transportation department at: domestictransportation@crateandbarrel.com AND crateandbarrel@t-insight.com.

*Shipments from Ontario to Ontario please also contact the above for routing instructions.

Section 14

Inventory Issues

At the Company, we know how important our products are to the lives of our customers. So, for our customers, the process of receiving items should be seamless. To that end, nothing is more important than how closely we work with our vendors to ensure our product is available to our customers at the appropriate time. Experience has taught us there are a number of issues that can occur which would prevent us from being able to offer the product in a timely manner. In order to provide you with clear and accurate information, this section discusses these issues and the Company's policies in the event any of these occur.

Quality

The quality of the product received by the Company should be identical to that of the final sample approved by the Merchandising team. You should always have a signed/dated approval sample at the factory where the product is being produced. If you do not have an approved sample prior to production, please contact the agent or Merchandising team you are working with to obtain an approval sample. If the product deviates in performance or appearance from the approved sample, the Company may not be able to sell the item and the expense of this inventory will be charged back to the vendor. In addition, major advertising dollars may have already been spent to advertise the item in our catalogues, ads, billboards or postcards. When a quality issue arises, the resolution of the issue can be time consuming and during that time period the product is unavailable for sale.

Depending on the specific situation, a chargeback for a quality issue may include but is not limited to, one or more of the following: cost of non-saleable inventory, cost of advertising, cost to communicate product variance at the Catalog/Internet Call Center, cost to change product signage at retail stores, customer appeasement expense, cost of a Correction Project to correct the product either off-site or in-house, cost of backordered and/or canceled sales incurred due to product unavailability, and loss of gross margin sales.

We will calculate gross margin loss as:

Gross Margin Loss = (Planned Sales – Actual Sales) x Gross Margin %.

Note: Gross margin % must be based on our landed cost.

Master and Inner Carton

The Master and Inner carton quantity received by the Company must be identical to the purchase order that is entered. Quantities shipped to the Company in a different Master and Inner quantity from confirmed purchase order will result in a minimum chargeback of \$500.00 per DC where the Correction Project is completed, or the total cost of project.

Backorders/Canceled Sales

Backorders can occur for several reasons, the only positive one being that customer demand exceeds our expectations. However, backorders can also occur because the product is unavailable for sale at the appropriate time due to late delivery of inventory, quality problems or packaging problems. Customers may also decide to cancel their order if the product is on backorder for too long.

The Company incurs an expense of \$8.50 per item to cover the expense of shipping an additional package to the customer and additional communication to the customer regarding backorder status. In the event that a backorder or canceled sale is the result of vendor error, your Merchandising team may chargeback the vendor as appropriate to the specific situation and costs incurred.

Automatic Deduction Policy For Furniture

If a customer discovers a manufacturing defect when the item is in their home, the Company will either replace the item or arrange for an in-home inspection by an independent service technician. The Company's Automatic Deduction Policy allows a Store Manager to deduct, without prior authorization from the vendor, the current cost of a one-way delivery or one hour of in-home service. The one-way delivery rate is \$99.00 and can change based on market conditions. Store Managers will continue to contact the vendor regarding any deductions greater than \$99.00 or in cases where the customer's return is not a clear result of a manufacturers defect.

Supplier Performance Database

The Company utilizes a Supplier Performance Database. The goal of this system is to provide better visibility and comprehensive reporting on partner performance and chargebacks related to product quality and warehouse receiving issues. Charges are calculated based on time, labor, materials, and transportation required for our warehouses or outside third-party providers to correct issues discovered upon receipt. As with our early/late shipment reporting, our buying teams will communicate any issues before a chargeback is issued and the amount will appear as a deduction against a future invoice for domestic shipments, or for import vendors a credit note or credit line on an invoice must be noted on the next payment request. If you receive a chargeback and are unsure of the details, please contact your Merchandising team.

Furniture Shop Expense

Our goal is to get great quality goods in our customer's homes on the first delivery. Our Furniture Warehouse and cross-dock locations open and inspect every item prior to shipment, allowing us to ensure a successful delivery. We have trained shop personnel who are experts at furniture touch up and repair. In the event that an item needs repair due to packaging damage or production defects, our system will allow us to report and chargeback the work to the vendor. The chargeback amount will be based on an average time required to perform the repair. This chargeback will not include normal inspection and detailing time that we would expect to occur in order to prepare the item for delivery. A report will be issued to the vendor that details the amount of time spent on your product. This information will be provided by SKU, by warehouse, and indicate the specific quality issues.

It is our goal to eliminate these quality issues altogether. Solving these problems at the point of production will save time for everyone involved and will provide a better quality product to our customers. Listed below is a summary of the repair reasons and average time for each repair:

REPAIR REASON	MINUTES TO REPAIR
Finish Issues - Wood and Metal Surfaces	
Particles Under Finish	30
Crazing / Blushing / Orange Peels / Fisheyes	32
Excessive Fill / Noticeable Repair	31
Uneven Finish / Unfinished/Peeling	28
Glue / Material Under Finish	31
Damage / Chips / Nicks / Dents	33
Surface Abrasion/Scratches/Packaging Marks	30
Construction Repairs - Wood and Metal Components	
Loose, Open or Mis-fitted Moldings / Joints	34
Out of Square / Not Level	29
Misaligned Borings for Fasteners	32
Doors or Drawers Rubbing / Mis-set	32
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Section 15

Return to Vendor

When appropriate, the Company negotiates Return to Vendor agreements with a vendor. These agreements are customized to the specific product and unique characteristics of each vendor and the buying arrangement. Most return to vendor agreements involves the return of products that are received by the Company and found to be defective by our staff and/or returned by the customer. We appreciate the support and cooperation of our vendors in connection with the Return to Vendor agreements.

In order to manage the program consistently across our store and distribution locations, we have implemented the following procedures to smoothly process return to vendor product between our companies.

- The Company will notify the vendor via email on an as needed basis that Return to Vendor Product for your company is being held at one of our facilities/locations.
- The vendor will have 7 business days to respond to a disposition decision. The disposition options are:
 - Authorize return and arrange to have the merchandise picked up from our facility/location by the carrier of your choice, at the vendor's expense. Note: if the carrier of your choice does not pick up the merchandise from our facility, or you do not respond to the facility/location within 7 business days, we will ship via our own carrier at the vendor's expense. The Company's preferred carrier is FedEx and we no longer have a UPS account. If you wish to use your own UPS account, send UPS Call Tags.
 - Authorize return and arrange to have the merchandise sent back to your facility by the carrier of our choice, at the vendor's expense.
 - Authorize payment of the Return to Vendor product, but request that the Company disposes of the merchandise in lieu of returning it to your facility. In this event, the Company will include a charge of \$430 per 40-yard trash container (with the cost appropriately prorated for the actual volume involved). This is the exact cost incurred by the Company for trash removal.
- If we do not hear back from you in 7 business days, we will assume authorization of the Return to Vendor product has occurred and will return the product using the carrier of our choice, at the vendor's expense.

If you have any questions or concerns regarding your specific return to vendor agreement, please contact your Merchandising team.

Section 16

Chargebacks

The Company is committed to providing clear and accurate guidelines to our suppliers. In the event that a supplier does not adhere to these standards, it may cause a disruption in our supply chain, warehouse and store operations, and negatively impact our shared customers.

The chargeback policy is intended to recover only additional costs incurred by the Company due to non-compliance. Below is a summary of chargebacks that may be issued due to non-compliance. More details on requirements and chargebacks are discussed throughout our Vendor Operations Guide:

Section Chargeback	Description	Expense Offset
Section 7 Late or Missing ASN (Advanced Ship Notice)	Suppliers are required to submit an ASN on time using our electronic purchase order management system.	\$250 per incident
Section 9 Early or Late Shipping	Vendor required to ship product +/- 5 days from the last approved ship date listed on the purchase order.	1% of the purchase price per day (not to exceed 15%) and/or charge loss of gross margin sales in case of late shipment.
Section 1 Incorrect labeling	Product arrives with incorrect barcode, sewn-in, or other brand labels.	Minimum charge of \$500.per DC where is correction project is completed, or the cost of the project (\$64/hr. + materials + disposal if applicable), whichever is greater.
Section 12 Carton Labeling and Packaging	Missing, incomplete, or inaccurate packing list.	\$250 per incident
Section13 Shipping Requirements	In the event the vendor does not meet our shipping requirements (carton labeling, pallet specifications, container loading).	Minimum charge of \$500. per DC where the correction project is completed, or the cost of the project (\$64/hr. + materials + disposal if applicable), whichever is greater.
Section13 Submission of Import Shipping Documents	Late, incomplete, or inaccurate shipping documents (bill of lading, invoices, packing slips, etc).	1 st Incident: \$100 charge 2 nd Incident: \$250 charge 3 rd Incident and up: \$500 charge

Section Chargeback	Description	Expense Offset
Section 13 North American Shipping Requirements	Any deviations from our domestic routing instructions or use of unapproved carriers.	Full freight chargeback plus a processing fee.
Section 14 Quality	The quality of the product should be that of the final sample approved by the Merchandising team.	Minimum charge of \$500. per DC where the correction project is completed, or the cost of the project (\$64/hr. + materials + disposal if applicable), whichever is greater.
Section 14 Master and Inner Carton	The master and inner carton quantity received must be identical to the purchase order.	Minimum charge of \$500.per DC where the correction project is completed, or the cost of the project (\$64/hr. + materials + disposal if applicable), whichever is greater.
Section 14 Automatic Deduction Policy for Furniture	Customer discovers a manufacturing defect when the item is in their home.	\$99.00
Section 14 Furniture Shop Repairs	In the event furniture item needs repair due to packaging damage or product defects.	Average cost of \$29.40 to 38.85 per repair

Section 17

Guidelines for Ship Direct from Vendor Orders

Orders and Inventory

- Vendors should work with Revcascade directly to determine whether their orders will be placed through EDI with Revcascade or through the Revcascade web portal.
- If going through EDI via Revcascade, vendors must download a PDF of the packing slip.
- Once an order is received, vendors must fulfill the order within 24-48 hours.
- Orders should be processed daily.
- Vendors must be able to update their inventory data on a daily basis.
- Vendors need to hold a set safety stock amount specifically for the Company.
- It is up to the vendor whether they will accept backorders. This should be clearly communicated to us in advance.
- Vendors must provide reasonably accurate ETA. If needed, ETAs must be updated daily.

Shipping – Parcel Shipments

- No rush delivery will be accepted.
- We need to be advised if items will be shipping separately or together.
- Vendors should use our FedEx account #785236904 to ship orders.
- If the vendor is printing shipping labels using their own system, they should give our customer number as a reference to FedEx server and give our customer order number.
- For all other shipments please work with the appropriate Merchandising team.
- If a customer signature is required, the Company must be informed.
- RevCascade has split shipping capabilities if the vendor does not.

Returns

- Vendors are required to accept damaged returns.
- Vendors need to have terms in place to handle returns. If vendors would like the product returned to them, a blanket RA# is preferred.
- Alternately, Vendors can provide a quarterly allowance (calculated as a % of actual shipments) in lieu of accepting returns.

Payments and Invoicing

- Vendors must have 1 purchase order per order and 1 invoice per purchase order.
- Invoices must be submitted immediately after closing the purchase order.
- No restocking fees will be accepted.

Web Images and Samples

- We will use our own photography for web images.
- Vendors will need to supply samples for us to photograph.
- These samples can be returned to the vendor after the photo-shoot is complete.

Compliance and Chargebacks

- A late shipping chargeback of 1% of the PO will be issued 72 hours past the ETA, not to exceed 15%.
- Chargebacks will be processed monthly

Section 18

Guidelines for Made to Order (MTO)

Orders and Inventory

- Orders are sent to the EDIPX vendor portal and must be acknowledged within 7 days.
 - MTO orders are displayed in Blue font. This color indicates the shorter production lead times.
 - Updates to MTO orders are displayed in Green font.
- Vendors are required to manage the container building process on our behalf. When there are challenges based on timing or quantities we are asking our vendors to work more closely with our Global Transportation Department on the best method of shipment (container size, 3rd party consolidation or etc.).
- We must be notified 3 months in advance of any upcoming vendor holidays so that we can adjust the lead-time we are quoting to customers.
- Crate and Barrel only: For initial orders there will need to be an MOQ of 10 units or lower until there can be a 6 month sales read and this can be re-evaluated.

Shipping and Lead Times

- All of our orders are shipped complete and on time per ship date on the PO (both stock and MTO).
- There is a 10-day window in which our goods can ship; 5 days prior and 5 days post the ship date. Please utilize this full window to ship PO's complete.
- Please ship per the Company's guidelines, found in our Vendor Operations Guide.
- Planning must be looped in on any changes or issues with stock orders due to MTO.

Replacement Parts and Swatches

- Any replacement parts needed due to vendor fault (above and beyond normal replacement parts ordered through usual process) must be sent via Fed-Ex to the Company (paid by the vendor).
- Any damaged units need to be replaced in the most expedited manner possible (expenses paid by the vendor).
- Crate and Barrel only: In order to provide sales aids for stores vendors must provide 150 8x8" wood, metal or upholstery swatches free of charge, depending on the product being brought in.
- Crate and Barrel only: These 150 swatches would be paid for in the form of a chargeback to the vendor.

Section 19

Invoicing

Domestic Invoice Processing

The following instructions are for domestic invoice processing:

- Only one purchase order per invoice can be accepted.
- Please include the following information on each invoice:
 - Ship- From Information.
 - Ship-To information.
 - Unique invoice Number.
 - Invoice Date.
 - Purchase Terms.
 - Company Purchase Order Number.
 - Company SKU Number.
 - Item Description.
 - Quantity Ordered.
 - Quantity Shipped.
 - Ship Date.
 - Unit Price.
 - Extended Price.
 - Additional Charges or Credits (Freight, Tax, Discounts).
 - Total Price.
 - CARB ATCM (California Air Resources Board Airborne Toxic Control Measure) documentation if applicable.
- The ship date listed on the invoice must be accurate.
- All Company domestic invoices should be emailed to apmailbox@crateandbarrel.com.
- The “Bill To” address for all Company merchandise invoices should read:
 - Euromarket Designs, Inc
 - Accounts Payable Department
 - 1250 Techny Road
 - Northbrook, IL 60062

Import Invoice Processing

A commercial invoice must be filed for each imported shipment entering through U.S. Customs. The invoice must provide the following information in English as required in 19 CFR 141.86 through 141.89. The following section summarizes the information as required by U.S. Customs:

1. The U.S. port of entry
2. Information about the sale of merchandise – the place where the product was sold, the date when the product was shipped, the manufacturer of the product, and the importer of record/purchaser of the product
3. A detailed product description of the merchandise including what the product is made of and any finish details (such as embroidery, or appliqué), manufacturer identification numbers, the grade or quality, and the numbers of the packages in which the merchandise is packed
4. The quantities (providing both gross and net weight and units of measure)
5. The purchase price of each item in the currency of the purchase
6. The currency used for the purchase
7. All additional charges itemized by name and amount, including freight, insurance, commission, and packing
8. All rebates, drawbacks, and boundaries, separately itemized, allowed upon the exportation of merchandise
9. The country of origin
10. All goods and services furnished for the production of the merchandise (e.g. assists such as dies, molds, tools, and engineering work) that are not included in the invoice price. Goods or services furnished in the United States are excluded.
11. CARB ATCM (California Air Resources Board Airborne Toxic Control Measure) documentation if applicable

In addition to the governmental invoicing requirements, the Company requests the following on all commercial invoices of imported product:

1. ATTENTION: IMPORT DEPARTMENT should appear with the Euromarket Designs, Inc. address
2. A unique invoice / identification number (duplicate invoice numbers are not allowed).
3. Invoice Date
4. Ship Date; (For FOB terms, include bill of lading date. For EXW terms, include ex-factory date)
5. Purchase Order Number(s)
6. Terms of purchase
7. Terms of payment
8. Signature of shipper
9. Packing information on a separate document (Packing List)
10. Harmonized Tariff Schedule of the United States (HTSUS) classification number(s)

Payment Request Contacts

EDIPX Purchase Orders:

All merchandise invoices should only be submitted with the full set of documents emailed to: importdocuments@crateandbarrel.com.

All 089 Location Shipments:

All merchandise invoices should be emailed to: apmailbox@crateandbarrel.com.

Infor Nexus Purchase Orders

All merchandise invoices should only be submitted through the Infor Nexus platform.

Invoice Requirements

- Please submit one invoice per shipment/bill of lading. Each invoice must list all purchase orders and SKUs shipped against each purchase order. Submitting multiple invoices per shipment/bill of lading is not allowed unless approved by the Company's Global Transportation Department.
- List each purchase order/SKU combination as a line item on the invoice. All SKUs related to a single purchase order should be grouped together, but listed as separate lines on the invoice.
- Purchase orders should be listed in numerical order on the invoice to ensure efficient audit and approval for payment process.
- The party receiving funds and to whom our purchase order was issued must issue all invoices using company letterhead.
- **Errors will delay the payment of your invoice.**

Payment Status Inquiries:

- For payment status inquiries, please contact Accounts Payable team.

Section 20

Conclusion

Governing Law and Venue

All matters arising out of or relating to the 2019 Vendor Operations Guide will be governed by and construed in accordance with the internal laws of the State of Illinois, USA without giving effect to any choice or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction). Any legal suit, action or proceeding arising out of or relating to the Vendor Operations Guide will be instituted in the state or federal courts located in Chicago, Illinois, USA and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding, irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in such courts and irrevocably waives and agrees not to plead or claim in any such court that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Confidentiality and Privacy

The Company has spent many years and a great deal of resources to build its brand; its designer, third-party contractor, vendor, and others with whom the Company does business; and its means and manner of doing business. These resources and relationships are unique to the Company, form the foundation for its goodwill and reputation and provide it with a competitive advantage in its business dealings. They are also built on Confidential Information that you may have access as part of your business relationship with the Company.

For the purposes of this policy, “Confidential Information” means information, documents and other tangible things (in any form, whether hard copy, electronic or otherwise) which are confidential, proprietary and/or non-public and which pertain to the Company’s business or constitute trade secrets, including, but not limited to, information concerning products and services; research or experimental work; clients or customers (personal, financial, consumer or other); associates; business or contractual relationships; budgets; forecasts; allocations; financial plans and analyses; sales, merchandising or marketing plans; or other business, financial and/or technical information which is proprietary to the Company or its affiliates. Improper disclosure of any Confidential Information may cause irreparable harm to the Company.

If you receive or learn of any proprietary or Confidential Information of the Company that is identified as, or that you know or reasonably should know is, confidential, then you agree to (i) protect the Confidential Information in a reasonable manner, (ii) not reproduce or disclose the Confidential Information and (iii) use and reproduce Confidential Information only as required to perform your obligations to the Company; provided, however, that you may disclose Confidential Information that is required to be disclosed by applicable law, subpoena or legal order. In that circumstance, where permitted by law, you must first

provide written notice to the Company of such required disclosure to allow the Company an opportunity to object. In any case, you must make as limited a disclosure as necessary to comply with the required disclosure following the Company's objection. The term Confidential Information shall not include, and this section shall not apply to information that is publicly known or becomes publicly known through no fault or disclosure by you. If you become aware of a threatened, suspected or actual breach of this section, you must notify the Company promptly. Your obligations shall survive the completion or termination of your work with the Company. You shall cause each of your employees to comply with the terms of this section. At the end of your work with the Company, you must return to the Company any Confidential Information or destroy it, at the Company's election.

In addition, attached to this guide is a Data Privacy Addendum outlining your requirements related to any customer information shared with you by the Company. The terms of the Addendum are incorporated into this guide and binding upon our vendors. ***We expect that you will delete any customer information shared with you by the Company within 30 days of its intended business use.*** If you are unable to comply with this requirement, you must contact your Merchandising team as soon as possible, and we will provide a secure communication process for sending you our customers' data deletion requests under applicable laws.

Closing

At the Company we value the partnerships we have with our vendors and believe we would not be the successful company that we are today without the continued commitment to excellence that we all share.

We hope that this guide has answered any questions you may have regarding our expectations, but if you have additional inquiries, need clarification, or feel you cannot comply with anything in this guide, please feel free to contact your Merchandising team. Together, we will work towards a solution that is mutually agreeable.

Partnership is our goal. We trust yours is the same.

Addendum

Data Privacy

This Data Privacy Addendum (this “**Addendum**”), effective as of January 1, 2020 (“**Addendum Effective Date**”), amends the Vendor Operations Guide governing the relationship between you (“**Service Provider**”) and Crate & Barrel Holdings, Inc. (“**Company**”) (the “**Agreement**”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Service Provider Restrictions.

Pursuant to the Agreement, Company provides to Service Provider certain information regarding individuals who have transacted or interacted with Company (“**Consumers**”). Service Provider will only use personal information of the Consumers provided by the Company (“**Company-Provided Personal Information**”) pursuant to Company’s documented instructions as set forth in this Addendum and the Agreement, and will require the same of any subcontractor handling Company-Provided Personal Information (“**Sub-Processors**”).

If applicable laws require Service Provider or Sub-Processor to process or use Company-Provided Personal Information for another purpose, either now or at any future time, Service Provider or the Sub-Processor will notify Company of that required process or use in writing without undue delay.

Service Provider will not, and will ensure that its personnel and Sub-Processors will not:

- (a) retain, use or disclose Company-Provided Personal Information for any purpose other than for the specific purpose of performing the services specified in the Agreement unless doing so is necessary to: (i) detect data security incidents or (ii) protect against fraudulent or illegal activity;
- (b) sell Company-Provided Personal Information;
- (c) retain, use or disclose the Company-Provided Personal Information for a commercial purpose other than providing the services specified in the Agreement and in the context of the direct business relationship between Company and the Service Provider;
- (d) if processing Company-Provided Personal Information for advertising or marketing, combine the Company-Provided Personal Information of opted-out Consumers that the Service Provider receives from or on behalf of Company with Company-Provided Personal Information that the Service Provider receives from or on behalf of another person or persons or collects from its own interaction with Consumers.

2. Service Provider Certification.

Service Provider hereby certifies that it will comply with the restrictions outlined in Section 1.

3. Deidentified Information.

To the extent that any anonymized, tokenized, masked, hashed or otherwise de-identified personal information (“**Deidentified Personal Information**”) is included in the Company-Provided Personal Information, Service Provider represents and undertakes as follows:

- (a) Service Provider shall not make any attempts to re-identify the Deidentified Personal Information;
- (b) Service Provider has implemented and will maintain technical safeguards that prohibit re-identification of Deidentified Personal Information;
- (c) Service Provider has implemented and will maintain business processes that specifically prohibit re-identification and prevent inadvertent release of Deidentified Personal Information; and
- (d) Service Provider will periodically reassess its technical safeguards and processes to ensure that they are still adequate to prevent the re-identification or inadvertent release of Deidentified Personal Information.

4. Consumer Requests.

To the extent Service Provider is legally permitted to do so, Service Provider shall take commercially reasonable steps to assist Company, and shall ensure that its Sub-Processors take such steps, in responding to any Consumer rights requests received under applicable laws, rules or regulations governing data privacy or data protection, including, without limitation, the California Consumer Privacy Act of 2018 (the “**Data Protection Laws**”), in connection with the processing of the Company-Provided Personal Information. More specifically this means, without limitation, that:

- (a) If Service Provider receives a request from Company to provide access to the Company-Provided Personal Information of one or more Consumers, which is processed or maintained by Service Provider, then, to the extent Service Provider is able to verify the identity of such Consumer based on information provided by Company, Service Provider will, without undue delay and where feasible within 30 days, provide Company with access to such information using a mutually acceptable format or mechanism. The information will be provided in a commonly used and machine readable format which may be securely saved or downloaded by Company.
- (b) If Service Provider receives a request from Company to return or delete the Company-Provided Personal Information of one or more Consumers, which is processed by Service Provider, then, to the extent Service Provider is able to verify the identity of such Consumer based on information provided by Company, and unless deletion is prohibited under Data Protection Laws, or

unless retention is necessary for the reasons listed below, Service Provider will, without undue delay and where feasible within 30 days, at Company's election,

- (i) delete or de-identify, as defined by the California Consumer Privacy Act of 2018, all other copies of Company-Provided Personal Information;
 - (ii) direct any other third parties who may have accessed such Company-Provided Personal Information from or through the Service Provider to delete the Company-Provided Personal Information; and
 - (iii) confirm to Company in writing of such deletion or return, that it has been completed.
- (c) Service Provider shall apply to any Company-Provided Personal Information retained by it the confidentiality obligations and use restrictions in this Addendum and in the Agreement and shall use the information only as necessary and proportionate for the purposes for which it was retained, but, in each case, if and only if and only to the extent that:
- (i) Service Provider is required to retain such Company-Provided Personal Information by law;
 - (ii) such Company-Provided Personal Information is necessary for defense of legal claims;
 - (iii) such Company-Provided Personal Information is required to complete the transaction for which it was collected, fulfill the terms of a written warranty or product recall conducted in accordance with federal law, provide a good or service requested by the Consumer, or perform actions reasonably anticipated by the consumer; or
 - (iv) such Company-Provided Personal Information is required to help ensure security and integrity.
- (d) If Service Provider receives a request from a Consumer to exercise any of the rights provided to the Consumer under applicable Data Protection Laws, as they apply to Company-Provided Personal Information, then Service Provider will, without undue delay and where feasible within 30 days, respond to the Consumer with a response that will include: (i) an explanation that Service Provider received the request but may not answer directly as this is prohibited by Company; (ii) a statement directing the Consumer to submit the request directly to Company; and (iii) Company's contact information. To the extent Service Provider is legally required to provide a different response, Service Provider, to the extent permitted by such applicable law, will inform Company of that legal requirement before it responds to the request.

Any request made by Company under this Section that is not made in writing shall be confirmed in writing and the date of the confirmation will be deemed the date the request was received.

5. Data Protections.

Service Provider has implemented and will maintain appropriate and reasonable technical and organizational measures, consistent with industry standards, to ensure a level of security commensurate with the risk posed to the Company-Provided Personal Information and to prevent and guard against the unauthorized, inadvertent or negligent access, disclosure, destruction, loss, processing, damage or alteration of the Company-Provided Personal Information.

Service Provider shall ensure that all its personnel and Sub-Processors provide at least the same level of privacy protection as is required by this Addendum and the Agreement, provided however that Service Provider will remain solely responsible for compliance with this Addendum. Service Provider shall notify Company if it makes a determination that it can no longer meet this obligation.

Any additional security requirements in the Agreement remain in effect.

6. Audit.

Service Provider will allow Company and Company's authorized representatives to conduct audits or inspections to ensure compliance with the terms of the Agreement, this Addendum, and the applicable Data Protection Laws.

7. No Amendment, Order of Precedence.

Nothing in this Addendum reduces the Service Provider's obligations under the Agreement with respect to the protection of Company-Provided Personal Information or permits Service Provider to process (or permit the processing of) Company-Provided Personal Information in a manner that is prohibited by the Agreement. With regard to the subject matter of this Addendum, in the event of inconsistencies between the provisions of this Addendum and any other agreements between the parties, including the Agreement and including (except where explicitly agreed otherwise in writing, signed on behalf of the parties) agreements entered into or purported to be entered into after the date of this Addendum, the provisions of this Addendum shall prevail.

8. Severability.

Should any provision of this Addendum be deemed invalid or unenforceable, then the remainder of this Addendum shall remain valid and in force. The invalid or unenforceable provision shall be either (i) amended as necessary to ensure its validity and enforceability while preserving the parties' intentions as closely as possible or, if this is not possible, (ii) construed in a manner as if the invalid or unenforceable part had never been contained therein.