



**BIG**  
**LOTS!**

Import Supplier Manual **3.0**

# BIG LOTS IMPORT SUPPLIER MANUAL

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## I. INTRODUCTION

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### 1.1: A LETTER TO OUR IMPORT SUPPLIERS

October 27, 2015

Dear Suppliers,

The purpose of the Big Lots Supplier Manual (“Manual”) is to describe the terms and conditions under which Suppliers must operate when dealing with Big Lots and its logistics, compliance, quality, product development, and payment processes.

Your compliance with the terms and conditions described in this Manual is required to conduct business with Big Lots. This Manual was designed so that we will be able to operate efficiently and economically as we process your product and deliver it to our customers. It is imperative that you provide all necessary documentation to our Forwarder/Consolidator, Customs Broker and Quality/Compliance Inspection partners.

Please forward this Manual to your respective distribution management, export departments, accounts receivable, and all shipping locations to ensure their ability to follow our instructions. Also, please discard any prior Big Lots import supplier manuals or guides, as this Manual replaces all prior import supplier manuals and guides.

It is extremely important that you understand the requirements necessary to participate in a global sourcing program with Big Lots. Please review this entire Manual, complete and return the attached acknowledgement response form on Page 5 to [globalsourcing@biglots.com](mailto:globalsourcing@biglots.com).

If you have any questions regarding this Manual or are unable to comply with the terms and conditions of this Manual for any reason, please contact our Global Sourcing Department at [globalsourcing@biglots.com](mailto:globalsourcing@biglots.com) before you accept any Big Lots’ purchase order. Failure to comply with the terms and conditions of this Manual will result in charge backs, delayed or off-set payments, penalties, order cancellation and/or Big Lots’ exercise of its other rights. Exceptions to this Manual must be approved and signed by the Vice President of Global Sourcing for Big Lots Stores, Inc.

Thank you for your cooperation. I look forward to a productive relationship.

Sincerely,

Carlos Samper  
VP, Global Sourcing

## 1.2: SUPPLIER ACKNOWLEDGEMENT FORM

I acknowledge receipt of the Big Lots Supplier Manual (Version 3.0) dated 10/27/15.

I have read and understand the importance of the policies and procedures set forth in the above document and agree to comply with them.

Please Type Or Print

_____
Date
_____
Company Name
_____
Company Address
_____
Telephone Number
_____
Fax Number
_____
Email
_____
Name/Position Of Company Officer
_____
Title of Company Officer
_____
_____
Signature of Company Officer

*Your comments are welcomed! Please provide on a separate sheet.*

*Please be sure to complete, sign, scan and return this form via email or fax.*

### **Big Lots**

ATTN: Global Sourcing Department  
300 Phillipi Road  
P.O. Box 28512  
Columbus, OH 43228  
Email: [globalsourcing@biglots.com](mailto:globalsourcing@biglots.com)  
Fax: 614-278-6951

### **Optimum Buying**

ATTN: Maxine Campbell  
1 bis av. Aime Auberville  
77500 Chelles, France  
Email: [office@optimum-buying.com](mailto:office@optimum-buying.com)  
Fax: 33-1-64-727801

### **Mantra**

ATTN: Anurag Malhotra  
818, ILD Trade Center, Section 47  
Sohna Road, Gurgaon 122001  
Haryana, India  
Email: [PO@emantra.com](mailto:PO@emantra.com)  
Fax: 91-124-4363001 / 4883200

### **United Sourcing Consulting**

ATTN: Carol Wang  
Unit J, 10F Hechuan Tower  
No. 2016 Yishang Road  
Minghang, Shanghai 201103, China  
Email: [Merchandising@united-sourcing.com](mailto:Merchandising@united-sourcing.com)  
Fax: 86-21-6125-4868

## 1.3: COMPANY INFORMATION

**Big Lots, 300 Phillipi Rd, Columbus, OH 43228-0512 USA**

**TRADING AS: BIG (NYSE)**

### **DEPARTMENTS AND CONTACTS**

DEPARTMENT	EMAIL	PHONE	FAX
Global Sourcing	globalsourcing@biglots.com	614-278-6701	614-278-6951
Global Logistics	ImportLogistics@biglots.com	614-278-6753	614-278-7161
Pre-Pricing Tickets & Labels	ticketing@biglots.com	614-278-7190	614-278-6678
Packaging	packaging@biglots.com	614-278-6656	614-278-6678
Accounts Payable	apimportpayment@biglots.com	614-278-6800	614-278-3761
Quality Assurance	blqa@biglots.com	614-278-6916	614-278-6951

### **AGENTS**

Big Lots has appointed designated buying agents in many countries. The buying agents will be assisting with sourcing of all non-branded product. Most supplier inquiries can be answered by contacting the buying agent in your local area as well as contacting a member of the Global Sourcing Department. To obtain the information regarding the Big Lots' buying agent in your area, please contact the Global Sourcing Department at [globalsourcing@biglots.com](mailto:globalsourcing@biglots.com) or (614) 278-6701.

COUNTRY - NAME OF AGENT	EMAIL	PHONE	FAX
<b>Manttra:</b> India, Pakistan, Thailand, Bangladesh, Indonesia, Sri Lanka	<a href="mailto:po@emantra.com">po@emantra.com</a>	91-9910014014	91-124-4363001 / 4883200
<b>United Sourcing:</b> China, Taiwan, Hong Kong, Malaysia, Vietnam, Cambodia	<a href="mailto:manager@united-sourcing.com">manager@united-sourcing.com</a>	86-21-61254858	86-21-61254868
<b>Optimum Buying:</b> All European countries and Turkey, Egypt, Israel	<a href="mailto:office@optimum-buying.com">office@optimum-buying.com</a>	+33 164 72 78 00	+33 1 64 72 78 01

### **TESTING PROVIDERS**

Our designated testing providers are Bureau Veritas, Intertek and SGS. To obtain the information regarding testing labs and exclusive Agents in your area, please contact the Global Sourcing Department at [blqa@biglots.com](mailto:blqa@biglots.com) or (614) 278-6916, or access the designated testing provider's website:

**BV** - Docushare: <https://docushare.cps.bureauveritas.com/docushare/dsweb/Login>  
 USERNAME - bvvendor450  
 PASSWORD - bi450vendo

**ITS** - Interlink: <https://interlink.intertek.com>  
 USERNAME - biglots\_vendor@intertek.com  
 PASSWORD - X#@g8Opu

**SGS** - Sharepoint: <https://share.sgs.com/sites/global-cts-biglots>  
 USERNAME - b2b\Ven\_Biglots  
 PASSWORD - tantig87

<b>LAB CONTACTS</b>			
<b>Lab</b>	<b>Account Manager</b>	<b>Phone Number</b>	<b>Email Address</b>
BV	Teresa Keller - CRM	716-505-3482	teresa.keller@us.bureauveritas.com
ITS	John Luzzi	973-445-2831	john.luzzi@intertek.com
SGS	Bill Baxter - USA	862-233-5775	william.baxter@sgs.com
	Anne Zhang - Shanghai, China	86-021-61072918	anne.zhang@sgs.com

<b>BIG LOTS QUALITY CONTROL CONTACTS</b>		
<b>Big Lots Contact</b>	<b>Phone Number</b>	<b>Email Address</b>
Arthur Pietrafesa	614-278-6916	ArthurPietrafesa@biglots.com
Gretchen Hetrick	614-278-7021	Ghetrick@biglots.com

### **LOGISTICS PROVIDER**

To obtain information regarding Yusen Logistics and the local contact in your area, please contact Big Lots Department of Yusen Logistics (Hong Kong) Ltd. at [biglots@hk.yusen-logistics.com](mailto:biglots@hk.yusen-logistics.com) or (852)2956 1128.

## **1.4: CONFIDENTIALITY**

Supplier shall not at any time, during or after the receipt of this Manual, disclose to others and take or use for its own purposes or the purpose of others any trade secrets, confidential information, knowledge, designs, data, know-how, or any other information reasonably considered by Big Lots to be “confidential.” Supplier recognizes that this obligation applies not only to technical information, designs and marketing, but also to any business information that Big Lots treats as confidential. Any information that is not readily available to the public shall be considered to be a trade secret and confidential.

## **1.5: GIFTS AND ENTERTAINMENT**

The general purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships. If they do more than that, they may have the potential to unduly influence judgment or create a feeling of obligation. Big Lots’ employees may not solicit any kind of gift from present or potential suppliers or customers.

Gifts may only be accepted when permitted under applicable law if they are non-cash gifts of nominal value or gifts from family or friends with whom the recipient has a non-business relationship. In addition, customary and reasonable meals and entertainment at which the presenter is present, such as the occasional business meal, sporting event or concert, are also acceptable if the purpose of which is to hold bona fide business discussions or to foster better business relations. In all circumstances, gifts and/or business meals and entertainment may only be accepted with the knowledge and consent of the employee’s supervisor.

The purpose of this policy is to avoid violations of law and to insure that the Company’s business is safeguarded from undue influence of bribery and personal favors. Big Lots expects its suppliers to be mindful its policies and avoid any activities that, directly or indirectly, violate its policies. For example, suppliers shall not offer and Big Lots employees should not, under any circumstances, accept payments (in the form of cash or cash equivalents) or discounts from individuals or firms that do business or propose to do business with Big Lots. Failure to comply with this policy may cause the immediate cessation of business with Big Lots.

## II. PURCHASE ORDER PROCESS

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The Big Lots purchase order is the contract used to specify the terms and conditions upon which Big Lots purchases and the supplier sells product. The purchase order will be emailed or sent via EDI to the supplier. By shipping product to Big Lots, you agree to all terms and conditions of the Big Lots purchase order (PO). Big Lots transmits purchase orders, both new and amended, to our forwarder/consolidator, customs house broker and agents on a daily basis. This allows them to verify that our terms and conditions are being met. For all FOB Origin shipments, all port, terminal and local government charges are for the account of the supplier.

### 2.1: SUPPLIER REQUIREMENTS PRIOR TO PURCHASE ORDER ISSUANCE

#### 2.1a: IMPORT PRODUCT DATA SHEET (IPDS)

The Big Lots quote sheet that we use to receive quotes from all import suppliers is the Import Product Data Sheet (IPDS). The IPDS sheet provides critical information that is used to create the purchase order, classify product, and provide detailed specifications for each article.

All IPDS are valid for 12 months from the “final date” shown on the IPDS, if there have been no changes to any fields of the IPDS. The 12 months is calculated from the date of the final changes (if applicable).

Suppliers will submit an IPDS for each product that is quoted to Big Lots or its buying agent as part of the initial buying process. If a purchasing decision is made, a purchase order will be issued by Big Lots via EDI, email, or fax. Within 1 week of the initial transmission of the order date, the supplier will be emailed by the Global Sourcing Coordinator or agent with a reference to the order. The supplier will be required to email back a signed copy of the Purchase Order, the Final IPDS, and the Supplier Manual signoff (if applicable).

The finalized IPDS (Final IPDS) must include exact item# and ARTICLE# of products shown on our purchase orders. The Item#, ARTICLE# and detailed product description shown on the Final IPDS have to be matched with future shipping invoices and packing lists for Customs clearance purposes.

Please note that the IPDS is updated periodically, and detailed instructions for completing the forms are included as a worksheet in the IPDS. Contact the Global Sourcing department or the applicable buying agent for a copy of the latest version of the IPDS.

#### 2.1b: IMPORT CLASSIFICATION

Customs laws require all items imported into the United States be classified under the Harmonized Tariff Schedule of the United States (“HTSUS”).

Each import supplier must include the following information when completing the IPDS:

- Product Description
- Material Composition
- Dimensions
- HTS Number
- Duty Rate
- Quota Category

All Final IPDS sheets must be sent to the Global Sourcing Coordinator and agent electronically within 48 hours of order confirmation. It will be forwarded to the Customs Compliance Specialist to verify the duty rate and classification is accurate. Any changes required will be communicated to the supplier. The supplier is



responsible for revising the IPDS. The revised version will be used as the supplier's record copy and should be sent electronically to the Global Sourcing Coordinator with changes highlighted. If any information has changed after the review process, a new IPDS must be submitted to the Global Sourcing Coordinator with a note of what has changed.

Big Lots relies on correct duty to be given by the supplier when it makes a purchasing decision. If a supplier gives an incorrect duty rate that leads to an increase in cost caused by the higher duty, the supplier will be charged back the amount of the higher duty or the purchase order will be revised by reducing the first cost to cover the duty difference.

## 2.2: PURCHASE ORDER CONFIRMATION

**Once the orders have been given to you, please follow the instructions below.**

1. If this is your first order received from Big Lots, you must sign and send a copy of the Big Lots Supplier Acknowledgement Form located on page 5 of the supplier manual to your designated agent or Big Lots Global Sourcing (for branded suppliers).
2. A final IPDS (on the most recent version) for all items on the purchase order must be submitted to your designated agent or Big Lots Global Sourcing (for branded suppliers).

**All Final IPDS files must use the below naming protocol for the file name:**

**SKU#\_Item#\_Descriptor\_Date\_IPDS Version#**  
**(e.g. 123001234\_1234\_Handmixer\_09.03.18\_v4.0)**

3. Purchase Orders must be reviewed closely on pertinent details such as, but not limited to, the following:
  - a) shipping port
  - b) shipping terms (FCL, LCL, DCL)
  - c) payment terms
  - d) item numbers/ item details
  - e) fob cost and other costing factors
  - f) order quantities
  - g) shipping delivery dates
  - h) duty rate
4. After orders are reviewed and verified, please forward a signed copy of the purchase order to your designated agent or to Big Lots Global Sourcing (for branded suppliers).

This will serve as confirmation of order acceptance and you will be bound to the Terms and Conditions of the accepted purchase order.

## 2.3: CERTIFICATE OF PRODUCT LIABILITY INSURANCE (PLI)

In order to do direct import business with Big Lots, Inc. you are required to purchase and maintain Product Liability Insurance to protect and indemnify Big Lots, Inc. for all product liability losses arising from your product.

The minimum requirements for the insurance include the following:

1. Minimum Limit of Liability of US \$2,000,000 per Occurrence for Bodily Injury and / or property damage.
2. The policy must be maintained for a period of three (3) years after the relationship has been terminated.
3. Must endorse Big Lots, Inc. and all its direct and indirect subsidiaries and affiliates as Additional Insured;
4. Must respond as primary coverage and non-contributory to any other insurance policy available to Big Lots.
5. Must unless specified otherwise, be issued on an occurrence based ISO form.
6. Must have a worldwide policy territory for occurrences and claims.
7. Must show defense costs in addition to the Minimum Limit of Liability.
8. Certificate of Insurance must show Discontinued Suppliers Endorsement.

Suppliers are required to provide a Certificate of Insurance (COI) and a copy of the Additional Insured Endorsement as evidence of the above coverage. A copy of these documents will be presented to Big Lots, Inc. and or the agent from the country where the product is shipped at the time Big Lots, Inc. formally accepts you as a supplier and annually thereafter, within 60 of policy renewal. In addition, the COI is one of the required documents for a supplier to receive the FCR after shipping and the FCR is a required document for payment.

When selecting an insurance company to underwrite the policy, the following criteria must be met:

1. The insurance company must have Standard & Poor's rating of BBB or better ([www.standardandpoors.com](http://www.standardandpoors.com)) or A.M. Best's rating of A-VII or better. (reference: [www.ambest.com](http://www.ambest.com));
2. The insurance company must be licensed to operate in China or the country from where the product is sold and invoiced to Big Lots, and have an extensive North American presence.

Big Lots recognizes suppliers may struggle in finding the right policy with an insurance carrier that meets the above-mentioned requirements. In coordination with insurance broker Aon Risk Services, Big Lots, Inc. has developed a program that provides suppliers with the required coverage with ACE/Huatai Insurance Company. This program may be extended to suppliers in China, Macau, Hong Kong, Guam, the Philippines, South Korea, Taiwan, Vietnam, India and Pakistan.

### **Product Liability Program Contacts**

COUNTRY	BROKER CONTACT
<b>United States</b>	Brent Pfiffner Aon Risk Solutions (AGCN-Chicago) 200 E. Randolph Street, Chicago, IL 60601 Ph: 312-381-5865 e-mail: Brent.m.pfiffner@aon.com
<b>China</b>	Richard Wang AonCofco - Shanghai 42/F., Jin Mao Tower, 88 Century Boulevard, Pudong, Shanghai 200121 China Ph: 8 621 3868 8298 e-mail: richard_wang@aon-cofco.com.cn
<b>Cambodia</b>	Ly Huynh Kieu Trang Aon Vietnam Ltd (Hochiminh) 7Fl, R.702, 111A Pasteur, District 1, Ho Chi Minh t +84838224884 (Ext 173)   f +84838222700   m +84 938113868 ly.huynh.kieu.trang@aon.com (coordinated by Aon Vietnam)

COUNTRY	BROKER CONTACT
<b>Hong Kong</b>	Benjamin Chang Aon Risk Services (AGCN-Hong Kong) 28/F, Tower 1, Times Square, Hong Kong Ph: 85228624133 e-mail: benjamin.chang@aon.com
<b>India</b>	Jigna Gokani Aon Global Client Network - India 205-207, Global Business Park , M. G Road, Gurgaon, India Ph: 0124-4710670 / 09599771119 e-mail: jigna.gokani@aon.com For Escalations: Vineet Sahi AGCN India Ph: 011 - 43684300 e-mail: vineet.sahi@aon.com
<b>Indonesia</b>	Nahdi Abbas P.T. Aon Indonesia 5/F Menara Sudirman, Jl. Jend Sudirman kav. 60, Jakarta 12190 Indonesia Ph: 62215220123 e-mail: nahdi.abbas@aon.com
<b>Malaysia</b>	Amizah Abbas Aon Insurance Brokers (Malaysia) Level 10, Tower 3, Avenue 7, The Horizon, Bangsar South, No.8, Jalan Kerinchi, Kuala Lumpur, 59200 Malaysia Ph: 60320956628 e-mail: amizah.abbas@aon.com
<b>Pakistan</b>	Khurram Alikhan Aon Insurance Brokers (Pvt) Ltd Bahria Complex 3, 2nd Floor, M.T.Khan Road, Karachi, 74000 Pakistan Ph: (92) 21. 111 266 266 e-mail: khurram.alikhan@aon.com
<b>Taiwan</b>	Wendy Chou   Project Manager Aon Risk Solutions   AGCN 9/F, Lotus Building, No.136 Jen Ai Road, Section 3   Taipei   106 t +886266390329   f +886223252278 e-mail: wendy.chou@aon.com
	Carol Chen   Executive Director Aon Risk Solutions   Marine & Logistics / Aviation / AGCN 9/F, Lotus Building, No.136 Jen Ai Road, Section 3   Taipei   106 t +886266390216   f +886223252278 e-mail: carol.chen@aon.com
<b>Thailand</b>	Tirapol Osiri Aon Risk Services (Thailand) 18/F Siam Tower Building, 989 Rama I Road, Pathumwan, Bangkok, Thailand Ph: 6623054611 e-mail: tirapol.osiri@aon.com
<b>Turkey</b>	Gizem Güldürsün Polat Aon Risk Solutions   Risk Management t +90.216.636.07.00   f +90.216.692.12.12 e-mail: gizem.guldursun@aon.com.tr
	Selin Salcioglu Aon Risk Services Saray Mah. Dr.Adnan Büyükdeniz Cad. No:2, Umraniye, Istanbul Turkey Ph: 90(216)636 0700 e-mail: selin.salcioglu@aon.com.tr
<b>Vietnam</b>	Ly Huynh Kieu Trang Aon Vietnam Ltd (Hochiminh) 7F1, R.702, 111A Pasteur, District 1, Ho Chi Minh t +84838224884 (Ext 173)   f +84838222700   m +84 938113868 ly.huynh.kieu.trang@aon.com

Any questions on insurance can be answered by the agents in each country.

## **2.4: FACTORY SOCIAL COMPLIANCE ASSESSMENT POLICY AND OVERVIEW (FSCA)**

### **FSCA PROGRAM OUTLINE**

#### **Key Areas of Social Compliance Evaluated**

- Compensation
- Child Labor
- Discrimination
- Environmental
- Forced Labor
- Migrant Workers
- Right of Inspection
- Working Hours
- Workplace Health and Safety

These are the main areas that are covered in the audit. More detailed and specific questions and observations in each area become part of a checklist with which the auditor performs their evaluation and arrives at a score.

#### **FCSA Process Steps**

- Factory Assessment Request – must be submitted within 30 days of receipt of P.O. (Factories being audited previously should submit re-audit request 45 days before expiration of prior audit certificate.)
- Factory Assessment Date Set and Confirmation – complete within 7 days
- Factory Assessment – agent executes the audit - prior to ship date; 1 day
- Factory Assessment Result – check list covering specifics in Key Areas of Social Compliance is tallied and scored – directly following audit
- Factory Assessment Report - distributed to supplier and Big Lots management - 7 days after audit

#### **FCSA Scoring Results**

There are a total of 100 equally weighted points on the checklist covering all of the Key Social Compliance areas for possible attainment of a perfect score of 100.

Important considerations and features:

- A total point attainment of 61 is considered a minimum overall passing score and is valid for a period of 1 year.
- Certain specific checklist points which fail will cause an overall report rating of “Fail” regardless of the total points attained and have further consequences (see following section)

#### **FCSA Scoring Results Outcome**

- Passing a Social Compliance assessment audit results in a “Factory Assessment Result” good for 1 year from date of issue and will be required to receive an Forward Cargo Freight (FCR) from Yusen
- Failing a Social Compliance assessment audit will result in a “Failure Certificate” and the factory must reschedule another factory assessment (at their own expense plus they will be billed for the original assessment). This must be completed within 30 days; no FCR issued until a passing certificate is issued.
- It is expected that with a subsequent re-audit the factory will place sufficient effort and willingness to correct failure areas and show significant improvement to effect a passing certificate. However, after given opportunities to improve, if a factory receives three consecutive failing grades, Big Lots will

consider that no remedial action is being taken. This will result in termination of business with the factory for a period of a *minimum* of one year. **IMPORTANT NOTE:** These overall score failures do not include the discovery of any egregious failures that are treated separately and carry more severe consequences (see next section below).

### **Egregious Failures - Factories**

Certain individual checklist failures are considered by Big Lots to be so severe that a single observation will result in an automatic overall failed audit score and will have further consequences on the business relationship. These failures include:

- Child Labor
- Forced Imprisonment
- Violating in-country wage laws
- Trans-shipments

In addition to the automatic audit failure, any egregious condition observation in one or more of the above categories will result in *immediate cancellation* of all orders from the factory. It is expected, and required, that these infractions will be addressed and corrected immediately.

Upon notification of remediation of the infraction(s), the factory will be given an opportunity for a re-audit. A re-audit with an evaluation that indicates no improvement will result in *immediate termination* of all business with the factory for a *minimum* of three years.

Following the end of the three-year business termination period, the factory may enter into a process of reinstatement, but only after review by and approval of Big Lots management. This process will commence with a factory audit. If there are any egregious observations discovered on this audit, the process will stop and will result in *permanent* termination of any and all future business relationships between Big Lots and the factory.

### **Egregious Failures - Suppliers**

Upon a factory receiving a second egregious failure leading to a three-year termination, that particular business with the supplier will be *temporarily suspended*. It is the responsibility of the supplier to find a suitable factory replacement.

If a supplier's factories have three egregious failures within any three-year period, that supplier will be subjected to *immediate termination* of all business for a *minimum* of three years. Reinstatement of the supplier's business will also require Big Lots management review and approval and its continuance will in turn be dependent on their factories' level of performance in the elimination and prevention of egregious failures in social compliance standards.

### **COMPLIANCE WITH APPLICABLE LAWS**

All suppliers shall comply with the legal requirements and standards of their industry under the local and national laws of the jurisdictions in which the suppliers are doing business, including the labor and employment laws of those jurisdictions, and any applicable U.S. laws. Should the legal requirements and standards of the industry conflict; suppliers must be in compliance with the legal requirements of the jurisdiction in which the products are manufactured.

### **EMPLOYMENT**

Big Lots expects its suppliers to meet the following terms and conditions of employment:

- A. **Compensation:** Suppliers shall fairly compensate their employees by providing wages and benefits which are in compliance with the local and national laws of the jurisdictions in which the suppliers are doing business or which are consistent with the prevailing local standards in the jurisdictions in which the suppliers are doing business.

- B. **Hours of Labor:** Suppliers shall maintain reasonable employee work hours in compliance with local standards and applicable laws of the jurisdictions in which the suppliers are doing business. Employees shall not work more than 72 hours per 6 days or work more than a maximum total of 14 hours per calendar day (midnight to midnight). Suppliers should strive to have a maximum 60-hour work week. Big Lots will not use suppliers who, on a regularly scheduled basis, require employees to work in excess of the statutory requirements without proper compensation as required by applicable law. Employees should be permitted reasonable days off (at least one day off for every seven-day period) and leave privileges.
- C. **Child Labor:** Big Lots will not tolerate the use of child labor. Big Lots will not accept products from suppliers who utilize in any manner child labor in the manufacture of its products. No person shall be employed at an age younger than the law of the jurisdiction of manufacture allows. Where country laws allow children below the age of 14 years to work, Big Lots will only recognize the minimum working age of 14 years, regardless of the law of the jurisdiction.
- D. **Forced Labor/Prison Labor:** Forced or prison labor will not be tolerated by Big Lots. Suppliers shall maintain employment on a voluntary basis. Big Lots will not accept products from suppliers who utilize in any manner forced labor or prison labor in the manufacture of its products.
- E. **Discrimination/Human Rights:** Big Lots recognizes that cultural differences exist and different standards apply in various jurisdictions; however, we believe that all terms and conditions of employment should be based on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Big Lots favors suppliers who have a social and political commitment to basic principles of human rights and who do not discriminate against their employees in hiring practices or any other term or condition of work, on the basis of race, color, national origin, gender, sexual orientation, religion, disability, or other similar factors.

## **WORKPLACE ENVIRONMENT**

Big Lots expects its suppliers to maintain a safe, clean, healthy and productive environment for its employees. Factories producing product to be sold by Big Lots shall provide adequate medical facilities, fire exits and safety equipment, well-lighted and comfortable workstations, clean restrooms, and adequate living quarters where necessary. Workers should be properly trained to perform their jobs safely. Big Lots will not do business with any supplier that provides an unhealthy or hazardous work environment or which utilizes mental or physical disciplinary practices.

## **RIGHT OF INSPECTION**

Big Lots wants to make sure that the standards for suppliers are applied in the places where production occurs. Big Lots, or a designated third party, will take actions such as on-site inspection of production facilities to implement and monitor these standards. Suppliers are required to disclose to Big Lots the locations of factories where Big Lots product is being produced in order that Big Lots, or a designated third party, may inspect the factories to ensure good practices and adherence to the Standards.

## **OPTIONAL ALTERNATIVE - EXCLUSIVELY FOR TOY VENDORS**

### **International Council of Toy Industries – ICTI Care Certification**

Toy suppliers may participate in the ICTI Care process to receive their social compliance certification as an alternative to the Big Lots agency performed FSCA. Activities and costs associated with ICTI Care becomes the responsibility of the supplier/factory, contractually with both ICTI and the auditing body. However, the Big Lots sourcing agency, once informed of the desire to use this option, is still responsible for initiating and managing the ICTI process overall and integrating it into the normal FSCA process outlined above. Please contact the agency representative if this option is chosen.

Resources and quick links are given below for more information concerning ICTI Care:

- The link to the main ICTI website is: <http://www.icti-care.org/>
- The names of the auditing firms accredited by ICTI to perform the ICTI audit: <http://www.icti-care.org/process/accredited-companies.html>.

## Employment Standards Certificate Policy

In addition to the above Factory Certification policy and process, to reinforce our commitment to employment standards, a new policy requires that suppliers certify that they and their suppliers comply with the terms and conditions of employment and workplace environments required by Big Lots' Import Supplier Manual, including that the supplier/manufacturer do not employ forced labor, prison labor or child labor in any stage of mining, production, manufacture or distribution of merchandise sold to Big Lots.

This certification indicates that such manufacturer provides fair compensation, reasonable work hours and a safe and healthy workplace consistent with local laws and standards, and such manufacturer has made a commitment to basic principles of human rights and nondiscrimination. The supplier also acknowledges Big Lots' (and its representatives') right to make on-site inspections of production facilities to monitor compliance with the supplier's / manufacturer's compliance with Big Lots Import Supplier Manual, including the required employment standards.

Then, the supplier must complete and sign an Employment Standards Certificate (ESC). The agent performing the factory assessment will collect a completed and signed ESC. A factory assessment certificate will not be issued until the supplier completes this ESC. No shipments will be allowed without completed FSCA and ESC documents.

## 2.5: PAYMENT TERMS

**Required payment terms are Wire Transfer T/T =60 Days from FCR Date. L/C +90 Days or other terms only with approval of VP Global Sourcing.**

### **2.5a: PrimeRevenue Financing Program**

Powered by the PrimeRevenue Supply Chain Financing (SCF Platform™), the Accounts Receivable Financing Program for Big Lots provides an integrated set of powerful web-based services.

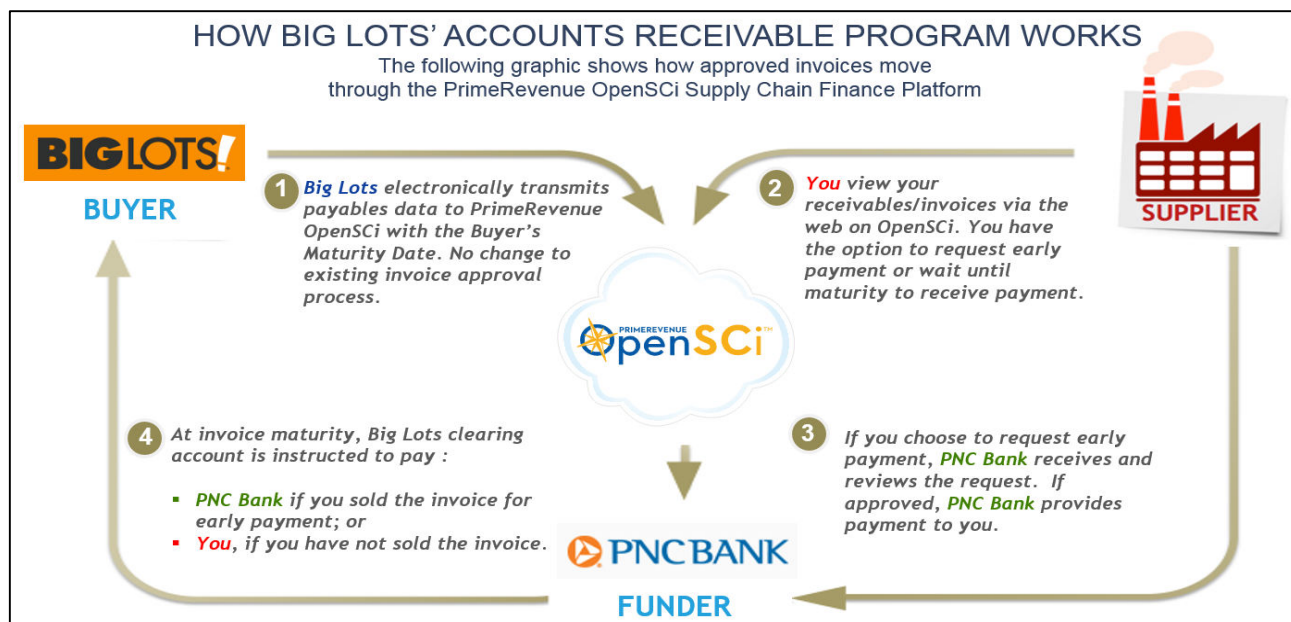
Benefits to Suppliers include:

- Visibility and increased Control over Cash Flow
- On Demand Working Capital Finance with ability to leverage Big Lots' financing rate
- Decreased Days Sales Outstanding (DSO)
- Easy to Implement and use
- Easy web-based use with no software additions required
- No set-up or transaction fees
- Complete audit and reporting capabilities

More – please visit the microsite for more details! <http://www.primerevenue.com/SCF/BigLots>

Username: biglots

Password: biglots



The program is easy to use with attractive financing availability. You can harness a low APR rate for the Big Lots receivables you choose to finance through the Platform:

- The cost of funding receivables, through trading with PNC Bank is calculated by applying the program rate over each receivable's remaining days to maturity.
- The rate is subject to daily variation as the result of changes in underlying capital market rates (LIBOR) and Big Lots' risk ratings.
- Neither PNC Bank nor PrimeRevenue impose any facility or transaction fees in conjunction with this program.
- Joining the program does not require the supplier to commit to any minimum level of trading activity.

Trading receivables for early payment is easy:

- Suppliers may trade receivables 3 days or more before the 'maturity' or due date.
- Trades completed before 3:00 PM US Eastern Time on any business day result in funding on the next business day. (Please note, there are exceptions for US bank holidays and international trades)

For additional program questions or to sign-up for the Big Lots – Accounts Receivable Financing, contact PrimeRevenue via email at [biglots@primerevenue.com](mailto:biglots@primerevenue.com) or (678) 904-7128.

### **2.5b: Wire Transfer**

In order for Big Lots to process your wire transfers efficiently, we require the following processes:

1. Invoice each distribution center separately.
2. Suppliers must complete a wire transfer form (See Appendix). One invoice per wire transfer.
3. All documentation must comply with the purchase order and list the following:
  - PO number
  - Both supplier item number and Big Lots Article number
  - Quantities

Any discrepancies will delay payment.



4. The purchase order supplier name should match the wire transfer bank account name. If the names do not match, the supplier must submit a relationship letter. For clarification, please contact the accounts payable department at [apimportpayment@biglots.com](mailto:apimportpayment@biglots.com).
5. Please refer to the documentation section to find the information that must be listed on each document.
6. The following documents are always required for wire transfer payments:
  - Original, signed commercial invoice and packing list.
  - Original signed and dated forwarders product receipt issued by our forwarder/consolidator.
  - Wire transfer request form with complete and accurate banking information.
 Delayed, missing, or incorrect documents will result in a delay of payment and/or additional charges.
7. Documents must be sent via courier or email.

**Courier:** Big Lots, ATTN: Accounts Payable, 300 Phillipi Road, Columbus, OH 43228 USA  
**Email:** [apimportmentpayment@biglots.com](mailto:apimportmentpayment@biglots.com)

**Failure to follow these EXACT guidelines will result in your payment being delayed.**

**2.5c: Letter of Credit**

1. Big Lots will not open LCs earlier than 15 days prior to the start of the ship date window indicated on the purchase order. Terms for letters of credit are LC+90 Days. All LC's require the advance approval from the VP of Global Sourcing.
2. LCs will be issued as FOB vessel, port of shipment, and/or FOB consolidator warehouse, CIF or C&F (as specified on the LC).
3. Marine product insurance to be provided by buyer for FOB or C&F transactions.
4. Partial shipments in full containers are permitted.
5. If Customs release is delayed at the U.S. port of entry due to failure of the supplier to provide required documentation, any storage, demurrage, or other charges incurred at the U.S. port of entry will be for the account of the supplier. YUSEN late charges will be deducted from the invoice amount.
6. All customs regulations at the origin point have been complied with, including commercial documents, testing certificates (as required) submitted to our consolidator/forwarder.
7. All phrases must be identical throughout documentation, and as required in the letter of credit. Failure to do so will delay both payment and shipment release.
8. All amendments are processed through the Big Lots Accounts Payable Department.

If foreign letters of credit are required the following fees are involved in letters of credit (per doc set document).

Issuance.....	\$50.00 USD
Amendment.....	\$50.00 USD
Examination.....	\$50.00 USD
Negotiation.....	\$50.00 USD
Cable/telex.....	Actual expense incurred
Discrepancies.....	\$85.00 USD per document set
Swift @ issuance.....	\$50.00 USD (only charged on first doc set after the amendment is processed)
Amend Swift.....	\$25.00 USD (only charged on first doc set after the amendment is processed)
Cancellation.....	\$75.00 USD

**All bank charges, in the United States and overseas, are for the beneficiary's account.**

**Failure to follow these EXACT guidelines will result in your payment being delayed.**

## 2.6: PACKAGING

Big Lots requires all product produced in one of its owned brands (Agents or GS can define brands for suppliers) to follow the process as defined in the **Vendor Packaging Guide, version 4.0**. This manual can be found on the Big Lots web site [www.biglots.com](http://www.biglots.com). In addition, all products purchased that is either re-ordered or bought for a sales time period longer than 8 weeks also needs to follow the packaging guide lines. All questions for the packaging process should be directed to either the applicable agent or Big Lots packaging department at [packaging@biglots.com](mailto:packaging@biglots.com).

Suppliers will receive communication from the packaging team at United Sourcing to initiate packaging work for purchase orders that been placed by Big Lots. The United Sourcing Packaging team will also be the primary contact for submitting electronic packaging layouts for review and approval as well as print proofs and final printed package structures.

Each of the supplier activities in the packaging process is detailed in the United Sourcing Supplier Packaging Steps. It is critical that all supplier associates who support packaging work for Big Lots have reviewed and understand our expectations.

**Please note:** It will be important for supplier associates to direct packaging communication to the appropriated recipient (United Sourcing Packaging team or Big Lots Packaging). Replies must be directed to the individual from whom the supplier receives the request for packaging work or direction for packaging revisions.

United Sourcing packaging team will be supporting all divisions' packaging activities for products imported from China, Hong Kong, Taiwan, Vietnam, and Malaysia. Suppliers who sell from territories not covered by United Sourcing will continue to work with our Columbus, Ohio based packaging team.

Please also not the following Big Lots' key packaging policies:

- Big Lots and United Sourcing packaging teams review and approve only Big Lots captive brands and seasonal packaging. We do not review national brand or other trademarked supplier brand packaging.
- Big Lots company policy is to use only Big Lots owned brands or seasonal packaging, national brand names or trademarked supplier brands.
- A "Distributed by Big Lots" clause is required on all Big Lots merchandise – either on a ticket /price ticket affixed to the product (when no display packaging is used) or on the display package. Merchandise marketed under any of Big Lots brands must specify "Distribute by Big Lots".
- Unless otherwise stipulated, Big Lots merchandise suppliers are responsible for creating the packaging layouts including photography, price ticket, UPC, and suggested copy for Big Lots owned brand merchandise as part of delivering a complete product to Big Lots. Big Lots will not assume this responsibility and the related costs.
- Big Lots merchandise suppliers are responsible for ensuring that all labeling that is required by current U.S. Federal and State regulations is accurately executed on product packaging. Big Lots Packaging and Quality Assurance departments along with United Sourcing do not approve regulatory labeling. Big Lots third party designated testing providers can give guidance to Suppliers when requested.

Big Lots uses original proprietary brands on product packaging for many items including: Shop Basics, Living Colors, Aprima, Master Cuisine, and Winter Wonder Lane. Our suppliers are required to complete and return a Trademark Sublicense Agreement from all items that we order using our captive brands on packaging, including price tickets. The agreement gives permission to the supplier to use the brand and explains supplier use limitations.

When purchase orders are issued to for Big Lots owned brand items, the supplier will receive a Trademark Sublicense Agreement to populated and sign. Please return the original signed document within one week (no photo copies allowed) to the individual from whom it was received from. Big Lots will be unable to provide owned brand packaging approvals (including electronic layout and copy) prior to receiving the completed and signed Trademark Sublicense Agreement.

Product packaging serves many important functions providing information about the product to the consumer and in some cases, helping to preserve the quality of the merchandise while in transit and in store. Big Lots suppliers are responsible for conducting appropriate primary packaging performance testing to ensure that packaging does not fail in the supply chain or in store.

The Big Lots' **Packaging Material Requirements – Minimum Standards** is to help clarify our expectations on the quality of materials that should be used in packaging including PDQs. Big Lots requires that these guidelines be applied to all product packaging for merchandise shipments. Big Lots requires that packaging print proofs are submitted for review and approval and must use the actual substrate from which the bulk packaging will be made. Print proofs will be evaluated for compliance with Big Lots **Packaging Material Requirements – Minimum Standards**.

In cases of gross packaging failures that occur in transit or in stores and deter the sale, the product supplier will subject to a chargeback.

### **PRE-TICKETING**

Big Lots requires all imported product purchased to be pre-ticketed. The pre-ticketing manual can be found in the Vendor Relations Routing / Compliance Section on the Big Lots web site [www.biglots.com](http://www.biglots.com). All questions to the pre-ticketing process should be directed to either the applicable agent or Big Lots packaging department at [ticketing@biglots.com](mailto:ticketing@biglots.com).

## **2.7: WORK IN PROGRESS**

To ensure order on-time delivery, suppliers are required to adhere to all import procedures prior to the shipment, which have been stated in other sections of this manual (i.e. Factory Assessment, Ticketing, Product Testing, Packaging, etc.) To help buyers and agents to monitor the orders execution status, it is required that suppliers fill out the WIP form as provided by Big Lots agents weekly.

The following points should be noted when you update the WIP form:

1. You are responsible to make sure the accuracy of the information.
2. All columns should be updated if applicable. Please indicate "N/A" if it's not.
3. WIP form should be updated and sent to Big Lots agents every Thursday.
4. Indicate any pending issues on the Remark column.
5. Information for all PO's – including open, shipped and cancelled ones ought to be updated, not partially.
  - If PO's are shipped, please keep the information on WIP form at least a year.
  - If PO's are revised (for instance, with new shipping window or quantity), the change should be stated in the Remark column.
  - If PO's are cancelled, please also keep them on WIP form and put "cancelled" in the Remark column.

If you have any questions about the process, please contact the agent in your area or Global Sourcing Department.

## **2.8: CHARGEBACK AVOIDANCE / COMPLIANCE HIGHLIGHTS**

The following issues will cause chargebacks on purchase orders and their associated shipments. In order to avoid chargebacks, please review each of the below points and advise questions to the Import Agent.

### **ON-TIME SHIPMENT BOOKING**

Suppliers are required to book at least 21 calendar days prior to the PO Ship Date with Yusen Logistics. Booking information must be complete and accurate, and any costs incurred as a result of incorrect information will be charged back to the supplier.

### **ON-TIME DOCUMENT SUBMISSION**

There will be a \$100 late document charge if documents are submitted to Yusen Logistics later than 72 hours after sailing. This includes all required shipping documents and additional customs documents, as needed.

### **SUPPLIER PRE-TICKETING**

All suppliers are required to pre-ticket all import products. Any product not pre-ticketed or inaccurately pre-ticketed will be charged \$0.15 per unit, times the number of units shipped for manual handling.

### **MASTER CARTON REQUIRMENTS**

- Purchase order number must be on the carton.
- Style/Mfg#/Article# must be on the carton.

### **OTHER CARTON REQUIREMENTS**

- Cartons cannot have straps or bands without prior approval.
- Inner/master carton packing does not meet our purchase order specifications

### **PARTIAL SHIPMENT ACCEPTANCE**

Partial shipments will only be accepted with written approval of the Big Lots Global Sourcing Department. Yusen Logistics will notify Big Lots Global Sourcing Operations of any purchase order being booked as a partial shipment. Any overflow is not considered a partial shipment.

### **LATE SHIPMENT PENALTY**

Big Lots late shipment penalties are 4% of invoice value for 1-7 days late; 7% of invoice value for 8-14 days late and 10% of invoice value for **15 days late or over**. Big Lots may reject late shipments.

### **UNDER-UTILIZED CONTAINERS**

Big Lots charges for any ocean containers that are loaded under the minimum CBM requirement for each container size (See Factory Loading Requirements). The supplier will be charged for light shipment at the referenced freight rate on the IPDS multiplied by the unused capacity in the container.

### **CUBE**

Big Lots requires the accurate submission of master carton dimensions and weight. If master carton dimensions are inaccurately submitted on the IPDS and the cube is understated, the supplier will be charged back the increase in cube of the master carton times the freight cost per cubic foot (as per IPDS) times the number of units shipped.

### **CONTAINER & SHIPPING REQUIREMENTS**

- Purchase orders should be separated on the container.
- A packing list/schematic is not placed on the tail end of the container.
- Overweight container. The supplier will be responsible for any additional charges incurred.
- Requesting containers with space in excess of loading requirements or more containers than is necessary to accommodate the current shipment.

- Shipping from a FOB point other than the one specified on the purchase order. The supplier will be responsible for the difference in freight cost.
- Any charges that are incurred, including demurrage at the port, when U.S. customs cannot clear shipments due to incorrect or missing documents.

**WOOD PALLETS**

The use of wood pallets must be authorized by Global Sourcing Director or VP. Failure to receive authorization may result in chargebacks.

**PRODUCT QUALITY**

Quality problems, Recall or Regulatory violations that cause expense and or Loss of sales or Margins to Big Lots, will be charged back to suppliers as incurred.

### III. QUALITY CONTROL / COMPLIANCE

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#### 3.1: SOCIAL COMPLIANCE

##### **Big Lots Social Compliance – Guiding Principles and Policy**

As a global retailer Big Lots is committed to upholding the highest standards in the ethical treatment of workers and we expect the very same of our supplier base. Big Lots provides a means to accomplish that with both our suppliers, through which we source merchandise, and factories in which our merchandise is manufactured.

We accomplish this through management and administration of our Factory Social Compliance Assessment (FSCA) Program. This assessment is conducted by a Big Lots designated agent, and/or nominated third party, acting as auditor who provides us with a formal evaluation and report of labor and human rights standards as directly observed via workplace practices and conditions at these factories which are represented by the suppliers. These evaluations are scored against known standards and a formal report is distributed.

Social Compliance is required of all our suppliers. It is a condition of commencing and continuing a business relationship with Big Lots. Prior to merchandise being manufactured, a Factory Assessment will be performed and a passing score attained. Yearly re-assessments will be performed, at which time there is an expectation that in the immediate term violations will be corrected. Suppliers must not only maintain, but strive to continuously improve their Social Compliance rating.

#### 3.2: TOXIC CHEMICAL REGULATORY COMPLIANCE

##### **Big Lots Toxic Chemical and Regulatory Compliance – Guiding Principles and Policy**

As a responsible retailer, Big Lots holds the health, safety, and welfare of its customers in the highest regard and strives to source and sell merchandise that contains safe levels of known lead and other recognized toxic chemicals. To ensure that this principle is upheld, Big Lots seeks strict adherence to all current U.S. federal and state-mandated regulations and laws that govern lead and other toxic chemicals present in consumer products.

Big Lots accomplishes this through an independent third party testing program that tests a sampling of each and every product according to standard and detailed methods acceptable to, and cited in, each applicable regulation. Any product that does not meet the current acceptable levels of these toxic substances is deemed unfit for distribution to, and sale in, our stores. Procedures and processes are in effect which will place this merchandise in a “failed” status, thereby prohibiting its distribution.

Big Lots expects suppliers who conduct business with Big Lots to be aware of current Federal and State regulations and laws governing lead and other toxic chemicals, and to keep abreast of changes and revisions to those regulations and laws. Big Lots’ independent third-party testing protocols reflect the most current testing requirements and are visible and available to all suppliers prior to production of goods.

### 3.3: IMPORT PURCHASE ORDER / PRODUCT TESTING TIMELINE

1. Product submission for buyer purchase decisions must be made on Import Product Data Sheet (IPDS) that has been reviewed by the agent office and/or Global Sourcing to insure accuracy of the information and the correct cells have been used to create the correct Estimated Landed Cost (ELC) and other relevant details. Incomplete or inaccurate information will delay the process or potentially keep the supplier from having their product evaluated for a purchase decision. Thorough reading of all the pages of the IPDS including the instructions for filling out the form must take place. Please contact the agent or Global Sourcing for help with questions on filling out the form.
2. New suppliers must have had contact with their corresponding agent and/or Global Sourcing to go through the onboarding process to understand all terms and conditions of their product/program in order to accurately complete the IPDS and understand the process in working with Big Lots. If the new supplier is chosen to go forward with, their corresponding agent will send to them a New Supplier Set-up Form to fill out and return to the agent.
3. If a supplier's product is chosen to go forward with a purchase order, the details from the New Supplier Set-up Form or the current supplier of record, the e-mail address in the system will be used by Big Lots and the agent to send out the purchase orders to them.
4. Supplier must thoroughly read and confirm back all the details of the purchase order within 24 hours of receiving the order. Questions or errors should be sent through to the agent as soon as possible for verification and/or change.
5. All Import Purchase Orders must come from factories/suppliers that have passed a Factory Audit overseen by the corresponding agent and/or nominated Big Lots vendor, for that country of origin. After receipt of the purchase orders, suppliers are required to fill out a Factory Audit Request. The agent and/or nominated vendor will process and set up a time for the audit as soon as feasibly possible. Initial audits are at Big Lots expense and are good for 1 year based on a passing score. Failed audits will have a second audit that will be charged to the supplier. Suppliers can contact their corresponding agent for details and to understand the assessment parameters.
6. Pre-ticketing is required of all import orders into the Big Lot's stores except for specific waivers for categories that are not on the selling floor. All other product must have pre-tickets that have been approved by the Big Lot's packaging department. Any waivers to this must be issued and approved by the buyer, the DMM, and the VP of Global Sourcing. Failure to provide the waiver of pre-ticketing will result in charge backs to have the product properly ticketed in the Big Lot's distribution centers or stores.
7. For product that will go into Big Lots' own-brand packaging, the buyer will determine the brand and will work with the Big Lot's packaging department to send out the correct packaging information. The corresponding country agent will assist in following up and coordinating the delivery of the packaging information and help with questions to Big Lots on completing the packaging as needed. As the supplier works on completing the packaging, they will be required to submit the own-brand packaging to Big Lots and their agent for approval. Product that ships in non-approved Big Lots' brand packaging will result in chargebacks to correct or re-package the product.
8. All product that ships to Big Lots on an import basis must have passed testing guidelines from an approved Big Lots' specified testing laboratory and be compliant to the current testing process. Big Lots and its agents will follow all appropriate laws, regulations, rules, and standards for the products as they apply currently. Big Lots and its agents may revise the above as appropriate based on changing business or legal issues in the United States.
9. To initiate product testing, a Test Request Form (TRF) must first be filled out. A "TRF" can be found at the designated testing provider's web site. To receive a password to review the process and tests in the designated testing provider system, contact applicable lab (See page 24.)
10. A completed TRF along with appropriate number of samples required for testing must be sent to the lab and a pass testing report must be achieved and issued at least 21 days before ship date. Tests will be performed according to pre-approved testing protocols reviewed by Big Lots' Quality Control Department. Depending on the product category, supplier status, and past history of the product, multiple product tests may be required, including pre-production, and/or initial production, and/or final production, before orders can be shipped to Big Lots. The corresponding Big Lots Global Sourcing Mgr/Agent contact will give direction on

this based on guidelines approved by Big Lots' Quality Control team. Tests can include product performance, aesthetics, specifications, labeling and packaging, as well as other relevant criteria to insure the product was what the buyer intended and conforms to all current regulations and laws. Testing protocols can be reviewed on the designated testing provider's website.

11. If product passes testing, a Certificate of Compliance (COC) will be issued for inclusion in the Forwarders Cargo Receipt (FCR) documents for Big Lots' freight forwarder to send on to Big Lots' Accounts Payable team to pay on the suppliers invoice at the terms of the purchase order. The COC can be valid for 1 year.
12. Products that fail testing or require further submission of information, samples, packaging, etc., will need to be sent by the supplier to the lab requesting. Product will not ship into the Big Lots' stores without a current COC. Again, this must be completed by 21 days prior to purchase order FOB ship date.
13. Specific categories and items may require a product inspection during and /or after production at Big Lots' discretion. This can be separate in-line inspection or finished product inspection, to be determined by Big Lots. This will be determined ahead of time to allow for the timing of the production to take place without delaying ship dates if possible. All inspections and finished product inspections will be paid for by the supplier. Passed inspections will issue a Certificate of Inspection (COI). Failed inspections will not have approval for shipment unless a waiver from Big Lots buyer, DMM and Global Sourcing has been sent.
14. Products that are potentially high breakage categories may require master carton packaging tests to ISTA 1a/b standards. Products needing ISTA 1a/b testing will be identified at time of purchase order to allow for the accurate size of the carton dimensions and cube so that the correct ELC is calculated on the IPDS for the orders. The standards and the specifics needed to comply can be found on the designated testing provider's web site. Testing will include vibration and drop tests as per requirements. In addition, certain packaged items in sidekicks, stackable PDQ's, and Floor/Pallet displays are tested under ISTA 2a, 2a/b, or 2e.
15. Suppliers should contact Yusen at least 21 days from ship date for booking of containers. No PO changes can be made within 21 days of ship date.
16. Supplier must submit all required testing, inspection, and ISTA certification to receive the FCR for timely payment of invoices.

#### **TESTING PROVIDERS**

Our designated testing providers are Bureau Veritas, Intertek and SGS. To obtain the information regarding testing lab you must use and our exclusive Agents in your area, please contact the Global Sourcing Department at [blqa@biglots.com](mailto:blqa@biglots.com) or (614) 278-6916.

<b>LAB CONTACTS</b>			
<b>Lab</b>	<b>Account Manager</b>	<b>Phone Number</b>	<b>Email Address</b>
BV	Teresa Keller - CRM	716-505-3482	teresa.keller@us.bureauveritas.com
ITS	John Luzzi	973-445-2831	john.luzzi@intertek.com
SGS	Bill Baxter - USA	862-233-5775	william.baxter@sgs.com
	Anne Zhang - Shanghai, China	86-021-61072918	anne.zhang@sgs.com

<b>BIG LOTS QUALITY CONTROL CONTACTS</b>		
<b>Big Lots Contact</b>	<b>Phone Number</b>	<b>Email Address</b>
Arthur Pietrafesa	614-278-6916	ArthurPietrafesa@biglots.com
Gretchen Hetrick	614-278-7021	Ghetrick@biglots.com

### **3.4: ADDITIONAL PRODUCT TESTING, INSPECTIONS AND AUDITS**

Note: the Consumer Product Safety Improvement Act (CPSIA) requires that every product that is subject to a law, rule, regulation or standard enforced by the CPSC, including children's products, be initially tested prior to import or distribution in commerce, and then retested periodically in accordance with a reasonable testing program. A reasonable testing program can take the form of a written periodic testing plan developed by or for



the manufacturer of the product; in this case, the retesting should take place at least once a year, with records being maintained for 5 years. However, if during that one-year maximum retest period a material change is made to the product itself or the way in which it is produced, the changed product must be tested before it can be imported or distributed in commerce. A material change includes any change to the product's design, manufacturing process or source of component parts that could affect the product's ability to comply with the relevant law, rule, regulation or standard. If a product is produced only in short production runs of less than one year, periodic testing and a periodic testing plan are not required, but retesting is still necessary when a material change occurs. Big Lots therefore requires suppliers of any products that are subject to any laws, rules, regulations or standards enforced by the CPSC (such as children's products), and that may be in production for over one year, to develop and have in place an appropriate written periodic testing plan. Big Lots also requires that its suppliers submit to the designated testing provider for such additional testing samples of any such products that are in production for more than one year or that are materially changed after initial testing.

Product testing supports the commitment of Big Lots to offer safe, quality products to its customers. Big Lots has established a comprehensive testing program to monitor and ensure compliance with all applicable regulations as well as industry and corporate quality standards. As a part of this program, all products must be tested prior to shipment by a Big Lots designated testing provider.

Test protocols for most products are available upon request. Compliance to regulatory and safety laws forms much of the foundation of most test protocols (methods, procedures and requirements) that are developed in reference to either (a) Federal regulations, (b) various State regulations and (c) various industry standard(s), test methodologies or other information from one or more of the following organizations (not all inclusive):

### **3.5: PRODUCT TEST SAMPLE SUBMISSION**

Suppliers must submit samples to the designated testing provider. Supplier is to fill out and submit electronically the test request form found on the designated testing provider's website:

**BV** - DocuShare: <https://docuShare.cps.bureauveritas.com/docuShare/dsweb/Login>  
USERNAME - bvVendor450  
PASSWORD - bi450vendo

**ITS** - Interlink: <https://interlink.intertek.com>  
USERNAME - biglots\_vendor@intertek.com  
PASSWORD - X#@g8Opu

**SGS** - Sharepoint: <https://share.sgs.com/sites/global-cts-biglots>  
USERNAME - b2b\Ven\_Biglots  
PASSWORD - tantig87

The required number of samples (dependent upon the individual product type) must be sent for testing. The minimum number of samples is indicated on the last page of each test protocol or can be obtained by contacting the designated testing provider directly. If the designated testing provider does not receive the correct number of samples, testing will be put on hold or testing could require additional time to complete.

#### **HOLD NOTIFICATION**

In some cases testing cannot proceed and samples are placed on hold. The designated testing provider will notify suppliers, agents and/or Big Lots when samples are placed on hold via a Hold Memo. Hold reasons for Big Lots testing program include the following:

- An insufficient number of samples are sent to the designated testing provider preventing all required tests from being performed

- A fully completed Big Lots Test Request Form has not been submitted electronically with the test samples.

Upon receipt of the additional samples, required information and/or forms, samples will be released from hold and testing will proceed. Suppliers will be notified via email by the designated testing. It is the responsibility of the supplier to resolve all testing holds.

### 3.6: PRODUCT TESTING PROTOCOLS

Big Lots' test protocols will be updated periodically to reflect changes in products as well as changes to regulations and industry standards as well as quality and performance criteria which are reflective of a specific product's capabilities and/or limitations. The designated testing provider's laboratories make every effort to evaluate products in the shortest time possible. Under normal circumstances, products will be evaluated in accordance with the test protocols within five business days based on the product type and testing required.

Under certain circumstances it may not be possible to complete testing on an item within the established timeframe due to conditions inherent to specific test requests (i.e. a request for extended environmental testing of 500 hours) or the product itself (i.e. UL verification on an electrical product or candles that burn for 200 hours). In such cases, the designated testing provider will provide an estimated completion time for the required tests.

The test protocols vary by each individual product and can vary by each style. The test protocols are subject to change if the product varies from the initial product for which the test protocol was developed. Upon receipt of actual samples, it is at the designated testing provider's discretion, with Big Lots' approval to determine which, if any, additional tests are necessary.

### 3.7: TEST GROUPING PROCESS

Big Lots allows for the reduction of duplicative testing within similar product groupings and repetitive testing across dissimilar product forms within an assortment of those groupings wherever possible.

**Batch:** An assortment of *exactly the same* item with *exactly the same* function that varies in one physical attribute, most likely color. Example: a package of 6 hand towels in different colors.

**Set:** An assortment of *different* items with the *same* function but varying in one or *more* physical attributes. Example: a package of 10 varying size hex wrenches (size); a package of small, medium and large screwdrivers color-coded yellow for slotted and red for Phillips head (size, color, form).

**Kit:** An assortment of different items with different functions that are organized into a collection of batches and/or sets. Example: A desk organizer assortment with a pen and mechanical pencil (same color, material); a large and small stapler (same material, color); a staple remover; large and small writing pads (same material); a calculator; a desk calendar; a tray for paper clips and a pen/pencil holder (both same material and color).

**Procedure:** When a supplier submits a completed Test Request Form (TRF), they may request Batch / Kit / Set and Component testing by marking the box in the "Special Testing Required" section.

NOTE: At the same time they must also submit a Grouping Form to designated testing provider showing how the testing is to be administered.

This must first be requested either through the agent or to the QC Coordinator directly.

### 3.8: SAMPLE DISPOSAL AND RETURN

Product testing is fully destructive. All samples become the property of Big Lots and are retained by the designated testing provider for one month from the date of submission. Samples sent for drop testing are retained for two weeks while customer complaint samples are retained for five years. Suppliers can have samples returned to them provided they accept all costs for re-packaging and shipping. Before the laboratory can return any samples, the supplier must obtain authorization from Big Lots.

Suppliers are responsible for all shipping costs associated with the submission and return (by request only) of test samples. Neither Big Lots nor the designated testing provider is responsible for product damage incurred as a result of shipping.

### 3.9: COST AND BILLING

Some test properties will require an additional charge. Additional charges (i.e. Lead Content test) are noted with an asterisk next to the test name in the test property column and on the bottom of the Test Protocol in the Pricing Information box under additional charges. Additional test charges will be invoiced to the supplier.

Normal Service .....Refer to Protocol  
(5 - 7 Working Days - with exceptions where tests require additional time)

There is a "rush" service available such as next 4 day, next 2 day and next day. Please contact the lab submitted to as surcharges apply and may vary by product category and/or lab location.

All pricing, whether it is the costs assigned to the Test Protocols, additional charges or any other predetermined price lists, can be changed at any time as deemed by the test laboratory to compensate for economic changes within the industry.

#### **INVOICING / VENDOR BILLING**

Big Lots' quality assurance program is a supplier billed program. As such, pre-payment will be required of all suppliers testing with the designated testing provider for the first time. Once credit has been established through the first test submission, the designated testing provider will invoice each supplier upon completion of testing. Each invoice will be sent by mail along with a copy of the final test report.

At times, Big Lots may request testing outside the standard QC Program. For example, Big Lots may have a customer return on an item because of a defect. Should Big Lots decide to send the customer complaint sample or other samples in our inventory to the laboratory for evaluation, such testing (direct-bill testing), the supplier will be charged for these tests.

### 3.10: INTERNATIONAL SAFE TRANSIT ASSOCIATION TESTING (ISTA)

Big Lots will require transit and drop testing for select merchandise. The reason for the ISTA requirement in the required product categories is that the categories have historical high rates due to product being damaged in transit.

The International Safe Transit Association (ISTA) provides for standardized pre-shipment testing procedures that are industry recognized and used globally. Big Lots requires suppliers in certain product categories to submit samples for ISTA testing (see [www.ista.org](http://www.ista.org)).

PROCEDURE	CRITERIA	BASIC REQUIREMENTS
1A	Packaged-products weighing 150 lbs (68 kg) or less	Fixed displacement vibration and shock testing
1B	Packaged-products weighing over 150 lbs (68 kg)	Fixed displacement vibration and shock testing

These specifically are found in designated testing provider protocols

The process is essentially the same as for product testing. It requires a separate submission of sample apart from product testing and uses the Big Lots Test Request Form (TRF) for Transit Testing.

The main difference is that only one (1) sample in a master carton is required for submission and that must itself be “overpacked”.

**TESTING REQUIREMENTS FOR ISTA 1A AND ISTA 1B**

The following summarizes the ISTA 1A & B methodology:

ISTA 1A: for individual package-products that are less than 150 lbs.

- 14,200 Vibratory Impacts
- 10 Drops from a specific height and sequence

ISTA 1B: for individual package-products that are greater than 150 lbs.

- 11,800 Vibratory Impacts
- 10 Drops from a specific height and sequence

**3.11: QUALITY, INSPECTION AND AUDIT**

Supplier shall deliver the merchandise in excellent quality as determined by Big Lots and comply with all quality requirements and procedures that Big Lots specifies from time to time. Big Lots may at any time inspect the goods, or components of goods, and reject the goods or components of the good that Big Lots determines to be unsatisfactory. No inspections by Big Lots constitutes acceptance by Big Lots of any work-in-process or finished goods. In no event may delivery of the goods be considered completed until Big Lots has accepted the goods. Big Lots is not obligated to pay for any expenses related to unsatisfactory goods including shipping, return shipping, and handling. Big Lots may develop a standard for determining which goods are acceptable. Supplier shall provide Big Lots with reasonable access to its facilities and otherwise cooperate and facilitate any such audits Big Lots request.

**NOTE:** Certain categories of merchandise must regularly undergo an inspection of finished product that is performed early in the production stage at the factory. The policy and process is outlined below.

**OBJECTIVES**

To provide a process whereby actual production of previously lab tested and passed product is sampled and inspected against an appropriate approved reference sample that matches the lab tested product.

**POLICY**

It is Big Lots policy to conduct in-process product inspections to insure that the product shipped is exactly the same quality and specification as the product purchased. A passed inspection report called a Certificate of Inspection (COI) / Certificate of Compliance (/COC) is a required document for issuance of the FCR. Inspections are a supplier paid program. Inspections must be scheduled at least 7 days before P.O.’s scheduled ship date.

## **GENERAL INFORMATION AND DEFINITIONS**

**During Production Inspections:** Inspection will take place when 20% or more of the product is produced. During Production Inspections allow for corrective actions to be taken on defects or defective product.

**Sampling Plan:** Single

**Lot/Batch Inspected:** First P.O. produced

### **Inspection Procedure**

Normal Inspection; Inspection Level I- ANSI Z 1.4 Standard

**Acceptable Quality Limit (AQL):** The maximum percentage (worst case) of defective product recorded as satisfactory during the inspection. This represents the average quality of the production. The following levels are used; only Critical and Major levels are recorded to determine final Pass/Fail results

- **Critical: 0**
  - A defect that is hazardous or may cause harm.
  - Product does not comply with regulatory standards
- **Major: 4**
  - Defects likely to result in failure, reduce the usability and salability of the product and can be easily detected by the customer

**Sampling Plan:** This method determines the number of cartons to be inspected and how many samples to pull for the selected cartons.

- Number of cartons sampled from =square root of the PO cartons.
- Number of samples to pull from selected cartons: = divide the number of PO cartons by the number of carton that will be inspected.

**Inspection Criteria:** Using PO quantity along with the set AQL will determine the acceptance number and rejection number.

- Acceptance Number: Max number of defects in the sample that will permit the lot or batch.
- Rejection Number: Min number of defects in the sample that will deny the lot or batch.

### **Overall Final Report Ratings**

- **SATISFACTORY:** Certificate of Inspection will be issued
- **UNSATISFACTORY:** Product unacceptable. Must re-inspect. Certificate of Inspection will NOT be issued.
- **PENDING:** Client requirement missing from inspection. Example: missing the pass quality testing report, out-of-calibration of factory equipment, wrong assortment, etc. must re-inspect

## **INSPECTION PROCESS**

### **Steps for Inspections:**

1. Supplier MUST supply lab report and IPDS sheet before inspection.
2. Supplier obtains, fills out and submits the booking form at least 6 days before desired inspection date.
3. Upon receipt of the booking form (see link following this section) designated testing provider will schedule inspection with agent and supplier.
4. Prior to inspection the agent will need to send the approved reference sample to the designated testing provider inspection office.
5. Designated testing provider inspects the PO quantity using Big Lots standards. A draft of the report will be left with the supplier without a rating.
6. Within 1 day designated testing provider will issue an inspection report based on Big Lots standards.
7. Final reports with rating will be sent to the supplier, agent and Big Lots.
8. Report will be available on designated testing provider's Internet portal, similar to quality testing reports.

- Certificate of Inspection (COI) will be valid for 90 days after the inspection date. NOTE: Repeat orders and never-outs will need to be re-inspected if COI is out of validity date.

### **Where to find Big Lots Inspection Booking Form**

**BV** - Docushare: <https://docushare.cps.bureauveritas.com/docushare/dsweb/Login>

USERNAME - bvendor450

PASSWORD - bi450vendo

**ITS**- Interlink: <https://interlink.intertek.com>

USERNAME - biglots\_vendor@intertek.com

PASSWORD - X#@g8Opu

**SGS** - Sharepoint: <https://share.sgs.com/sites/global-cts-biglots>

USERNAME - b2b\Ven\_Biglots

PASSWORD - tantig87

- Supplier will need to download the booking form, fill the form out completely and return to the country contact listed (highlighted in yellow) on the global contact inspections list. Supplier will need to submit the request a minimum of 6 business days before ship date.
- Designated testing provider will be in contact with the supplier to confirm receipt of the booking form and arrange the inspection.

### **Steps for Re-inspections**

1. Supplier MUST supply quality testing COC, approved reference sample and IPDS sheet before inspection.
2. Supplier obtains, fills out and submits the booking form at least 6 days before desired inspection date.
3. Upon receipt of the booking form designated testing provider will schedule inspection with agent and supplier.
4. Prior to inspection the agent will need to send the approved reference sample to the designated testing provider's inspection office.
5. Designated testing provider inspects the PO quantity using Big Lots standards. A draft of the report will be left with the supplier without a rating.
6. Designated testing provider's inspector will only inspect the previous failures.
7. Within 1 day designated testing provider will issue an inspection report based on Big Lots standards.
8. Final reports with rating will be sent to the supplier, agent and Big Lots.
9. Report will be available on designated testing provider's Internet portal. Similar to quality testing reports.
10. IC will be valid for 90 days after the inspection date.

### **Combined Sampling**

- Combined sampling is when several different styles are combine making one lot or batch. Samples are pulled from the cartons randomly.
- Combined sample MUST be requested on the booking form
- Combined sampling method does not following the ANSI Z 1.4 standards, but the statistical rues will still apply.
- The limit of styles being combined for sampling is 4 styles.
- Product must be at 20% or more packed into carton to proceed with combine sampling.

### **Report Distribution**

- Reports with final ratings will to be sent by fax to the supplier.
- Reports will be e-mailed to Supplier, Agent, and Big Lots QC

### **Special Instructions**

- All inspections are to be performed in 1 man-day or less. If inspection will take more than 1 man-day Big Lots must approve the additional man-day(s). All approvals will need to be approved by QC Manager, Art Pietrafesa, Email: [arthurpietrafesa@biglots.com](mailto:arthurpietrafesa@biglots.com)
- Appropriate agent will be copied on all correspondences from designated testing provider to the supplier.

## **ADDITIONAL PRODUCT INSPECTIONS AND AUDITS**

In addition to routinely scheduled inspections that are part of the Quality Inspection in the previous section, Big Lots at its sole discretion reserves the right to inspect any product during production. If your product is selected for inspection you will be notified by the applicable agent. The procedure will be outlined for the supplier if an Inspection is required. These Inspections are also part of the supplier paid program. If an Inspection is required, a pass inspection certificate will be issued when the item has passed and will be a required document for issuance of the FCR.

For products arriving or on hand in our distribution centers or in our stores, Big Lots reserves the right to request a sample collection for any failure if deemed necessary. This includes issues detected during any testing or inspection process as well as store or consumer issues that are reported. All costs for sample collection plus any additional product testing or analysis performed will be the responsibility of the supplier.

## IV. LOGISTICS

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### 4.1: DOCUMENTATION REQUIREMENTS

The following documents must be completed and/or uploaded through Yusen Logistics' web portal in good order within 72 hours of sailing for issuance of the Forwarder's Cargo Receipt (FCR). Additional documents might also be required for U.S. customs purposes, and it is the supplier's responsibility to ensure all requirements for entry into the US are completed. If documents are not submitted on time, vendor will be charged a \$100 fee from Big Lots and additional penalties from Yusen Logistics, plus charges from any additional costs incurred from the delay upon arrival into the U.S.

#### **The required documents for the issuance of the FCR include:**

1. **Container Load Plan:** All suppliers are required to submit additional information for the Container Load Plan via Yusen Logistics web portal at least 24 hours prior to shipment.
2. **Commercial Invoice:** The commercial invoice must be created and submitted via [Yusen Logistics web portal](#). By submitting through the portal, the supplier is certifying that the information is true and accurate, and must contain the following:
  - Full supplier contact information
  - Full manufacturer contact information
  - Invoice number and date
  - Big Lots name and address that matches the DC on the PO. Only one DC may be used per invoice.
  - Shipment terms (FOB and point of export)
  - PO Payment terms; LC number (if applicable)
  - Big Lots' PO number
  - Big Lots' SKU/article number. For each, must include the Quantity (Units), Unit Price (USD), Total Value, and HTSUS (HTS) code. The invoice must list all component prices if items are a set or if the item has more than one HTS code. If the item is not intended for retail sale (sample, fixture, spare parts, etc.), the value should be the estimated value of the goods, and a separate Proforma invoice will be created for customs purposes.
  - Detailed description of the product detailing all information that will have a direct bearing on the proper classification and valuation of the product. For furniture, state materials it is made of; for toys, state whether electrical or non-electrical; for metal specify type of metal, etc. When multiple HTS classifications are involved, invoice values must be broken down to reflect the individual value associated with each different HTSUS number. The proper HTSUS classification is pre-populated in the commercial invoice template of the Yusen Logistics web portal
  - Country of origin. Note: Textile, apparel, and other product produced with materials or labor from more than one country can be very complicated. Consult with Global Sourcing Department for clarification.
  - The shipping marks and numbers (carton marks).
  - Statement that "The shipment containers no wood packaging materials" if accurate and no Beneficiary Statement is provided
    - Note: If there are wood packing materials used, the wood packing materials must be marked with the ("IPPC") logo, the two letter International Organization for Standardization ("ISO") country code and a unique number assigned by the national plant protection organization of the origin country to the company responsible for ensuring the WPM was properly treated. Without the IPPC mark will not be allowed entry into the U.S. and will be re-exported at the Supplier's expense.



- Certain invoices might also require the following depending on the origin/type of product:
  - For food items: FDA registration number, FDA product code, and Submission Identifier (SID) number (if applicable)
  - All assists, such as, labels, tags, design and/or artwork provided directly or indirectly by Big Lots at either a reduced cost or for a fee, that has not been added into the invoiced price of the product must be declared.
  - International freight insurance and cost of packing are to be itemized separately, if applicable.
  - For product that qualifies under a preferential-duty treatment program, such as GSP (Generalized System of Preferences) or NAFTA (North American Free Trade Agreement), eligibility must be documented separately.
  - Battery Inclusion (Yes/No) for all battery operated items. If the battery is included, the chemical composition of the battery in words and the external volume in cubic centimeters (cm3) must be stated on the invoice and IPDS.
  - Candle inclusion (Yes/No) for all candle holders.
  - Mirror reflective surface dimensions for all products containing a glass mirror reflective surface. Supplier is required to provide the dimension of the reflective surface (length x width) in centimeters on the invoice for Customs clearance.
- 3. **Packing List:** Every packing list must contain, at minimum: Container# (factory load shipments), Big Lots' PO and SKU/Article#, total cartons and total pieces, pallets (if applicable), net weight (kgs), gross weight (kgs), and cube (CBM). The packing list is created and submitted via the Yusen Logistics vendor web portal.
- 4. **Product Liability Insurance Certificate**
- 5. Big Lots' **Import Product Data Sheet (IPDS)** for each item.
- 6. Approved **Factory Audit**
- 7. **Certificate of Inspection (COI)** for designated categories
- 8. **ISTA Testing Report** for designated categories

The following is a summary of the required documents:

DOCUMENT TO BE PROVIDED	YUSEN (web portal)
Container Load Plan	Generate
Commercial Invoice	Generate
Packing List	Generate
Certificate of Product Liability Insurance (PLI)	Upload
Big Lots Import Product Data Sheet (IPDS)	Upload
Approved Factory Assessment	Upload
Certificate of Inspection (COI) *	Upload
ISTA Testing Report *	Upload
Additional Documents that may be required based on product and/or origin **	Upload

\*Certain documents might also require originals to be provided to Big Lots' customs broker for entry.

\*\*The product will determine the "other" required documents that might be necessary.

**Other requirements for FCR (not submitted via web portal)**

9. **Payment of all applicable origin charges** to Yusen Logistics
10. Current **Certificate of Compliance (COC)** from Big Lots appointed lab.

Note the following:

- The number of full set commercial documents submitted must be equal to the number of bookings placed on the same vessel.

- The number of FCRs issued will be equal to the number of bookings and the number of document sets on the same vessel.
- In the event that all required documents have not been submitted to Yusen Logistics within 72 hours of a vessel sailing, Big Lots has authorized Yusen Logistics to issue a "Document delay notice" (DDN) and to collect late fees as listed on the DDN.

**Additional Documents / Requirements that may be needed based on product and/or origin may include, but are not limited to:**

11. **Certification of Carb Compliance** for designated product.
12. **Certification of Phthalates Compliance** for designated categories. If required, the **original** certificate should be sent directly to Big Lots Customs Broker OHL at the address listed below.
13. **NAFTA form** for all shipments claimed eligible for NAFTA program with country of origin of Canada, Mexico, or the United States. For detailed information about the North American Free Trade Agreement (NAFTA) program, please contact the Global Sourcing Department.
14. **Fumigation certificate** for all wood craft products (including crafts containing bamboo, wheat, straw) that are in the natural state and debarked shipping from China, Singapore, Malaysia, Thailand, Indonesia and the Philippines. Additional information can be obtained from the USDA website: [www.usda.gov](http://www.usda.gov).
15. **Pre-Ticket Approval Form:** please refer to the Pre-ticketing and Packaging Manual.
16. **Lacey Act Declaration (USDA Form PPQ505)** for product that contains wood or plant product (or are themselves plants, trees, etc.). Suppliers are required to provide the detailed declaration document specifying species and country of origin of each individual plant/wood material in the finished goods. See [http://www.aphis.usda.gov/plant\\_health/lacey\\_act/index.shtml](http://www.aphis.usda.gov/plant_health/lacey_act/index.shtml) for more information.
17. **FCC form 740** for all electronic products (wireless remote control toys) using frequencies. The Federal Communications Commission (FCC) regulates the importation of radio frequency devices capable of causing harmful interference. The following minimum information is required to complete the FCC form 740: Typical examples of products that emit a radio frequency are listed below:
  - TV receivers, radios, microwave ovens, computers, digital cameras, cell phones, memory cards, certain toys with wireless remote controls
  - Additional information can be obtained from the FCC website: [www.fcc.gov](http://www.fcc.gov).
18. **FDA Medical device listing form 2892 and registration form 2891A** for all sun/reading/toy glasses, tooth brushes and Q-tips for medical use. A copy of the form and instructions for completing the form are attached Additional information can be obtained from the FDA website: [www.fda.gov](http://www.fda.gov).
19. **FDA Radiation Control Standards form 2877** for all electronic products subject to Radiation Control Standards, such as non-infrared remote controls of electronic devices or compact disc players or DVD players and computer monitors that use laser light technology.
20. **Underwriter's Laboratory (UL/ETL) listing certificate** for all electrical items that plug into a wall. Additional information can be obtained on the U.L. website: [www.ul.com](http://www.ul.com). Your e-file number needs to be included and validated.
21. **U.L. /ETL Verification form:** Submitted with U.L. listing certificate. The U.L. verification form is a cover sheet of any U.L. listing certificate to be submitted. Suppliers are required to sign and fill out the information when submitting an UL certificate to Big Lots.
22. **TSCA-Toxic Substance Control Act statement:** Under the authority of the Environmental Protection Provider (EPA), any chemical substance, mixture, or article, as defined under Toxic Substances Control Act (TSCA), will be subject to the TSCA regulations. For example, all pens, paint sets, glue, glue sticks, markers, highlighters, white-out, correcting tape and certain make-up sets. If subject to TSCA, a certification (positive or negative) will have to be presented with the import entry to Customs. If the chemical substance, mixture, or article is in compliance with the TSCA regulations, a positive statement would be presented to Customs. The negative statement is mostly used for imports of pens and crayons. Article that is regulated by another government agency, for example the FDA, a TSCA statement is not required. Additional information can be obtained from the EPA website [www.epa.gov](http://www.epa.gov).
23. **Textile Visa:** Some textile items are required visa to be imported. It is supplier's responsibility to obtain the most current information on quota and visa requirements applicable to the product and submit the required documents with shipping documents. The information can be obtained from the "Textile Status Report for

Absolute Quotas" which is available on web site at [www.cbp.gov](http://www.cbp.gov). For current information regarding possible textile safeguard actions on goods from China and related issues, please check web site of the Office of Textiles and Apparel of the Department of Commerce at <http://otexa.ita.doc.gov>.

24. **CCC Chinese Ceramicware Factory Code:** All daily-use ceramic tableware with a China origin has to be produced by a factory registered with FDA and receive a CCC Chinese Ceramicware Factory Code. The supplier is responsible to provide the CCC code to Big Lots upon request for their shipments.
25. **Veterinarian Certificate** for all pet chews, pet food, or other applicable product. The certification must be endorsed by a full-time salaried veterinarian of the government of the exporting country. The veterinarian must clearly correspond to the shipment by means of an invoice number, shipping marks, lot number, or the other method of identification. All pet food or pet chew shipments must comply with the FDA and irradiation requirements. Irradiation is a process in which food is exposed to a radiant energy source such as gamma rays in order to kill harmful bacteria. The FDA has approved the process for certain food types. If pet chews are approved for the process and have been irradiated, they will need to be marked accordingly. The company used for the procedure and the process must all comply with FDA regulations. If required, the **original** certificate should be sent directly to Big Lots Customs Broker OHL at the address listed below.
26. **Material Safety Data Sheet ("MSDS")** for matches, lighters, citronella candles, or other hazardous product. The MSDS is a detailed information bulletin prepared by the manufacturer of a chemical that describes the physical and chemical properties, physical and health hazards, routes of exposure, precautions for safe handling and use, emergency and first-aid procedures, and control measures. For more information about how to obtain and fill out the form, visit the website [www.osha.gov](http://www.osha.gov).
27. **Fish & Wildlife Form** for any item made from a part of wild animal (shells, skin, bone, or feather). The following minimum information will be required from suppliers for Big Lots to file the declaration: Country of origin, scientific name, quantity, Unit value, and Permit number if required. Additional information can be obtained from the FWS website: [www.fws.gov](http://www.fws.gov).
28. **International Footwear Association form** for all functional footwear.
29. **Tent Specification Form** for textile backpacking tents only.
30. **CSA test certification** for all gas grills.
31. **GSP Declaration form and GSP Indemnification Agreement** for all products that qualify for duty free entry under Generalized System of Preferences (GSP) program. The GSP section of this Manual provides detailed requirements and instructions.
32. **Poly-Resin form** for all items classified as poly-resin.
33. **Pasta Certificate (P2)** for pasta based upon requirements. Please contact the Global Sourcing Department for more information about the certification. If required, the **original** certificate should be sent directly to Big Lots Customs Broker OHL at the address listed below.

**ADDRESSES FOR DOCUMENTATION**

The appropriate Big Lots Distribution Center (DC) address should be used as the consignment /ship-to addresses on all commercial documents provided by the suppliers. The ship-to location must match the DC indicated on the PO.

<p><b>DC# 870 - Montgomery, AL</b>          Big Lots Stores, Inc.          2855 Selma Highway          Montgomery, AL 36108 USA</p>	<p><b>DC # 879 - Durant, OK</b>          Big Lots Stores, Inc.          2306 Enterprise Blvd.          Durant, OK 74701 USA</p>
<p><b>DC # 874 - Tremont, PA</b>          Big Lots Stores, Inc.          50 Rausch Creek Road          Tremont, PA 17981 USA</p>	<p><b>DC # 890 - Columbus, OH</b>          Big Lots Stores, Inc.          500 Phillipi Road          Columbus, OH 43228 USA</p>
<p><b>DC # 873 - Rancho Cucamonga, CA</b>          West Coast Liquidators, Inc.          12434 Fourth Street          Rancho Cucamonga, CA 91730 USA</p>	

## 4.2: MASTER CARTON REQUIREMENTS

### 4.2a: MASTER/INNER CARTON REQUIREMENTS

1. Product must be packed according to the following minimum/maximum conveyable carton sizes.

**Minimum Master**

*Carton dimension*

Length: 6 inches (15cm)  
Width: 6 inches (15cm)  
Height: 2 inches (5.08cm)  
Weight: 2 pounds (900gm)

**Maximum Master**

*Carton dimension*

Length: 42 inches (107cm)  
Width: 24 inches (61cm)  
Height: 29 inches (74cm)  
Weight: 75 pounds (33.75kgs)

2. Strapping of cartons is not permitted, with the exception of heavy product, such as tools. Small cartons that can be bundled must be approved by Global Sourcing.
3. Master and inner cartons should be of a corrugated material (i.e. not boxboard or chipboard).
4. Cartons with a gross weight of 1-65 lbs. (30 kgs) should have a bursting strength of 200 lbs/in or 32 lbs/in ECT. Cartons with a gross weight over 65 lbs. should have a bursting strength of 275 lbs/in or 44 lbs/in ECT. Required corrugate strength may be greater depending on the product packaged.
5. Big Lots does not allow the use of wooden packaging materials and/or pallets without prior approval. Yusen Logistics will request a certification or statement that shipments contain no wood packaging material to meet U.S. Department of Agriculture requirements. Wood pallets must be approved by the Global Sourcing Department.
6. Pack each purchase order separately. **DO NOT** mix purchase orders in cartons.
7. Inner and master pack carton quantities must match the purchase order. Partial carton packs will not be accepted.

### 4.2b: MASTER CARTON MARKING REQUIREMENTS

1. Every master carton imported into the U.S. must be marked conspicuously, legibly and permanently.
2. Careful attention must be given to all carton markings to eliminate mistakes and confusion. Carton markings MUST appear on all four sides of the master carton, excluding top and bottom. See the latest Carton Marking Guide at <http://www.biglots.com/corporate/vendor-relations/vendor-routing-and-compliance>  
**NOTE:** If product is shipping to a US Deconsolidation facility, the PO number does not need to be on the carton. All other carton markings are still required.
3. If shipping a single unit in a color box as a master carton, contact Big Lots Global Sourcing Department.

## 4.3: LOGISTICS SERVICE PROVIDERS

### **CUSTOMS BROKER**

OHL INTERNATIONAL INC. DBA BARTHCO INTERNATIONAL  
The Navy Yard  
5101 S. Broad Street  
Philadelphia, PA 19112-1404 U.S.A.  
Tel: (267) 570-2809  
Fax: (215) 238 9724  
[biglotsimport@ohl.com](mailto:biglotsimport@ohl.com)

**CONSOLIDATOR / FREIGHT FORWARDER** for all countries outside of North America:  
YUSEN LOGISTICS (HONG KONG) LIMITED  
Level 33, Tower 1  
Kowloon Commerce Centre,  
51 Kwai Cheong Road, Kwai Chung,  
New Territories, Hong Kong  
[biglots@hk.yusen-logistics.com](mailto:biglots@hk.yusen-logistics.com)

#### **4.4: CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT)**

C-TPAT (Customs-Trade Partnership Against Terrorism) is a joint government-business partnership to enhance supply chain and border security. It recognizes that U.S. Customs and Border Protection (“Customs”) can provide the highest level of security only through close cooperation with importers and their manufacturers.

Big Lots is a member of the C-TPAT program and requires its suppliers to comply with its C-TPAT procedures and requirements. The collection of information is outlined in a questionnaire, which Big Lots requires each supplier to answer prior to receiving any bookings for the shipment of product.

Suppliers have the responsibility to ensure that their products are manufactured in a secure environment that is protected from unauthorized access to the manufacturing area, and that there is a security plan and process in place. Manufacturers must develop and implement a sound plan to enhance security procedures. Manufacturers should have a written security procedure plan in place that addresses the following (at minimum):

**Physical Security:** All buildings should be constructed of materials which resist unlawful entry and protect against outside intrusion. Physical security should include:

- Adequate locking devices for external and internal doors, windows, gates, and fences.
- Segregation and marking of international, domestic, high-value, and dangerous product within the warehouse by a safe, caged, or otherwise fences-in-area.
- Adequate lighting provided inside and outside the facility to include parking areas.
- Separate parking area for private vehicles separate from the shipping, loading dock, and product areas.
- Having internal/external communications systems in place to contact internal security personnel or local law enforcement police.

**Access Controls:** Unauthorized access to the shipping, loading dock and product areas should be prohibited. Controls should include:

- The positive identification of all employees, visitors and suppliers.
- Procedures for challenging unauthorized/unidentified persons.

**Procedural Security:** Measures for the handling of incoming and outgoing product should include the protection against the introduction, exchange, or loss of any legal or illegal material. Security controls should include:

- Having a designated security officer to supervise the introduction/removal of product.
- Properly marked, weighed, counted, and documented product.
- Procedures for verifying seals on containers, trailers, and railcars.
- Procedures for detecting and reporting shortages and overages.
- Procedures for tracking the timely movement of incoming and outgoing product.
- Proper storage of empty and full containers to prevent unauthorized access.
- Procedures to notify Customs and other law enforcement agencies in cases where anomalies or illegal activities are detected or suspected by the company.

**Personnel Security:** Manufacturers should conduct employment screening and interviewing of prospective employees to include periodic background checks and application verifications.

**Education and Training Awareness:** A security awareness program should be provided to employees including recognizing internal conspiracies, maintaining product integrity, and determining and addressing unauthorized access. These programs should encourage active employee participation in security controls.

#### **4.4a: C-TPAT REQUIREMENTS**

Completion of the C-TPAT questionnaire is required in order for the vendor to submit a booking through Yusen. The questionnaire is valid for 12 months from date of issuance.

The questionnaire is found in Yusen Logistics e-booking system at <http://griffin.hk.yusen-logistics.com/eBooking/>

If you have any questions, contact Yusen at [biglots@hk.yusen-logistics.com](mailto:biglots@hk.yusen-logistics.com)

### **4.5: SHIPMENT BOOKING**

All shipments must be arranged through Yusen Logistics by booking twenty-one (21) days prior to the earliest PO Ship Date. Suppliers must register and use the Yusen Logistics e-Booking system, found at <http://griffin.hk.yusen-logistics.com/eBooking/>.

To help avoid delays and/or chargebacks, consider the following:

1. Vendor must confirm all information is complete and accurate.
2. In order to be considered on time, the shipment must be **on board the vessel (or delivered to CFS)** by the cancellation date specified on the PO. Generally, containers must be delivered to the port 3-4 days prior to sailing to meet CY and customs cutoffs.
3. It is a supplier's responsibility to book and/or revise a booking with Yusen Logistics on a timely basis to meet all required cut off dates so that a shipment is on board the vessel by the cancel date.
4. Best practice is to book the shipment with an Estimate Delivery Date up to 5 days prior to the start of the ship window. This allows for different shipment options within the PO ship window, as sailing schedules vary by origin.

If you have any questions, contact Yusen at [biglots@hk.yusen-logistics.com](mailto:biglots@hk.yusen-logistics.com)

### **4.6: FACTORY LOADING REQUIREMENTS**

Suppliers are responsible for the full utilization of containers. If a full container ("FCL") cannot be utilized direct to a Big Lots DC, product should be shipped to the nearest Consolidated Freight Station ("CFS" or "LCL") facility or a U.S. Deconsolidation ("DCL") facility. See following sections for guidelines on "LCL" or "DCL" shipments.

#### **4.6a: FULL CONTAINER LOAD DIRECT TO BIG LOTS DC (FCL)**

Note the following regarding FCL direct shipments:

1. The PO should indicate an FOB port city with **NO** "LCL-" or "DCL-" designation in order to ship direct to DC. (for example, FOB SHANGHAI as opposed to LCL-SHANGHAI or DCL-SHANGHAI). Notify Agent or Big Lots immediately upon receipt of the PO if this is incorrect.

2. Minimum container loading requirements:

Container Type	Minimum Cube Requirement	Max Weight (KGS)*	Max Weight (LBS)*
20'	28 Cubic Meters (CBM)	17,500	38,500
40'	56 CBM	19,950	43,980
40HC	65 CBM	19,950	43,980
45'	75 CBM	19,950	43,980

\*Refer to section 4.6c for maximum weight requirements for DCL shipments

3. The use of 20 foot containers is not permitted unless approved by Global Logistics
4. Product must be **on board the vessel** within the specified ship/cancel window listed on Big Lots' PO.
5. POs for multiple Big Lots' Distribution Centers should not be mixed in the same container
6. POs should not be split across more than one container unless the capacity of the PO exceeds one container.
7. All containers must be loaded in sequence by PO #, then Article #.
8. Product must be floor loaded unless approved by Global Sourcing to ship on pallets.
9. One carton from each purchase order article must be placed at the tail of each container for Customs inspection.
10. A container loading plan (CLP) and loading schematic must be attached to the last carton place on the tail of the container.
11. Substitution of any items not listed on the PO is prohibited.

**4.6b: CONSOLIDATION FOR LESS-THAN-CONTAINER LOAD SHIPMENTS (LCL)**

Yusen Logistics currently provides Consolidated Freight Stations ("CFS") when a full container cannot be utilized in the following locations:

- CHINA: Qingdao, Shanghai, Xiamen, Yantian, Hong Kong
- INDIA: Nhava Sheva

Contact [Yusen Logistics](#) for instructions on CFS product delivery.

Note the following regarding CFS shipments:

1. Except for overflow from a full container, the FOB on the PO should indicate "LCL-" (i.e. LCL-SHANGHAI) when booking. Notify Agent or Big Lots immediately upon receipt of the PO if this is incorrect.
2. All CFS product must be delivered to the consolidator at the supplier's expense (including Yusen Logistics charges) within the specified ship window listed on Big Lots' purchase order
3. Product must be sorted by DC#/PO#/Article# for delivery to CFS warehouse.
4. Yusen Logistics may refuse to accept the product if it is not in good physical condition.

**4.6c: DECONSOLIDATED FREIGHT (DCL)**

If applicable, the Purchase Order will designate delivery to a designated Deconsolidation ("DCL") facility in the United States.

Note the following regarding DCL shipments:

1. Except for overflow from a full container, the FOB field on the PO will indicate "DCL-" (i.e. DCL-SHANGHAI). Notify Agent or Big Lots immediately upon receipt of the PO if this is incorrect.
2. Deconsolidated freight must meet the same factory loading requirements as other Full Container Load shipments, with the following exceptions:
  - a. PO's for multiple DCs can be loaded on the same container, in sequence by Item.
  - b. The PO number should not be on the carton. However, all other [carton markings](#) are still required.
  - c. Maximum weight in a container is 47,000 lbs.

## V. SUPPLIER COMPLIANCE

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### 5.1: CHARGEBACK AVOIDANCE / COMPLIANCE

#### **IPDS Quote**

1. Validate that all information is true and accurate on the quote sheet. This includes, but is not limited to: product specifications, product and carton cube, FOB point and shipment type, HTS code and other duties, etc.
2. Incorrect information that leads to unexpected costs may result in chargebacks to the supplier. For example, if master carton dimensions are inaccurately submitted on the IPDS and the cube is understated, the supplier will be charged back the increase in cube of the master carton times the freight cost per cubic foot (as per IPDS) times the number of units shipped.

#### **PO Acceptance**

1. Check that all costs, items, quantities, and other attributes are correct.
2. Validate FOB port and load type (FCL/LCL/DCL). Incorrect FOB load may result in cost differential charged to supplier, and incorrect shipment type will result in a chargeback at 10% of invoice value. See Factory Loading Requirements section for more information.
3. Confirm ship dates on PO can be achieved based on production schedule.
4. Request changes or clarify potential problems with the PO prior to PO approval.

#### **Product Design, Packaging, and Quality**

1. All suppliers are required to pre-ticket all import products. Any product not pre-ticketed or inaccurately pre-ticketed will be charged \$0.15 per unit, times the number of units shipped for manual handling.
2. Cartons must be marked conspicuously, legibly and permanently. See current requirements at <http://www.biglots.com/corporate/vendor-relations/vendor-routing-and-compliance>
3. Inner/master carton packing must meet the PO specifications.
4. Cartons may not be strapped or banded without prior approval.
5. Quality problems, recall or regulatory violations that cause expense to Big Lots will be charged back to suppliers as incurred

#### **Shipment Booking (See LOGISTICS section for more information)**

1. Book with Yusen Logistics at least 21 calendar days prior to the PO Ship Date. Booking information must be complete and accurate, and any costs incurred as a result of incorrect information will be charged back to the supplier.
2. Ship on time and in full:
  - a. For FCL/DCL shipments, product must be on board the vessel by the PO Cancel Date. Vendors are encouraged to declare the shipment ready prior to the start of the PO ship window to allow options for sailing prior to the cancel date. Keep in mind that containers must deliver to port a few days prior to sailing.
  - b. For LCL shipments, product must have delivered to the CFS warehouse prior to the PO Cancel Date.
  - c. Late shipment penalties are 4% of invoice value for 1-7 days late, 7% of invoice value for 8-14 days late, and 10% of invoice value for 15 days late or more
  - d. Big Lots may reject late shipments, and partial shipments will only be accepted with written approval of Big Lots Global Sourcing.
3. Ensure that booked container sizes and quantities can be fully utilized (See Factory Loading Requirements)
  - a. Suppliers are charged for the unused portion of any containers that are loaded under the minimum CBM requirement for each size.



- b. Container may not be overweight for the requested size.
- c. See Factory Loading Requirements for more detailed information.

**Factory Loading / Shipping (See LOGISTICS section for more information)**

1. Load containers following Big Lots' requirements (See Factory Loading Requirements)
2. Submit all commercial and customs documents to Yusen within 72 hours of sailing: There will be a \$100 late document charge by Yusen and Big Lots if documents are late.
3. Supplier may be charged for any unexpected charges that are incurred (including port demurrage) when U.S. customs cannot clear shipments due to incorrect or missing documents.

**5.2: CHARGEBACK POLICY**

Please see below for the current list of possible non-compliance violations and associated penalties that will be imposed:

**Late Shipment**

- 1 - 7 days late (4% off of invoiced cost)
- 8 -14 days late (7% off of invoiced cost)
- Greater than 14 days late (10% off of invoiced cost)

**Light Load**

Number of Cubic Meters (CBM) light multiplied by the cost per CBM of ocean freight, based on container size

**Late Documentation**

\$100 for each document set that is provided to Yusen more than 72 hours after vessel sailing

**Incorrect FOB term (i.e. order written as LCL but shipped FCL)**

10% off of invoiced cost

**5.3: LATE SHIP GUIDELINES AND PENALTIES**

To avoid late shipment penalties, please review all PO's upon receipt to make sure you can meet required ship dates. If not, please advise Global Sourcing and / or the applicable agent at the time of purchase. Any changes to shipping dates must be reflected in a revised Purchase Order. Notes, emails, faxes, and phone conversations will not be acceptable. A revised Purchase Order must be issued for compliance charge backs not to be applicable. Compliance penalties will be charged for all orders changed within three weeks of the PO Ship date unless the cause of the change was a Big Lots caused problem or a natural disaster. If the ship date is changed within three weeks of the PO Ship Date because of a supplier related problem, compliance will be enforced even if a new PO is issued.

**5.4: SHIPPING ON-TIME REQUIREMENTS**

**Factory load shipment**

In order to be considered on time, your shipment must be on board the vessel by the cancellation date specified in the purchase order. It is a supplier's responsibility to schedule a shipment with Yusen Logistics on a timely basis to meet the required beginning of shipment window cut off dates, so that a shipment is on board by the

cancel date. If the PO is written as FCL but the cube is such that the PO will have overflow, it is the vendor's responsibility to ship the overflow cargo to the nearest Yusen Logistics CFS warehouse, where applicable.

#### **Consolidated shipments - Less than container load quantity**

Shipments must arrive at the Yusen Logistics CFS warehouse no earlier than the start ship date and no later than the cancellation date specified on our purchase order. Early delivery must have prior written approval by the Global Logistics department. Failure to deliver product to the consolidation facility prior to the cancel date will result in a late ship penalty.

#### **Penalties for late shipment**

Partial shipments will only be allowed with prior written approval of Global Sourcing. In the vast majority of cases, partial shipments will be rejected. It is Big Lots expectation that all shipments will be 100% complete with no partial or back shipments. Any exceptions need to be approved by the VP of Global Sourcing or Director of Global Logistics. The current ship date and cancel dates of our purchase orders are those in effect on the date you submit the container load plan to Yusen Logistics for factory load shipment. For consolidated shipments, this is the date the complete booking quantity is delivered to Yusen Logistics warehouse.

Yusen Logistics will notify the factory by sending a late penalty memo via fax or email and provide a hard copy with issuance of the FCR.

Big Lots will directly deduct the penalty amount from your invoice. If the invoice has already been paid by Big Lots, the deduction will be applied to a subsequent invoice payment.

To comply with the guidelines and to avoid late shipment penalties, please note the following when placing your booking with Yusen Logistics:

- The shipment is required to be on board the vessel prior to the PO Cancel Date for factory loaded shipments, which means the cargo should be ready to sail on the FIRST day of the ship window, and ready to ship out of the factory prior to that. For consolidated shipments, the cargo should be ready for delivery to the Yusen Logistics CFS facility on the first day of the ship window.
- Vendors must book with Yusen Logistics at least 21 days before the FIRST day of the shipping window.

### **5.5: REFERENCE SAMPLE SHIPMENTS**

All product samples requested by Big Lots buyers, Global Sourcing Department, or Package Design Department are to be sent to Big Lots with the term of door-to-door delivery at supplier's expense.

### **5.6: GENERALIZED SYSTEM OF PREFERENCES (GSP)**

Some Big Lots imports may qualify for duty-free entry under the Generalized System of Preferences ("GSP"). GSP is a program authorized by the Trade Act of 1974 that provides duty-free treatment for certain products imported directly from a GSP eligible country. In addition to being origin specific, the GSP program is also product specific. Whether an article from a GSP eligible country is GSP-eligible depends on the tariff classification of that product under the HTSUS. Certain products cannot be designated as GSP-eligible. Any imported product with potentially eligible GSP must be the growth, product, or manufacture of a GSP eligible country, or the sum of the cost or value of the materials produced in the GSP eligible country plus the direct costs of processing operations performed in the GSP eligible country must not be less than 35% of the appraised value of the product.

Please contact your Big Lots Agent or Big Lots Global Sourcing Customs Compliance Specialist with any questions regarding this policy.

## **5.7: RETURN TO SUPPLIER (RTS)**

### Direct Import Return of Goods (RTS)

If a Direct Import Shipment is rejected upon receipt in our Distribution Warehouse or Stores, it is the responsibility of the supplier to reimburse Big Lots the FOB Cost and all related cost incurred on importing the defective or noncompliant product to the USA. An example of these charges would be ocean freight expense, demurrage fees, warehouse handling fees, special disposition of goods to be destroyed, etc.

The supplier will also be solely responsible for the cost and arrangements required to export the goods back to the original country of origin from the Big Lots Distribution Center.

If you have any questions about the process, please contact the agent in your area.

## VI. PRODUCT DEVELOPMENT

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### 6.1: OVERVIEW

Big Lots Product Development may periodically produce Style Guides containing trend and color direction for certain categories of business. All of the information in the Style Guides is proprietary to Big Lots and not to be shown or shared in the open market. Seasonal Color direction will be given using the Pantone color system. All images in the Style Guides are inspirational and not to be copied exactly.

Style Guides will be done for the following selling periods Spring/Summer:

- Spring
- Back to School
- Fall
- Christmas

#### **Specific Product Direction**

Product Development will provide product direction on individual basis as needed by the buyers. Pattern, color and/or collection direction will be provided by working with each buyer and their needs. Art will be provided as well when needed, though suppliers with knowledge of the American market and product development capabilities are encouraged to proactively share this information with Big Lots Agents and Home Office Product Development Department. Such information should be supplied as early as possible, generally 3-6 months before a Buying trip is scheduled.