



Import Supplier Manual 4.4

BIG LOTS IMPORT SUPPLIER MANUAL

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I. INTRODUCTION

1.1: A LETTER TO OUR IMPORT SUPPLIERS

October 10, 2023

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.

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 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,

Global Sourcing

1.2: SUPPLIER ACKNOWLEDGEMENT FORM

I acknowledge receipt of the Big Lots Supplier Manual (Version 4.4) dated 03/02/23.

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
4900 East Dublin Granville Road
Columbus, OH 43081-7651
Email: 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
Fax: 33-1-64-727801

Manttra

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

United Sourcing Consulting

ATTN: Kevin Lin
ShanghaiMart 7F28 (7F Unit F28),
No. 2299 Yan An Road West
Shanghai, China 200336
Email: Merchandising@united-sourcing.com
Fax: 86-21-6125-4868

1.3: COMPANY INFORMATION

Big Lots, 4900 East Dublin Granville Road, Columbus, OH 43081-7651 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 and 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	614-278-6885	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 GS Department at globalsourcing@biglots.com or (614) 278-6701.

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

TESTING PROVIDERS

Our designated testing providers are Intertek and SGS. To obtain the information regarding which testing labs you are assigned to, please contact the Global Sourcing Department at blqa@biglots.com or (614) 278-6885.

LAB CONTACTS			
Lab	Account Manager	Phone Number	Email Address
ITS	Harper Huang – Shenzhen	+86 755 2602 0078	harper.huang@intertek.com
	John Luzzi – USA- Key Acct. Mgr.	973-445-2831	john.luzzi@intertek.com
	Jon Seidelmann – USA – Onsite Acct. Mgr.	614-266-7103	jon.seidelmann@intertek.com
SGS	Anita Changur – USA	862-212-2827	anita.changur@sgs.com
	Allison Jin – Shanghai, China	+86 021 60645271	allison.jin@sgs.com

BIG LOTS QUALITY CONTROL CONTACTS		
Big Lots Contact	Phone Number	Email Address
Yifei Zhang	614-278-4814	yzhang@biglots.com
Gretchen Hetrick	614-278-7021	ghetrick@biglots.com
Jody McKean	614-278-2713	jmckean@biglots.com

THIRD PARTY FACTORY AUDITOR – QIMA (formally Asia Inspection)		
Account Manager	Phone Number	Email Address
Diane Dai – Reports/Certificates	+86 75522239004	diane.dai@qima.com
Mekkha Paraiso – Reports/Certificates		mekkha.paraiso@qima.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 YLHK.ML.BIGLOTS@hk.yusen-logistics.com or (852) 3129 0000.

1.4: SUPPLIER CODE OF CONDUCT

Big Lots is committed to responsible business conduct. Respect for human rights and ethical business dealings are fundamental principles of our business practices and standards. We expect all our vendors, suppliers, manufacturers, contractors, subcontractors and their agents (collectively, “suppliers”) to share those principles and uphold our standards. Suppliers must also conduct their business with a high level of integrity and maintain transparent and accurate records. Please refer to Big Lots’ Import Supplier Manual for additional information pertaining to each standard, including the applicability of local laws and international conventions as well as implementation expectations.

If we find a supplier is not in compliance with the Big Lots Supplier Code of Conduct, we will require immediate corrective action. Big Lots will not partner with suppliers and factories that are unwilling or unable to work with us to achieve our compliance standards.

We require our suppliers to abide by the following standards:

SUPPLIER CODE OF CONDUCT

COMPLIANCE WITH THE LAW

Compliance with all laws, rules and regulations.

MINIMUM WAGES AND BENEFITS

Payment to workers of the minimum wage prescribed by local law or the prevailing local industry wage, whichever is higher; provision to workers of benefits that conform to the better of applicable local law or prevailing local industry standards; and payment to workers of overtime compensation in compliance with all applicable laws.

MAXIMUM WORKING HOURS

Overtime shall be limited to a level consistent with humane and productive working conditions. Workers shall not be required, on a regularly scheduled basis, to work in excess of 60 hours (or lower if prescribed by local laws or local industry standards) per week; and, generally, workers shall be provided with at least one day off in seven.

NO FORCED LABOR

Prison, indentured, bonded, involuntary or slave labor or labor obtained through human trafficking shall not be used.

NO CHILD LABOR

All workers shall be at least the local minimum legal working age or ILO standard, whichever is higher.

HEALTH AND SAFETY

The work environment shall be safe and healthy.

NONDISCRIMINATION

Workers shall be selected only on the basis of their ability to do the job and not on the basis of other personal characteristics or beliefs.

NO CORPORAL PUNISHMENT

Neither corporal punishment nor any other form of physical or psychological coercion shall be used against workers.

FREEDOM OF ASSOCIATION

The lawful exercise of workers’ rights of free association shall be respected and not restricted or interfered in, and workers lawfully exercising those rights shall not be threatened or penalized.

ENVIRONMENT

Suppliers must comply with all applicable environmental laws and regulations.

ACCESS

For the purpose of monitoring compliance with our policies, the company, subcontractors and its agents shall be given unrestricted access to all production facilities and dormitories and to all relevant records, whether or not notice is provided in advance.

SUBCONTRACTING

Big Lots requires all suppliers and subcontractors to fully comply with this Code of Conduct. Big Lots does not allow unauthorized subcontracting. A formal request must be submitted to Big Lots for approval, should a supplier require subcontracting.

ANTI-CORRUPTION/ANTI-BRIBERY

Suppliers must comply with all applicable anti-corruption and anti-bribery laws, rules and regulations.

1.5: 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 a trade secret and confidential.

1.6: 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 ensure 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

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: PLM SUPPLIER QUOTE

Quotes for all Big Lots import products are created and submitted via our Product Lifecycle Management (PLM) system. The PLM Supplier Quote provides critical information that is used to provide detailed specifications for each article, classify products, and create the purchase order.

All quotes are valid for 12 months from the “final date” shown on the quote if no changes have been made. The 12 months is calculated from the date of the final changes (if applicable). Suppliers will submit a quote for each product to Big Lots or its 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 receive an email from 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, ensure that final quotes are correct in PLM, and the Supplier Manual signoff (if applicable).

The final quote must include exact item# of products shown on our purchase orders. The final quote must be matched with future shipping invoices and packing lists for Customs clearance purposes.

Please note that PLM is updated periodically, and detailed instructions for completing the quotes are included in the PLM vendor manual. To access the manual, visit <https://www.biglots.com/corporate/vendors/product-lifecycle-management> and use PLM vendor as the username and password. Contact the Global Sourcing department or the applicable Agent if you have any questions.

2.1b: IMPORT CLASSIFICATION

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

All Final quotes must be submitted in PLM and approved 6 weeks prior to PO issuance date, which can be obtained from the Agent or Global Sourcing. 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 and they are responsible for revising the quote.

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. Purchase Orders must be reviewed closely on pertinent details such as, but not limited to, the following:
 - Shipping Port
 - Shipping Terms (FCL, LCL, DCL)
 - Payment Terms
 - Item Numbers/ Item Details
 - Fob Cost and Other Costing Factors
 - Order Quantities
 - Shipping Delivery Dates
 - Duty Rate
3. 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.

PURCHASE ORDER TERMS AND CONDITIONS (IMPORT)

These Purchase Order Terms and Conditions (these “Terms & Conditions”) are an agreement between Buyer and Vendor consisting of these Terms & Conditions; all Purchase Orders; the terms contained on Buyer’s Vendor Resource Website, including, without limitation, those in the Vendor Manual, and in Buyer’s vendor portal; any Buyer addenda referencing the Purchase Order; and any attachments, instructions or requirements provided by Buyer to Vendor (all of the foregoing are incorporated herein by this reference and collectively referred to as the “PO Terms”). The PO Terms are binding with respect to all purchases of Goods by Buyer from Vendor.

Definitions

“Affiliate” means any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a party. “Control,” including the terms “controlling,” “controlled by” and “under common control with,” for purposes of this definition, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, through membership, by contract or otherwise.

“Buyer” means Big Lots Stores, Inc. or its Affiliate, as named in the Ship To box on the applicable PO, or that is otherwise the purchaser of Goods from Vendor.

“Buyer’s Vendor Resource Website” means the site located at www.biglots.com/corporate/vendors.

“Goods” means the items of merchandise referenced in a PO, or that are otherwise the subject of the PO Terms, including all components, packaging, labeling, printed materials, designs, images, logos, copyrights, trademarks, service marks, trade names, trade dress, and visual and digital information of or related to such merchandise.

“Purchase Order” or “PO” means any Buyer order or other purchasing agreement or document for the purchase of Goods from Vendor whether issued in hard or electronic copy, through electronic data interchange (“EDI”), or otherwise.

“Ship”, “Shipped”, “Shipping”, or “Shipment” means transporting the Goods by Vendor into the hands of the ocean/freight carrier for delivery to Buyer.

“Vendor” means the entity or person that is named in the Purchased From box on the applicable PO, or that is otherwise the seller of Goods to Buyer.

“Vendor Manual” means the then-current Import Supplier Manual, and its related documents, the most current version of which can be obtained by visiting Buyer’s Vendor Resource Website and clicking “Routing and Compliance,” or by going directly to www.biglots.com/corporate/vendors/routing-and-compliance.

1. Purchase Order. Buyer’s commitment to purchase Goods arises only upon Buyer’s issuance of a PO to Vendor. Any forecasts, commitments, projections, representation about quantities to be purchased or other estimates provided to Vendor are for planning purposes only and shall not be binding on Buyer, and Buyer will not be liable for any amounts incurred by Vendor in reliance on such estimates. Unless Buyer agrees in writing in advance, regardless of industry standards, no variances with respect to quality, quantity, size, capacity, volume, content or other standard measure of Goods are allowed. Buyer and Vendor agree that any PO may be transmitted to Vendor by Electronic Data Interchange (EDI) and Vendor will be bound by all such POs and all such POs will be governed by these PO Terms which are automatically incorporated therein.

2. Shipping Goods to a DC. Vendor must comply with all processes and instructions contained in the Vendor Manual for routing and Shipping Goods to a Buyer distribution center or other non-store location designated by Buyer or listed in the PO (each a “DC”). A detailed packing slip must accompany each Shipment of Goods. The PO number and all other information as required by the Vendor Manual must appear on the bill of lading (“BOL”), invoice, packing slip and shipping cartons. Vendor should see the Vendor Manual for full instruction and must comply therewith. Unless expressly stated differently on the PO from Buyer, title to and risk of loss of the Goods passes from Vendor to Buyer upon receipt of the Goods at Buyer’s DC or the location otherwise designated by Buyer in the PO.

3. Shipping Goods to a Buyer Store. Vendor must comply with all processes and instructions for shipping Goods to a Buyer store contained in the Vendor Manual. A detailed packing slip must accompany each shipment of Goods. The PO number and all other information as required by the Vendor Manual must appear on the BOL, invoice, packing slip and shipping cartons. Vendor should see the Vendor Manual for full instruction and must comply therewith. Unless expressly stated differently on the PO from Buyer, title to and risk of loss of the Goods passes from Vendor to the Buyer Affiliate operating the store to which the Goods are delivered.

4. Inspection of Goods. Goods are subject to Buyer’s inspection, but Buyer is under no obligation to unpack or inspect the Goods before resale thereof. Buyer’s inspection, testing, payment for or retention of Goods does not: (a) constitute acceptance of Goods not in compliance with the PO Terms; (b) affect Buyer’s right to reject or return Goods; or (c) constitute a waiver by Buyer of any of Vendor’s representations, warranties or covenants, or any of Buyer’s rights or remedies, under the PO Terms, at law, in equity or otherwise.

5. Cancellation. Buyer may cancel a PO, in whole or in part, for its convenience, without liability, at any time prior to Shipment of Goods. In the event of Buyer’s cancellation for convenience, Buyer’s liability to Vendor will be limited to the unit price of Goods Shipped prior to such cancellation (as such Goods are otherwise in compliance with specifications and these Terms & Conditions). If Vendor fails to Ship Goods before the “cancel if not shipped by date” in the subject PO, that PO will be cancelled automatically on such date, unless otherwise directed by Buyer in writing, and Buyer will have no liability to Vendor in connection therewith including acceptance of back ordered Goods (and without waiver of any remedies in Section 6 of these Terms & Conditions that may accrue to Buyer). Buyer has the right to reject late Shipments at Vendor’s expense and Buyer shall be subject to the remedies available hereunder.

6. Buyer Remedies. If: (a) Vendor fails to route, Ship or deliver as required by a PO; (b) Goods are not the same as the approved samples; (c) Goods are not as ordered and/or do not conform to the specifications in the PO; (d) Vendor does not Ship the Goods in the quantities specified in the PO; (e) Buyer deems that the Goods are damaged or defective; or (f) Vendor is otherwise in breach of the PO Terms, including without limitation any breach of the Vendor Manual, Buyer may, at any time, as to any or all Goods, without authorization from Vendor, and subject to the other terms hereof: (i) accept the Goods; (ii) cancel the subject PO for cause; (iii) reject the Goods; (iv) refuse to receive the Goods; (v) revoke prior to acceptance of the Goods; and/or (vi) in the case of early Shipment of Goods, reject and return the Goods to Vendor, with all Return Costs (defined below) to be borne by Vendor, to be held by Vendor, at Vendor’s cost, for Buyer until the original date specified. In the event of any of the foregoing, Buyer will not be liable to Vendor for any amount, except to pay for any goods Buyer accepts based on the unit price of the Goods ordered, subject to the right to offset and withhold payment as provided in Section 9 of these

Terms & Conditions. Buyer may also impose chargebacks as set out in the Vendor Manual. Any cancellation, rejection, refusal to receive or revocation of prior acceptance by Buyer with respect to any Goods will not serve as a cancellation or rejection of any future shipments of Goods, unless Buyer exercises its right to cancel future POs or shipments. Acceptance of any Goods is not a waiver of any of Buyer's rights or remedies under the PO Terms, at law, in equity, or otherwise.

7. Disposition of Rejected Goods. Unless Buyer and Vendor have signed an agreement to the contrary, with respect to Goods Buyer has rejected, refused or revoked acceptance of, Buyer, at its sole option, may return such Goods to Vendor and Vendor will be liable for all costs and expenses related to the return, including, without limitation, the landed cost of Goods; freight (inbound and outbound); storage, labor, packaging and any other processing or handling costs and charges incurred or charged by Buyer; and lost profits ("Return Costs"). Unless Buyer and Vendor have signed an agreement to the contrary, if Buyer elects not to return the Goods because: (a) the return of Goods is precluded by applicable law or regulation; (b) the Goods contain a defect that could create substantial risk of injury to person or property; (c) Buyer has reasonable cause to believe Vendor intends to dispose of Goods in violation of Section 8 of these Terms & Conditions; or (d) Buyer, in its reasonable discretion, deems return of the Goods inadvisable, then Buyer may dispose of the Goods in a manner Buyer deems appropriate. In the event of such disposal, Vendor will be liable for all costs and expenses related to the disposal, including the landed cost of Goods; freight (inbound and outbound); storage, labor, packaging, disposal and destruction, and any other processing or handling costs and charges incurred or charged by Buyer; and lost profit.

8. Vendor Disposal of Goods. Vendor agrees that it will, at its sole expense, remove, or otherwise make permanently illegible, all of Buyer's and its Affiliates' names, trademarks, trade names, logos, service marks, and other identifying information from all Goods returned by Buyer. In addition, Vendor agrees that it will not use, resell or otherwise transfer to any third-party Goods returned by Buyer without the express prior written consent given by an officer of Buyer. If any Goods incorporate Buyer's trademarks or if any Goods are proprietary or incorporate designs exclusive to Buyer, Vendor must provide to Buyer a reasonable opportunity to inspect such products before disposal or resale and follow all such instructions of Buyer regarding modifications to or destruction of such Goods. Vendor agrees to abide by all of Buyer's guidelines relating to the proper disposal of rejected goods and the issuance of appropriate certificates of destruction, as applicable.

9. Payment & Taxes. Vendor may not charge Buyer, and Buyer will have no obligation to pay, prices for Goods higher than those specified in the applicable PO. Prices in the applicable PO are complete and include, without limitation, shipping, packaging, labeling, custom duties, storage, insurance, boxing and crating. No additional charges of any type may be added without Buyer's prior express written consent. Buyer may deduct from any payments to Vendor any amounts owed by Vendor to Buyer under the PO Terms, including, without limitation, amounts due in connection with Vendor's indemnification obligations, any damages for breach to which Buyer is entitled, and any charges or penalties for non-compliance with Buyer's requirements. In addition, following Buyer's receipt of any demand, claim or action that may give rise to Buyer's right to receive indemnification from Vendor, Buyer may withhold full or partial payment, in Buyer's sole discretion, to Vendor until such demand, claim or action is fully and finally resolved. Buyer will have no obligation to compensate Vendor for or return to Vendor any goods Shipped to Buyer in excess of or different from those Goods referenced in the applicable PO, and Buyer will take title to any such goods in the same manner in which it takes title to those Goods referenced in the applicable PO. The per unit price of the Goods ordered under the applicable PO will be automatically reduced to account for all such excess or different Goods received by Buyer. A BOL in duplicate must accompany all Vendor invoices. A forwarding cargo receipt ("FCR"), packing list and certificate of product liability insurance must accompany Vendor's invoice and the PO number must appear on the FCR. Payments may be made by Buyer or a Buyer Affiliate on Buyer's behalf and will be paid in accordance with the Vendor Manual. Vendor and Buyer will have the right to verify the accuracy of amounts invoiced and paid for Goods within 180 days after Buyer's receipt of such Goods; provided that timeframes for instituting compliance disputes will be as set forth in the Vendor Manual ("Review Period"). After the Review Period, any payments made for the subject Goods will and will be deemed to conclusively reflect the actual amount owed to Vendor for such Goods, and neither Vendor nor Buyer will have the right to seek further payment or adjustment with respect to such Goods. Each party shall remain responsible (and hold the other party harmless) for its taxes, collection and reporting obligations resulting from the transactions covered by the PO Terms. For purposes of clarity, but without limiting the foregoing, Vendor acknowledges that it may have business activity, business privilege, commercial activity, gross receipts, income tax, license and reporting obligations where the receipt of revenue, or the benefit thereof, may be assigned, sourced, apportioned or allocated under applicable tax law. As a prerequisite to payment and as further described in the Vendor Manual, Vendor must provide Buyer and/or Buyer's designated freight forwarder with the following documentation in connection with this PO: commercial invoice showing manufacturer's name, address, telephone number; commercial packing list indicating weights and measurements in kgs and cbm's; FCR; a certificate of product liability insurance naming "Big Lots, Inc. and all subsidiaries and affiliates" as additional insured; Buyer-approved import product data sheet; product testing certificate(s) from a Buyer-approved testing laboratory; factory inspection certificate from a Buyer-approved inspector; commercial bill-of-lading; and pre-pricing sticker approval sheet. Additional documentation may be required prior to shipping and/or invoice payment based on Goods ordered.

10. Records, Audit and Certification. Vendor will keep complete and accurate books, records and documents relating to the subject matter of POs and Vendor's fulfillment of POs, including, without limitation those: (a) evidencing and detailing amounts charged; (b) regarding the Goods' origin, manufacture location, content, testing, and inspection; (c) regarding order receipt, fulfillment and Shipment of Goods; and (d) otherwise required by applicable law to be maintained ("Records"). Vendor will make the Records available to Buyer, either remotely or at Vendor's offices, at all reasonable times upon at least three (3) calendar days' prior written notice, for inspection, audit or reproduction by Buyer or its representative. Vendor will promptly pay Buyer for any overcharges made by Vendor that are disclosed by such audit. In addition, Buyer, itself or through its representative, has the right to inspect Vendor's, and Vendor's contractors' facilities, warehouses and manufacturing plants at all reasonable times upon at least three (3) calendar days' prior written notice. Vendor agrees, at Vendor's cost, to subscribe to and be a part of Buyer's risk management process as part of onboarding process with Buyer and agrees to comply with the requirements thereof. Vendor agrees to comply with all of Buyer's vendor ongoing compliance program(s) operated by Buyer (or an agent of Buyer) and Vendor will promptly provide such information as reasonably required from time to time in accordance with such programs. Vendor acknowledges that if it fails Buyer's compliance program requirements, it will be deemed a breach of these Terms & Conditions and Buyer may terminate any or all POs with Vendor without liability.

11. Recalls. A "Recall" is any recall of, or corrective action involving, Goods that is: (a) required by the United States Consumer Product Safety Commission ("CPSC") or other relevant governmental agency, applicable law, or in Buyer's commercially reasonable judgment; (b) agreed upon between Buyer and Vendor; (c) instituted voluntarily by Vendor; or (d) instituted by Buyer because Buyer has reason to believe the subject Goods are (i) defective, dangerous, or incomplete; (ii) infringe upon Buyer's or a third party's intellectual property rights; or (iii) are not in compliance with applicable laws or regulations. In the event of a Recall, Buyer reserves the right to, at Buyer's option: (w) use reasonable means to remove the Goods that are subject to a Recall ("Recalled Goods") from sale; (x) correct the condition necessitating the Recall through relabeling, repackaging or other corrective action as Buyer deems appropriate; (y) return the Recalled Goods to Vendor; or (z) dispose of the Recalled Goods in a manner Buyer deems appropriate. Vendor will be liable for all costs and expenses arising from or related to such Recall, including, without limitation Return Costs, Disposal Costs, Buyer's own and third-party labor costs, lost profits and other costs and expenses incurred in taking the actions stated in Sections 11(w), (x), (y) and/or (z) above. When effectuating a Recall, Buyer reserves the right to, at Buyer's option, include in the Recall all Goods bearing the SKU or UPC of the Recalled Goods, regardless of date code, lot code or expiration date. Vendor will provide Buyer with no less than 24-hours written notice prior to the public announcement of any Recall or safety-related issues in connection with the Goods to the extent permitted by applicable law. Such notification shall include, without limitation, all of Vendor's item numbers affected by the Recall or safety-related issue, expected inventory levels affected, and a detailed description of the nature of the public announcement. The PO Terms will continue to apply to Recalled Goods. Upon Buyer's request, Vendor will, at its cost, change the SKU or UPC on all existing, non-impacted Goods bearing the same SKU or UPC as the Recalled Goods if the Recalled Goods bear any Buyer or Buyer Affiliate brand or private label and Vendor acknowledges that such SKU or UPC changes may require Vendor, at its cost, to relabel or repack such non-Recalled Goods.

12. Confidentiality. Subject to the provisions of any confidentiality, non-disclosure or similar agreement executed by Buyer and Vendor, which agreement will control over the terms of this Section 12 and is incorporated herein by this reference, Vendor may not disclose to a third party or take or use for its own purposes or the purposes of others, any of Buyer's trade secrets, proprietary information, data or materials, or any other information Buyer reasonably considers to be confidential ("Buyer's Confidential Information"). "Buyer's Confidential Information" includes, without limitation, the PO Terms and the price paid for Goods. Vendor may disclose Buyer's Confidential Information: (a) to its contractors only to the extent necessary to enable Vendor to perform its obligations under the PO Terms only if such contractors are bound by confidentiality obligations sufficient to protect Buyer's Confidential Information in accordance with the terms of this Section 12; and (b) to the extent required by court order, subpoena or applicable law with, if permitted by applicable law, prior notice to Buyer.

13. Warranties. Vendor warrants that: (a) all Goods, and the design, production, manufacture, importation, distribution, transportation, labeling, packaging, pricing and sale of all Goods, and all representations, warranties and advertising made by Vendor, or authorized by Vendor to be made, in connection with Goods, shall be in accordance with, comply with, and where required, be registered under, all applicable laws, rules, regulations, standards, codes, orders, directives, judicial and administrative decisions, and ordinances, whether now in force or hereinafter enacted, of the country of origin, the country of transit, the United States of America ("USA"), and each state or subdivision thereof, and any agency or entity of the foregoing, including, without limitation, the Consumer Product Safety Improvement Act of 2008, as amended, the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") and other substantially similar federal, state or local laws, as amended, those related to environmental protection, labor, health, consumer product safety, agriculture, food and drug, and the regulations promulgated under such laws ("Laws") and that Vendor complies, and will comply at all times, with all other applicable laws in the operation of Vendor's business; (b) none of the articles of food Shipped or sold by Vendor are or

will be adulterated, misbranded or improperly labeled within the meaning of the Federal Food, Drug and Cosmetic Act of June 25, 1938, as amended, the Nutrition Labeling and Education Act of 1991, as amended, and the Food Safety Modernization Act, as amended; (c) all processes used or engaged in with respect to processing, manufacturing, packaging, labeling, storing and Shipping Goods comply with all Laws; (d) it has full and clear title, free of all liens and encumbrances whatsoever to the Goods and that the Goods are hereby sold and can be resold, advertised, and used: (i) in full compliance with all contracts, laws, rules and regulations, including those governing the use of trade names, trademarks, trade dress, trade secrets, copyright and patents; and (ii) in a manner that assures the safety of the representatives, patrons, and customers of Buyer and consumers of the Good; (e) the Goods are in new, good and saleable condition; and (f) the Goods are manufactured in the country of origin stated on the commercial documents required for customs entry. Vendor will regularly have independent tests performed on all Goods prior to Shipping to ensure compliance with the PO Terms, including, without limitation, the provisions of this Section 13. Vendor will provide Big Lots with copies of: (y) any and all test reports, Safety Data Sheet (SDS) information, Proposition 65 product information, ingredient information, and any information Big Lots' deems necessary to comply, or support its compliance with, any Laws; and (z) upon Big Lots' request, signed copies of any and all license agreements relating to the Goods. Vendor acknowledges and agrees that it will be a breach of warranty if any Goods are in violation of any Laws at any time, including after the sale of such Goods by Vendor to Buyer. The parties agree that no personal identifiable information, as defined under California Consumer Privacy Act, 2018, as updated from time to time ("PII") will be shared or provided under this PO Terms. In the event Vendor receives any PII, Vendor shall forthwith notify Buyer of the same and use best efforts to remove such PII and comply with applicable privacy laws. In the event Goods fail to comply with the warranties set forth in the PO Terms at any time, Vendor agrees that it will immediately notify Buyer and take all measures to identify the Goods that are or may be affected. The PO Terms are not intended to and will not negate or replace any of, but will supplement, the warranties, express or implied, provided by the Uniform Commercial Code, at law, or in equity.

14. Anti-corruption. Vendor shall comply with all applicable laws. Vendor specifically acknowledges and agrees that Vendor's performance of the PO Terms is subject to the United States Foreign Corrupt Practices Act and other applicable anti-bribery and anti-corruption laws of the United States and other countries where the Vendor operates (collectively, "Anti-corruption Laws"). Vendor warrants and agrees that Vendor, its employees, agents, and anyone acting on Vendor's behalf will not violate any Anti-corruption Laws for the benefit of or on behalf of Buyer or Vendor. Further, Vendor warrants and agrees that Vendor and anyone acting on Vendor's behalf will not, directly or indirectly, offer, promise, make, give, or authorize the payment of any money or transfer of anything else of value to: (a) an officer, employee, agent or representative of any national, state, regional, or local government, including any department, agency or instrumentality of any government or any government-owned or government-controlled entity, or public international organization, or any person acting in an official capacity on behalf thereof, or any political party, political party official, or candidate for political office (each a "Government or Political Official"); (b) a close associate or relative of any Government or Political Official; or (c) any other person or entity while knowing or having reason to believe that some or all of the payment or thing of value will be offered, given or promised, directly or indirectly, to any Government or Political Official, for the purpose of: (i) improperly influencing an act or decision of such Government or Political Official, including expediting or securing the performance of a routine government action; (ii) obtaining, retaining or directing any business; or (iii) securing an improper business advantage. Vendor will provide Buyer such information and further written certifications as Buyer may request from time-to-time to assist Buyer's efforts to assure compliance with Anti-corruption Laws. Vendor specifically agrees to comply at all times with (a) all applicable laws prohibiting child labor, prison labor, indentured labor or bonded labor, (b) all applicable laws pertaining to safe and healthy workplaces and working conditions, (c) all applicable laws pertaining to minimum wage, maximum work periods, and the payment of overtime, and (f) all environmental laws applicable to the Goods.

15. Indemnification. Vendor shall indemnify, defend (at Buyer's sole option) and hold harmless Buyer, its Affiliates, and their respective officers, directors, contractors, employees and agents, from and against any and all liabilities, obligations, penalties, fines, judgments, settlements, damages, losses, deficiencies, interest, fees, costs, expenses, incidents, demands, claims and/or suits, whether actual or alleged, including, without limitation, attorneys' fees, court costs, and expert witness fees, including those fees, costs and expenses incurred in enforcing Buyer's rights under the PO Terms, whether in connection with a breach of the PO Terms or otherwise ("Losses"), arising from or related to: (a) the acts or omissions of Vendor, its Affiliates or contractors, or their respective contractors, employees, or agents; (b) Recall of the Goods; (c) personal injury or property damage resulting from any actions or inactions of Vendor, or from the manufacture, storage, movement, use or consumption of the Goods; (d) breach of Vendor's warranties or a term of the PO Terms; (e) infringement of a third party's intellectual property or proprietary rights, including, but not limited to, trade names, trademarks, trade dress, trade secrets, patents and copyrights, in connection with the use, manufacture, distribution, description, advertising, marketing sale or offer for sale of the Goods; and (f) an employment related claim brought by an employee, agent or contractor of Vendor, its Affiliates, or a Vendor contractor.

16. Insurance. Vendor will, at its own expense, procure and maintain, at a minimum, the types and amounts of insurance coverage described in the Big Lots Certificate of Insurance and Indemnification Policy, the most current version of which can be obtained by visiting Buyer's Vendor Resource Website and clicking "Routing and Compliance," or by going directly to www.biglots.com/corporate/vendors/routing-and-compliance. The insurance companies issuing the policies must: (a) have Standard & Poor's rating of BBB or better or A.M. Best's rating of A-VII or better; and (b) be licensed to operate in the country from where the subject Good is sold and invoiced to Buyer, and have an extensive North American presence. Prior to the first PO being issued, annually thereafter (within sixty (60) days after policy renewal), and at any other time upon Buyer's request, Vendor will provide Buyer with certificates of insurance ("COI") signed by an authorized representative of the insurance carrier evidencing the required insurance coverages (unless lower coverage limits are agreed upon in writing by an officer of Buyer). In addition, upon Buyer's request, Vendor will provide Buyer with copies of the actual endorsements and/or policies. With the exception of workers' compensation, the COI must show a broad form vendor's endorsement or name "Big Lots, Inc. and all of its direct and indirect subsidiaries and affiliates" as an additional insured. The policies must: (i) respond as primary coverage and non-contributory to any other insurance policy available to Buyer; (ii) not contain any exclusion, limitation or endorsement that restricts or limits applicable liability coverage; (iii) provide for the investigation, defense, and satisfaction (by settlement or otherwise), at no cost to Buyer, of any Losses incurred by Buyer; and (iv) provide that the insurance companies issuing the policies will notify Buyer at least thirty (30) days prior to any policy cancellation or modification. Vendor will bear its own insurance and insurance-related expenses and Vendor's liability will not be limited to its insurance coverage.

17. Cumulative Remedies. Each of Buyer's rights and remedies under the PO Terms is cumulative and in addition to any other rights and remedies provided at law, in equity, elsewhere in the PO Terms, or otherwise, including, without limitation, the Uniform Commercial Code.

18. Force Majeure. Buyer may delay delivery or acceptance of any or all Goods, or cancel any PO in the event that such delay or cancellation is due to causes beyond Buyer's reasonable control. In such case, Buyer will not be liable to Vendor for any amount except to pay for the unit cost of Goods that are fully delivered and accepted by Buyer, subject to Buyer's right to offset and withhold payment as provided in Section 9 of these Terms & Conditions.

19. Use of Goods; Content & Marks. Vendor is not permitted to use Buyer's, or Buyer's Affiliates', names, trademarks, trade names, logos or service marks in any marketing, advertising or publicity without the prior written consent of Buyer's Chief Executive Officer, Chief Financial Officer, or General Counsel, which consent may be given or withheld in Buyer's sole and absolute discretion. Vendor hereby grants to Buyer the royalty-free, sublicensable, worldwide right to use the Goods and Vendor Content in or related to Buyer's retail operations, both brick and mortar and eCommerce. "Vendor Content" means text, graphics, names, marks, images, audio or digital files, audio-visual content and all other data, information, marketing and promotional materials and content in any medium, and all copyrights, logos, trademarks, service marks, trade names, and other intellectual property rights therein or related to the Goods.

20. Assignment & Subcontracting. Vendor will not assign the PO Terms in whole or in part (by assigning any right or delegating any duty under the PO Terms), voluntarily or involuntarily, by operation of law, or in any other manner, without the prior written consent of an officer of Buyer. Any purported assignment or delegation made without this consent is void. Buyer may assign the PO Terms in whole or in part (by assigning any right or delegating any duty under the PO Terms) to an Affiliate or to any other party in Buyer's sole discretion. In the event Buyer assigns the entire PO Terms to another party, Buyer will have no further obligation to Vendor under the PO Terms and Vendor hereby consents that Buyer's assignment will constitute a novation. Buyer's payment to Vendor constitutes payment for Goods, services, equipment or other deliverables provided by any subcontractor of Vendor or Vendor's agents or representatives. Vendor remains fully responsible and liable to Buyer for the acts and omissions of its subcontractors and performance of all Vendor's duties and obligations under the PO Terms.

21. Governing Law; Venue; Jury Waiver; and Arbitration. The laws of the State of Ohio, without application of conflicts of law principles, govern the PO Terms and all matters arising out of or related to the PO Terms. Each party hereby irrevocably agrees that any disagreement, dispute, action, controversy or claim with respect to: (a) the validity of the PO Terms; (b) breach of the PO Terms; or (c) otherwise arising out of, or in relation to the PO Terms, a PO, or any agreement in which either is incorporated ("Dispute"), will be brought in the state or federal courts located in Franklin County, Ohio, and hereby expressly submits to the personal jurisdiction and venue of such courts for purposes thereof and expressly waives all claims of improper venue and all claims that such courts are an inconvenient forum. The parties hereby agree to waive a trial by jury with respect to Disputes. Any Dispute may, in Buyer's sole and absolute discretion, be settled by binding arbitration by an arbitration service of Buyer's choice, in accordance with the laws of the State of Ohio governing voluntary arbitrations. The location of such arbitration will be in Columbus, Ohio. Discovery will be permitted as provided by applicable state law or as the parties may otherwise mutually agree. The parties may also mutually elect to seek mediation as an alternative precursor to arbitration. If the PO Terms govern an international transaction, the applicable state law regarding the arbitration of

international disputes will apply. The arbitrator will agree to conduct proceedings under the laws relating to arbitration cited above, or such other rules to which the parties mutually agree. The United Nations Convention on Contracts for the International Sale of Goods shall have no application to this Agreement or actions hereunder or contemplated hereby.

22. Severability. Provisions of the PO Terms will be interpreted to be valid and enforceable under applicable law; provided, however, that if any provision is held invalid or unenforceable, such provision will not invalidate the PO Terms. The PO Terms' remaining provisions will stay in effect and be enforced to the fullest extent permitted by law.

23. Entire Agreement. The PO Terms constitute the entire agreement between the parties and supersede all previous agreements, written or oral, between the parties with respect to the subject matter hereof. The PO Terms may not be modified by course of dealing, course of performance, or any oral communication between Buyer and Vendor. The PO Terms may only be modified by, and a waiver will be effective only if set forth in, a written instrument that references the PO Terms, expressly describes the terms herein to be modified, and is signed by a representative of Vendor and an officer of Buyer. Without limiting the generality of the foregoing, no term or condition of any document issued by Vendor, including, without limitation, invoices, sales acknowledgments, or other similar documents, will constitute a modification of or addition to the PO Terms and will have no force or effect and are hereby rejected. The Vendor Guide as in effect from time to time is made a part hereof and is expressly incorporated herein. In the event of any conflict between the any terms and conditions or any other document of Vendor, Vendor Guide and these PO Terms, the PO Terms is binding to the extent of such conflicts. Vendor will comply with (a) applicable industry standards with respect to privacy and data security relating Buyer's Confidential Information and (b) applicable privacy and security laws ("Privacy Policy"). Any updates to the Vendor Guide or the Privacy Policy immediately take effect and are binding on the parties.

24. No Third-Party Beneficiaries. Certain sections of the PO Terms are for the benefit of Buyer's Affiliates. As a result, any of Buyer's Affiliates may enforce the PO Terms. Except for Buyer's Affiliates, the PO Terms do not create any enforceable rights by anyone other than Buyer and Vendor.

25. LIMITATION OF LIABILITY. EXCEPT IN THE CASE OF GROSS NEGLIGENCE AND/OR WILLFUL MISCONDUCT, BUYER WILL NOT BE LIABLE TO VENDOR OR ITS AFFILIATES FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, BUSINESS INTERRUPTION, AND ANY LOSS OF USE, REVENUE, GOODWILL, OPPORTUNITY OR DATA, IN CONNECTION WITH THE PO TERMS, REGARDLESS OF THE FORM OF THE ACTION, WHETHER IN CONTRACT, WARRANTY, STRICT LIABILITY OR TORT, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OF ANY KIND, AND REGARDLESS OF WHETHER BUYER WAS ADVISED, HAD REASON TO KNOW, OR IN FACT KNEW, OF THE POSSIBILITY OF LIABILITY.

26. Acceptance of PO Terms. Vendor agrees to and accepts all of the terms and conditions in the PO Terms by doing any of the following: (a) acknowledging or accepting a PO; (b) acknowledging or agreeing to the PO Terms through Buyer's EDI process, by click-through, click to accept, or otherwise; (c) signing these Terms & Conditions; (d) Shipping any portion of the Goods referenced in a PO or otherwise fulfilling any portion of its obligations under a PO; or (e) accepting any complete or partial payment for the Goods, transportation of the Goods, or otherwise in connection with a PO or the Goods, or by any other means of acceptance recognized at law or in equity. AS AN INDUCEMENT FOR BUYER TO ENTER INTO A PO, VENDOR WARRANTS THAT IT HAS READ, UNDERSTANDS AND AGREES TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS OF THE PO TERMS, INCLUDING THE VENDOR GUIDE, WITHOUT MODIFICATION. EACH PO IS EXPRESSLY LIMITED TO, AND EXPRESSLY MADE CONDITIONAL ON, VENDOR'S ACCEPTANCE OF THE PO TERMS AND BUYER OBJECTS TO AND REJECTS ANY DIFFERENT OR ADDITIONAL TERMS.

27. Import/Export Laws. Vendor shall be responsible for timely obtaining and maintaining any required export license, permit or approval and pay all required fees, assessments, duties, charges, taxes, tariffs, levies or other charges necessary to lawfully export the Goods from Vendor's country. Vendor shall ensure that the Goods are properly marked and accompanied by such true, complete, and correct invoices, packing lists, certifications, declarations and other documentation necessary for their proper classification and importation into the United States and clearance through United States customs.

2.3: CERTIFICATE OF PRODUCT LIABILITY INSURANCE (PLI)

INDEMNIFICATION

Big Lots will require written contracts with vendors, suppliers or contractors. The purchase order form will maintain the necessary language for those vendors we purchase from using purchase orders. If products or services are not purchased through the use of purchase orders, the attached indemnification document/language must be included in any contract. These contract provisions should include:

- Vendor shall indemnify, defend (at Buyer's sole option) and hold harmless Buyer and its affiliates from any and all liabilities, damages, costs, expenses, penalties, claims and/or suits (whether actual or alleged), including, without limitation, attorneys' and experts' fees (including attorneys' fees incurred in enforcing Buyer's rights as a result of a breach of Vendor's warranties or a term of this PO, Contract or the Vendor Manual), arising from the: (a) acts or omissions of Vendor or Vendor's agents, (b) recall of the Goods, (c) personal injury or property damage resulting from the movement, use or consumption of the Goods, (d) breach of Vendor's warranties or a term of this PO, Contract or the Vendor Guide, or (e) infringement of a third party's intellectual property or proprietary rights, including, but not limited to, trade names, trademarks, trade dress, trade secrets, patents and copyrights, in connection with the use, manufacture, distribution, advertising, use, sale or offer for sale of the Goods. Vendor shall have no right to limit its liabilities. Vendor acknowledges that this Contract or PO was negotiated and without this section Buyer would not have entered into this Contract or PO.
- Waiver of Subrogation – Vendor, supplier or contractor shall waive any and all rights of recovery against Big Lots for any and all claims, losses or damages arising out of work performed under the contract regardless of whether these claims, losses or damages are covered by insurance.
- These contracts and/or purchase orders will be maintained by the Buying department for at minimum period of 10 years.
- If no purchase order is used to secure the product or services, the indemnification language will be contained in an executed contract.

CERTIFICATES OF INSURANCE

A certificate of insurance evidencing insurance coverage as outlined below is required of each merchandise or service vendor Big Lots engages. Vendors are required to provide an Insurance Certificate as evidence of the above coverage to Big Lots or the agent at the time Big Lots formally accepts you as a vendor and annually thereafter, within 10 days of coverage renewal. The Insurance Certificate is one of the required documents for the business.

The following minimum requirements of insurance should be provided by vendors, suppliers or contractors to Big Lots. When circumstances dictate, these minimum requirements should be reviewed and adjusted based on the nature of the work being performed by the vendor, supplier or contractor.

ALL VENDORS

- Vendors, suppliers or contractors' insurance companies will have a minimum Standard & Poor's rating of BBB or better (www.standardandpoors.com) or A.M. Best's rating of A-VII or better. (reference www.ambest.com). *May be waived subject to jurisdictional territory coverage by rating company.*
- The insurance company must be licensed to operate in the country from where the product or service is sold and invoiced to Big Lots and should have an extensive North American presence.
- Vendor has either a Broad Form Vendor's Endorsement or names Big Lots, Inc. and all its direct and indirect subsidiaries and affiliates as an Additional Insured on the policy. *May be waived subject to insurance coverage limitation in country of origin.*
- Additional Insured status should be requested to be primary and non-contributory.
- Certificate must be signed by an authorized representative of the insurance carrier.
- Coverage must be for a minimum of 12 months.

- The name of the insured on the certificate must be the same as the supplier, or an explanation of why it is different must be provided.
- Certificate holder must read Big Lots, Inc. and all its subsidiaries and affiliates.
- Any self-insured retention or deductible will be stated on the Certificate of Insurance for both primary and umbrella/excess layers.
- If the umbrella and/or excess layers do not follow primary terms and conditions, an explanation must accompany the certificate of insurance explaining the variance in terms and conditions.
- A requirement that the vendor, supplier, or contractor will endorse their insurance policies to state that Big Lots will be notified at least 30 days in advance of material change, modification or cancellation of the policies.
- A requirement that the vendors, suppliers, or contractors furnish Big Lots with valid Certificates of Insurance before shipment or are allowed to begin work on behalf of Big Lots.

REQUIRED LIMITS AND TERMS

The following limits and terms will be the minimal required for all Merchandise vendors. Subject to the category of the products, the required can be higher:

- General Liability Coverage including Products and Contractual Liability of not less than \$2,000,000 (U.S.) per occurrence sublimit for category I products and \$5,000,000 (U.S.) for category II products. **Limits can be made up of both primary and excess/umbrella coverages.**
- Coverage limits not less than \$2,000,000 (U.S.) for category I products and \$5,000,000 (U.S.) for category II products in aggregate for all occurrences. **Limits can be made up of both primary and excess/umbrella coverages.**
- If a product is involved should have a worldwide policy territory and must have a United States and Canada policy territory for occurrences and claims.
- Vendor must provide an insurance renewal certificate within 10 days of expiration of a submitted certificate of insurance.
- Products covered; Jurisdiction and Territories applicable to the coverage must be stated in the certificate.
- Policy must include: Products/Completed Operations and Contractual Liability (including liability for employee injury assumed under a Contract as provided in the standard ISO policy form). If policy is Claims Made a retroactive date of at least 3 years prior to inception and a tail date of at least 2 years after expiration must be included and shown on the certificate.
- The policy must contain a discontinued vendors endorsement or be maintained for a period of three (3) years after the relationship has been terminated.
- Umbrella/Excess Liability should be including “Drop-Down Clause” that will enable the Umbrella/Excess Liability to pick up the loss from the first Dollar when the Primary policy limit has been exhausted.
- Do not send a specimen copy; send a fully executed certificate of insurance. If it is not compliant you will be notified.

PRODUCTS CLASSIFICATION

Product categories listed below require a \$5 million U.S. dollar per occurrence sublimit, everything else will be \$2 million U.S.

Five Million (U.S.) in Limits (Risk Profile 2)

- | | |
|---|---|
| • Air Compressors and Air Tools/Accessories | • Dietary Supplements (Includes Herbal Products and Vitamins) |
| • Auto Jacks | • Electrical Cooking Appliances |
| • Auto Parts | • Electrical Craft Ware |
| • Bar-B-Ques Including Propane and Fire Pits | • Electrical Household Appliances |
| • Camping Stoves/Lanterns | • Electrical Sewing machines |
| • Candles, Candle Holder and Candle | • Electrical wiring and hardware |
| • Oil lamp or Candle | • Extension Cords |
| • Containers intended to hold gasoline, oil, coolant, and chemicals | • Fans (Includes Ceiling Fans) |

- Fertilizer
- Fireworks
- Flotation Devices or Items Meant to be Pulled by Watercraft
- Furniture Chairs and Stools
- Furniture That is Collapsible or Folding
- Gazebos
- Tents
- Go-karts, 4 wheelers (powered)
- Guns and Ammunition, Bows and Arrows
- Halloween Novelty Items
- Electrical Heaters
- Holiday Lights
- Hunting knives (including pocketknives)
- Infant Formula
- Infant Furniture (Like Cribs, Highchairs, Baby Car Seat, Changing Table)
- Infant Wear/Children Wear/Sleepwear
- Ladders Includes Collapsible or Folding
- Lamps and lighting (Including Halogen Lights)
- Lawn mowers (push and riders)
- Lawn/Garden Patio Furniture
- Lighters and matches
- Meats, seafood, poultry, eggs, and dairy
- Medicine- such as ingested products (over-the-counter and prescription)
- Novelty Gift Items
- Oil, coolant, and any fuels, chemicals/or products intended to hold oil, coolant, fuels, and other products such as chemicals etc.
- Paints and removers
- Personal Care Products
- Pet Food
- Plumbing, Plumbing Fixtures
- Pool Chemicals, Cleaning Chemicals
- Power Generating Products
- Power Tools and Accessories
- Powered Razors, Hairdryers, Curling Irons, etc.
- Propane and propane powered items
- Rechargeable Batteries
- Shoes for Special Purposes
- Sport and Fitness Equipment (Includes Unicycles, Bicycles, Tricycles, Life Safety and Protective Equipment)
- Stepping Stools
- Swimming pools
- Swing Sets, playground equipment
- Tobacco products
- Toys
- Trampolines
- Vacuum Cleaners

CERTIFICATE OF INSURANCE MANAGEMENT

No vendor will be set up or paid if set up without a verified current certificate of insurance (CI) on file with Ebix. Ebix is a third-party certificate of insurance management company that manages all the notifications, documentation and verification of insurance requirements we have spelled out above. In order to accomplish this, the following high-level logistics will need to be accomplished:

1. If Vendor is non-compliant, a block will be initiated on the vendor for purchase order creation and payment.
2. An option to override the block will be made available with appropriate approvals.
3. The vendor minimum requirement will be based on highest product category that will or has been purchased from the vendor in the past 2 years.
4. Only fully executed certificates of insurance are to be sent to Ebix. No specimen copies will be accepted.
5. Copies of all compliance notifications will be sent to appropriate sourcing agent for import vendors if we have the correct email address on file.
6. No confirmation will be received by the vendor if the certificate is accepted as meeting requirements. However, notices will be sent for non-compliant certificate of insurance to the email or mailing address on file.
7. Ebix requires 5 business days processing time after they receive the certificate of insurance.
8. Ebix will notify the vendor within 21 days of the insurance expiring for a new certificate of insurance.
9. Ebix will attempt 3 notices before considering the notice cycle complete. No further notices will be sent

Ebix contact information - All certificates of insurance must be forwarded to:

Ebix Inc.
 PO Box 12010-BG
 Hemet, CA 92546
 Phone: 951-766-2227
 Fax: 770-225-6339
 Email: biglots@ebix.com

If there are any questions about requirements and/or processing, please contact the buyer of your products or contact:

Big Lots Risk Management Department
4900 East Dublin Granville Rod
Columbus, Ohio 43081
Phone: 614-278-7240
Fax: 614-278-7218
Email: ci@biglots.com

NEW VENDORS

It is the responsibility of the department owning the merchandise category or service to request and provide the details to the vendor of Big Lots vendor requirements. Instructions will include submission of the certificate of insurance to Ebix. The vendor is to be added to AP systems and will be exported to the Ebix on the next schedule data send. Upon receipt of the CI and the data feed, Ebix will review the document for compliance with the policies of the company. If the CI meets the requirements the data will be feed to SAP or manually entered to allow payments to be issued. If the CI does not meet the requirements a Noncompliance Notice will be sent to the department (vendor partner department) who has requested the vendor to be added as well as the vendor. The department is responsible for correcting the situation with the vendor and asking for a revised CI to be issued.

EXISTING VENDORS

Existing vendors will be requested to provide updated certificates of insurance as indicated above. Failure to provide this update will disqualify the vendor from future opportunities and will be flagged as so in SAP.

FOREIGN VENDOR PROGRAM

As per BIG LOTS's vendor agreement, it is a mandatory requirement for all BIG LOTS vendors to purchase and maintain Product Liability Insurance (PLI) to protect and indemnify BIG LOTS for all product liability losses arising from the vendor's products. BIG LOTS recognize vendors may struggle in finding the right policy with an insurance carrier that meets the above-mentioned requirements. In coordination with Aon-COFCO Insurance Brokers Co., Ltd., we have developed the partnership with them on our Product Liability Insurance. Contacts and applications are accessed through Aon-COFCO.



Vendor Products Liability Program

Aon Preliminary Local Contacts 2017-2018

COUNTRY	BROKER CONTACT
United States	Bryan Kerr Ph: 312-381-4247 e-mail: bryan.kerr@aon.com Aon Risk Solutions (AGCN-Chicago) 200 E. Randolph Street Chicago, IL 60601
China	Richard Wang AonCofco - Shanghai 42/F., Jin Mao Tower 88 Century Boulevard Pudong, Shanghai 200121 Peoples Republic of China Ph: 8 621 3868 8298 e-mail: richard_wang@aon-cofco.com.cn
Cambodia	Tirapol Osiri Aon Risk Services (Thailand) Ltd. 18/F Siam Tower Building 989 Rama I Road, Pathumwan Bangkok, Thailand Ph: 6623054611 e-mail: tirapol.osiri@aon.com (coordinated by Aon Thailand)
Hong Kong	Johnny Wu Aon Risk Services (AGCN-Hong Kong) 28/F, Tower 1, Times Square Hong Kong Ph: +85228624154 e-mail: johnny.wu@aon.com
India	Rahul Bhalla Aon Global Client Network - India 205-207, Global Business Park , M. G Road, Gurgaon, India Ph: +911244710671/ +91 8826155278 e-mail: rahul.bhalla@globalinsurance.co.in For Escalations Pankaj Mehta - AGCN India Ph: +91124 4710678 e-mail: pankaj.mehta@globalinsurance.co.in
Indonesia	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

Malaysia	Peter Wong Aon Insurance Brokers (Malaysia) Level 10, Tower 3, Avenue 7 The Horizon, Bangsar South No.8, Jalan Kerinchi Kuala Lumpur, 59200 Malaysia Ph: +60327737150 e-mail: peter.wong@aon.com
Netherlands	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
Pakistan	Teresa Chen Aon Risk Services - Taiwan 9/F, Lotus Building, No.136 Jen Ai Road Section 3 Taipei, Taiwan Ph: +886 2 6639 0258 e-mail: teresa.chen9@aon.com
Taiwan	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
Thailand	Ozlem Cevik Aon Risk Services Saray Mah. Dr.Adnan Büyükdeniz Cad. No:2 Umraniye, Istanbul Turkey Ph: +90.216.636.0700 e:747 e-mail: ozlem.cevik1@aon.com.tr
Turkey	Huong Tran Aon Vietnam Ltd (Hochiminh) 7Fl, R.702, 111A Pasteur, District1 Ho Chi Minh t +84838224884 (Ext 08121) f +84838222700 m +84 358 439 391 huong.tran@aon.com
Vietnam	Peter Wong Aon Insurance Brokers (Malaysia) Level 10, Tower 3, Avenue 7 The Horizon, Bangsar South No.8, Jalan Kerinchi Kuala Lumpur, 59200 Malaysia Ph: +60327737150 e-mail: peter.wong@aon.com

Application Process China Only

STEP	DESCRIPTION	BY WHO
1	Big Lots China sourcing team sends Notice of Insurance Requirement to Big Lots supplier with copy to Aon China team.	* Big Lots China sourcing team * Aon China team
2	Aon China makes contact with the supplier and explains directly to the supplier all Program related detail.	* Aon China team
3	<ul style="list-style-type: none"> * If the supplier does not want to join the program, Aon China team will make a record and report back to Big Lots Corporate through Aon US on quarterly basis. * If the supplier agrees to join the program, Aon China team will send the application form to the supplier and assist the supplier to complete the application form. 	* Aon China team * Big Lots supplier
4	Aon China team sends the complete and confirmed Application Form to Chubb HK with a copy to Huatai.	* Aon China team
5	<ul style="list-style-type: none"> * Chubb HK underwrites the risk and inform Huatai to issue a formal quotation (and debit note) based on Product, Risk category and expected annual sales to Big Lots. After receiving the complete and confirmed Application Form from Aon China team. (Chubb HK and Huatai promise to give quote within 1 full working day) * If Chubb HK declines the risk, Aon China team will make a record and report back to Big Lots Corporate through Aon US on quarterly basis. 	* Aon China team * Chubb HK * Huatai
6	Aon China team sends the formal quotation (and debit note) to the Big Lot's supplier for consideration and confirmation of acceptance.	* Aon China team * Big Lots supplier
7	If the supplier accepts the quotation, the supplier will be requested to sign off and stamp the quotation, pay the premium, and scan back the confirmed quotation and premium payment prove to Aon China team. Aon China team will forward the same to Huatai.	* Aon China team * Big Lots supplier
8	Huatai will issue the insurance certificate and invoice and send scanned copies to Aon China team. Aon China team will send the same to the Big Lot's supplier after checking the information. NOTE: No certificate will be issued until premium is received by Huatai!	* Aon China team * Huatai
9	Huatai sends original paper of insurance certificate and invoice to the Big Lot's supplier. Big Lot's supplier will confirm receipt and acceptance of the documents. NOTE: The effective date of the coverage will be the date of premium payment.	* Big Lots supplier * Huatai
10	Aon China team prepares and sends quarterly report to Big Lots China sourcing team and Aon US.	* Aon China team
11	At the end of the policy period Hautai or AON will send the vendor of actual sales for the policy period. Premiums will be adjusted based on actual sales compared to estimated sales used in the initial application.	* Aon China team * Huatai * Big Lots Sourcing

Application Process India and Malaysia

STEP	DESCRIPTION	BY WHO
1	Big Lots local sourcing team sends Notice of Insurance Requirement to Big Lots supplier with copy to Aon local team.	* Big Lots local sourcing team * Aon local team
2	Aon local team makes contact with the supplier and explains directly to the supplier all Program related detail.	* Aon local team
3	<p>* If the supplier does not want to join the program, Aon local team will make a record and report back to Aon China team on quarterly basis. Aon China team will prepare consolidated quarterly report send to Big Lots Corporate through Aon US.</p> <p>* If the supplier agrees to join the program, Aon local team will send Chubb's Application Form to the supplier and assist the supplier to complete the Application Form.</p>	* Big Lots supplier * Aon local team
4	Aon local team sends the complete and confirmed Application Form to Chubb HK with a copy to Chubb local office or partner.	* Aon local team
5	<p>* Chubb HK will issue and copy to its Chubb local office or partner a formal quotation based on Product, Risk category and annual sales to Big Lots. After receiving the complete and confirmed Application Form from Aon local team.(Chubb HK promise to give quote within 1 full working day)</p> <p>* If Chubb declines the risk, Aon local team will make a record and report back to Aon China team on quarterly basis. Aon China team will prepare consolidated quarterly report send to Big Lots Corporate through Aon US.</p>	* Chubb HK * Chubb Local Office * Aon local team
6	Aon local team sends the formal quotation to the Big Lot's supplier for consideration and confirmation of acceptance.	* Aon local team * Big Lots supplier
7	If the supplier accepts the quotation, the supplier will be requested to sign off and stamp the quotation and send back to Aon local team. Aon local team will forward the same to Chubb HK with a copy to Chubb local office or partner.	* Aon local team * Big Lots supplier
8	<p>Chubb HK will ask Chubb local office or partner to issue the debit note (invoice) and courier to Aon local team. Aon local team will courier the same to the Big Lot's supplier after checking the information.</p> <p>NOTE: No certificate will be issued until premium is received by Chubb local office or partner!</p>	* Chubb HK * Chubb local office * Aon local team
9	The Big Lots supplier is requested to send proof of premium payment to Aon local team for record so that Aon local team will notify Chubb local office or partner accordingly with a copy to Chubb HK and instruct Chubb local office or partner to issue insurance certificate and policy.	* Aon local team * Big Lots supplier
10	<p>Chubb local office or partner sends original paper of insurance certificate and policy to Aon local team. Aon local team will send the same to the Big Lot's supplier after checking the information.</p> <p>NOTE: The effective date of the coverage will be the date of premium payment.</p>	* Aon local team * Chubb local office
12	Aon local team prepares and sends quarterly report to Big Lots local sourcing team and Aon China team.	* Aon local team
13	Aon China team prepares and sends consolidated quarterly report to Big Lots Corporate via Aon US.	* Aon China team
14	At the end of the policy period Chubb local or AON will send the vendor of actual sales for the policy period. Premiums will be adjusted based on actual sales compared to estimated sales used in the initial application.	* Aon local team * Chubb local office * Big Lots Sourcing

NOTE: Aon China team needs to be copied in all correspondences of the above-mentioned steps.

Application Process All Other Countries

STEP	DESCRIPTION	BY WHO
1	Big Lots local sourcing team sends Notice of Insurance Requirement to Big Lots supplier with copy to Aon local team.	* Big Lots local sourcing team * Aon local Team
2	Aon local team makes contact with the supplier and explains directly to the supplier all Program related detail.	* Aon local team
3	* If the supplier does not want to join the program, Aon local team will make a record and report back to Aon China team on quarterly basis. Aon China team will prepare consolidated quarterly report send to Big Lots Corporate through Aon US. * If the supplier agrees to join the program, Aon local team will send Chubb's Application Form to the supplier and assist the supplier to complete the Application Form.	* Big Lots supplier * Aon local team
4	Aon local team sends the complete and confirmed Application Form to Chubb HK with a copy to Chubb local office or partner.	* Aon local team
5	* Chubb HK will issue and copy to its Chubb local office or partner a formal quotation based on Product, Risk category and expected sales to Big Lots for the policy period. After receiving the complete and confirmed Application Form from Aon local team.(Chubb HK promise to give quote within 1 full working day) * If Chubb declines the risk, Aon local team will make a record and report back to Aon China team on quarterly basis. Aon China team will prepare consolidated quarterly report send to Big Lots Corporate through Aon US.	* Chubb HK * Chubb local Office * Aon local team
6	Aon local team sends the formal quotation to the Big Lot's supplier for consideration and confirmation of acceptance.	* Aon local team * Big Lots supplier
7	If the supplier accepts the quotation, the supplier will be requested to sign off and stamp the quotation and send back to Aon local team. Aon local team will forward the same to Chubb HK with a copy to Chubb local office or partner.	* Aon local team * Big Lots supplier
8	Chubb HK will ask Chubb local office or partner to issue the debit note (invoice) and courier to Aon local team. Aon local team will courier the same to the Big Lot's supplier after checking the information. NOTE: No certificate will be issued until premium is received by Chubb local office or partner!	* Chubb HK * Chubb local office * Aon local team
9	The Big Lots supplier is requested to send proof of premium payment to Aon local team for record so that Aon local team will notify Chubb local office or partner accordingly with a copy to Chubb HK and instruct Chubb local office or partner to issue insurance certificate and policy.	* Aon local team * Big Lots supplier
10	Chubb local office or partner sends original paper of insurance certificate and policy to Aon local team. Aon local team will send the same to the Big Lot's supplier after checking the information. NOTE: The effective date of the coverage will be the date of premium payment.	* Aon local team * Chubb local office
12	Aon local team prepares and sends quarterly report to Big Lots local sourcing team and Aon China team.	* Aon local team
13	Aon China team prepares and sends consolidated quarterly report to Big Lots Corporate via Aon US.	* Aon China team
14	At the end of the policy period Chubb local or AON will send the vendor of actual sales for the policy period. Premiums will be adjusted based on actual sales compared to estimated sales used in the initial application.	* Aon local team * Chubb local office * Big Lots Sourcing

NOTE: Aon China team needs to be copied in all correspondences of the above-mentioned steps.

For complete requirements of Product Liability Insurance and forms please open the following URL:
<http://www.biglots.com/corporate/vendors/routing-and-compliance> Then download the “Big Lots Certificate of Insurance and Indemnification Policy”

2.4: PAYMENT TERMS

Required payment terms are Wire Transfer T/T 60 days from FCR date, once goods are received into a Big Lots DC.

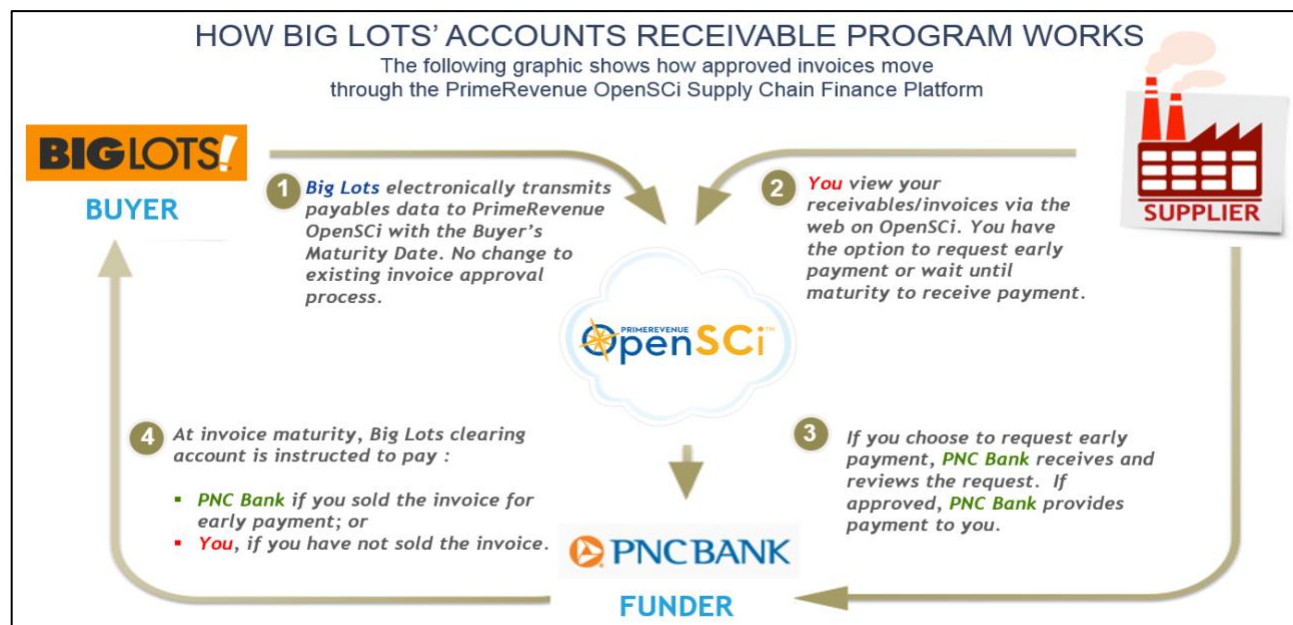
2.5a: PrimeRevenue Financing Program

Powered by the Prime Revenue 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! [PrimeRevenueProgramRegister](#), 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 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. 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.

3. 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 apvendorinquiries@biglots.com.
4. Please refer to the documentation section to find the information that must be listed on each document.
5. All import vendors must utilize the Yusen Logistics vendor web portal to provide the commercial invoice, packing list, and forwarders cargo receipt in electronic format.

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.....	\$90.00 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.

2.5: PACKAGING

Big Lots requires all product produced in one of its Own brands (Agents or GS can define brands for suppliers) to follow the process as defined in the **Vendor Packaging Guide, version 5.0**. This manual can be found on the Big Lots web site <http://www.biglots.com/corporate/vendors/routing-and-compliance>. All questions for the packaging process should be directed to either the applicable agent or Big Lots packaging department at packaging@biglots.com.

Suppliers will receive communication from United Sourcing or Mantra offices to initiate packaging work for purchase orders that have been placed by Big Lots. United Sourcing and Mantra teams, will be the primary contact for submitting electronic packaging layouts for review and approval as well as print proofs and final printed package structures.

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

United Sourcing Office will be supporting all divisions' packaging activities for products imported from China, Vietnam, Cambodia, Malaysia, Philippines and Taiwan. Mantra Office supports India, Pakistan, Thailand, Indonesia, Bangladesh and Sri Lanka. Suppliers who sell from territories not covered by United Sourcing or Mantra will continue to work directly with our Columbus, Ohio based Big Lots packaging team.

Please also note the following Big Lots' key packaging policies:

- United Sourcing and Mantra works directly with Big Lots' packaging team for review and approval of Big Lots OWN brands and seasonal packaging. Big Lots does not review national brand or other trademarked supplier brand packaging.
- A "Manufactured for: Broyhill, LLC" clause is required on all Broyhill 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 Broyhill must specify "Manufactured for: Broyhill, LLC".
- Except for Broyhill items, a "Distributed by Big Lots" clause is required for the balance of 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 (excludes Broyhill, see above statement) must specify "Distributed 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 OWN brand merchandise as part of delivering a complete product to Big Lots. Important to follow our Brand Guides as closely as possible. 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 and Mantra, 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: Broyhill, Real Living, Play Zone, Climate Keeper and Winter Wonder Lane. Our suppliers are required to sign and return a Trademark Sublicense Agreement in order to use Big Lots OWN brands on packaging prior to artwork being released. The agreement gives permission to the supplier to use the brand and explains supplier use limitations. Please return the original signed document within one week (no photocopies allowed) to the individual from whom it was received from. Big Lots will be unable to provide Own 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 corrugate displays and 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.

Big Lots also requires all supplier printers to utilize/follow a Big Lots Delta E color reference card when providing print proofs for **Broyhill** and **Real Living**. If you need Big Lots Delta E cards, email packaging@biglots.com and we will be sure to send them however, please provide contact name, mailing address and phone number in your request. Suggest both the supplier and supplier's printer have a Delta E card to check color, as Big Lots requires print proofs to be submitted for Delta E readings and color approval prior to mass printing. **Broyhill** and **Real Living** brand guides will also provide some additional information.

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. All questions to the pre-ticketing process should be directed to either the applicable agent or Big Lots packaging department at ticketing@biglots.com.

2.6: WORK IN PROGRESS (WIP)

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 revised directly in the column, and stated in the remarks
- 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.

III. PRODUCT DEVELOPMENT

3.1: PRODUCT DEVELOPMENT 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 I (Indoor and Outdoor)
- Spring II (Indoor)
- Spring III (Indoor)
- Easter, Patriotic, Outdoor Décor
- Seasonal Kitchen Textiles
- Summer (Indoor and Outdoor)
- Back to School
- First Apartment
- Fall (3 Harvest, 2 Halloween, 1 Soft Home)
- Christmas
- Home Décor themes throughout the year

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 Corporate Headquarters Trend and Product Development Department.

IV. QUALITY CONTROL / COMPLIANCE

4.1: SOCIAL COMPLIANCE OVERVIEW

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 Social/Ethical and CTPAT on site auditing. This assessment is conducted by a Big Lots nominated third party, 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, both factory assessments will be performed. Bi-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.

4.2: SOCIAL/ETHICAL AND C-TPAT FACTORY AUDITS

OVERVIEW

Big Lots requires both Social/Ethical and CTPAT assessments on facilities used by our suppliers. Facilities are assessed and given a color rating based on the findings from the audit, conducted by a third-party auditing firm, QIMA. The ratings and violations are provided to each supplier as part of a corrective action plan (CAP), and suppliers are responsible for working with the factories to satisfactorily respond to the CAP. This assessment rating is one tool used to determine whether the factory can remain active and produce for Big Lots, as well as determining the certification validity period.

SCHEDULING

Factories should contact QIMA as soon as a PO is written (or before) to schedule an audit date prior to shipping. QIMA will send out an info packet with price sheet, the type of documents and on-site observations they will be looking for, so the facilities have time to prepare. On the actual audit date two different auditors will show up to complete the Social/Ethical and CTPAT audits and review the results.

QIMA Contact Information: Diane Dai – diane.dai@qima.com
Mekkha Shemallah Paraiso – mekkha.paraiso@qima.com

PROOF OF CERTIFICATION

Certifications of both Social/Ethical and CTPAT assessments, issued either by the Auditor or Big Lots (on an exception basis) are required to be presented to Big Lots origin cargo management provider, Yusen Logistics. Valid and unexpired certification documents must be presented to Yusen Logistics (uploaded in the shipping document web portal) in order to receive an FCR from Yusen Logistics and, in turn, to be paid by Big Lots.

4.2a: Social/Ethical Audits

This audit is based on SA8000 standard and customer's requirements, including, but not limited to the followings:

- Health and Safety, Hygiene
- Waste Management
- Child Labor
- Hours, Wages and Benefits
- Labor Practices

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. For a more detailed list of what documents are needed and the areas the auditor will be looking at, the factory can get a blank form from QIMA once they have booked the audit. A "Green" score results in a 2-year certification. An "Amber" score results in a 1-year certification with a Corrective Action Plan (CAP) that needs completed. A "Red" score, the factory must respond the Auditor's Corrective Action Plan (CAP) to improve the score within 3 months. Failure to do so will result in a review by Big Lots management. The factory is responsible for timely payment of all costs of the initial audit, desktop review, as well as follow-up audits. Big lots will work with factories on improvements and expects that every supplier will strive to achieve and maintain a green score.

EGREGIOUS FAILURES

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

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.

OPTIONAL ALTERNATIVE - EXCLUSIVELY FOR TOY VENDORS

Toy suppliers may participate in the ICTI Care process to receive their social compliance certification. in lieu of a physical onsite audit performed by QIMA. This can be done if the supplier is currently certified by ICTI or can be newly initiated. The factory is required to contact QIMA, send their ICTI information and business license, then allow a couple of days for review. Upon completion of the review, QIMA will issue a Big Lots Certification valid until the date on the ICTI certificate. This exception is for Social/Ethical only, the factory will still need a complete CTPAT audit performed.

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>.

4.2b: C-TPAT Audit Requirements

All factories must complete a C-TPAT assessment audit performed by Big Lots' third-party auditor. An "Accepted" (green) score results in a 3-year certification. For an "Improvements Needed" (Amber), or "Urgent Action Required" (Red) result, the factory must respond the Auditor's Corrective Action Plan (CAP) to improve the score to a minimum of 71 or above (Amber). Failure to do so will result in a review by Big Lots management. The factory is responsible for timely payment of all costs of the initial audit, desktop review, as well as follow-up audits.

The following areas will be covered by QIMA auditors during the audit process:

- Factory Profile
- Personnel Security
- Physical Security
- Storage and Distribution
- Shipment Information Control
- Information Access Controls
- Contractor Controls
- Export Logistics
- Records and Documentation

The audit will consist of on-site factory tour (security room, warehouse, production area, loading area and etc.), document review and interviews. Please make sure all production processes are running and related managers/supervisors are available during audit day. You need to provide the related evidence or document to auditor when conducting audit.

The factory must submit a C-TPAT certificate with the shipping documents (reference Section 5.1) to receive the FCR from Yusen Logistics.

4.3: 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.

4.4: PURCHASE ORDER AND PRODUCT TESTING TIMELINE

1. Product submission for buyer purchase decisions must be made in PLM and should be reviewed by the agent office and/or Global Sourcing.
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 Quote 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. After receipt of the purchase orders, suppliers are required to fill out a Factory Audit Request. The third-party vendor (AI) will process and

set up a time for the audit as soon as feasibly possible. 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.
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 lab contact list below).
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 60 days (Pre-production testing) and 30(Production testing) days before ship date where applicable. 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 Manager/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 ensure 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 supplier's invoice at the terms of the purchase order. The COC can be valid for up to 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 minimum 30 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, or 3E. Items intended for ECOM will be tested under 3A.
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 Audit, testing, inspection, and ISTA certification to receive the FCR for timely payment of invoices.

TESTING PROVIDERS

Our designated testing providers are, 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 or (614) 278-6916.

LAB CONTACTS			
Lab	Account Manager	Phone Number	Email Address
ITS	Harper Huang – Shenzhen	+86 755 2602 0078	harper.huang@intertek.com
	John Luzzi – USA- Key Acct. Mgr.	973-445-2831	john.luzzi@intertek.com
	Jon Seidelmann – USA – Onsite Acct. Mgr.	614-266-7103	jon.seidelmann@intertek.com
SGS	Anita Changur – USA	862-212-2827	anita.changur@sgs.com
	Allison Jin – Shanghai, China	+86 021 60645271	allison.jin@sgs.com

BIG LOTS QUALITY CONTROL CONTACTS		
Big Lots Contact	Phone Number	Email Address
Yifei Zhang	614-278-6704	yzhang@biglots.com
Gretchen Hetrick	614-278-7021	ghetrick@biglots.com

4.5: PRODUCT TESTING

BIG LOTS PRODUCT TESTING STAGES

All Big Lots items must go through Pre-Production or Production testing (some categories require both pre-production and production) with one of our designated testing labs. The category determines the testing timing and process. Your Buyer or Global Sourcing contact will note the correct timing/process at the time of sample initiation.

- Pre-production testing must be completed no later than 60 days prior to the ship window.
- Production testing must be completed no later than 30 days prior to the ship window.
 - Vendors shall schedule a random sample pick from Big Lots POs for production testing with their designated laboratory.

Please be sure to contact your testing lab during sample development and to ensure you are clear on our testing requirements, turnaround times and cost quotes are accurate.

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).

4.6: PRODUCT TEST SAMPLE SUBMISSION

Suppliers must submit samples to the designated testing provider. Supplier is to fill out and submit electronically the Big Lots Test Request form found on Intertek website: In order to get access to the Big Lots Electronic Test Request Form, you must establish an account with Intertek by e-mailing below and requesting a registration form.

US, China, Hong Kong: datalink.portal.administrator@intertek.com

All other countries: Jon.seidemann@intertek.com and John.Luzzi@intertek.com

- Fill in the registration form and return to datalink.portal.administrator@intertek.com and rachel.ortega@intertek.com
- With subject line: Big Lots InterLink User Account Registration Request
- Intertek will return the login with 24 hours upon received the required information from vendors.

The required number of samples (dependent upon the individual product type) must be sent for testing. The minimum number of samples can be obtained by contacting the designated testing provider directly. If your testing provider does not receive the correct number of samples testing could require additional time to complete.

If vendor is notified by the lab of not having enough samples during Production Testing stage, you may have to schedule additional random sample pick with lab as soon as possible. Vendor may ask Big Lots to waive the additional sample pick and allow vendor to send in the additional samples directly based on past vendor performance history and type of product in test.

4.7: 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 also 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 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.

4.8: 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 lab showing how the testing is to be administered. The lab will advise if the grouping is feasible based on the product qualities.

4.9: 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.

4.10: 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.

4.11: 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 breakage 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).

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
2A	Packaged--Products 150 lbs (68kg) or Less	Atmospheric conditioning, compression, random vibration, and shock testing
3E	Unitized Loads of Same Product	Atmospheric conditioning, compression, random vibration, shock testing
3A	Packaged-Products for Parcel Delivery System Shipments 70kg (150 lb) or Less (standard, small, flat or elongated)	Atmospheric pre-conditioning, random vibration with and without top load, 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".

4.12: PRODUCT QUALITY INSPECTION

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 are 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 ensure 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 cartons 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 a copy of the Quote Sheet from PLM.
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.
9. 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: Please contact your assigned lab to find your local lab contact.

- 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 a copy of the quote sheet from PLM 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 follow the ANSI Z 1.4 standards, but the statistical rules 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 or e-mail 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.
- Appropriate agent will be copied on all correspondences from designated testing provider to the supplier.

ADDITIONAL PRODUCT INSPECTIONS

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.

5.1: 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.
 - It is the Supplier's responsibility to ensure that they are in compliance with all Verified Gross Mass (VGM) requirements of the local authorities.
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
 - 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 along with accurate line level details for each:
 - Full manufacturer contact information
 - Detailed description of the product detailing all information that will have a direct bearing on the proper classification and valuation of the product. As example, for furniture, state materials from which product is made; for toys, state whether electrical or non-electrical; for metal, specify type of metal, etc.
 - 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.
 - 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.
 - 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, Lot Number, 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. Big Lots' **Quote sheet from PLM** for each item.
- 5. **Approved Social/Ethical Factory Audit certificate**
- 6. **Approved Factory C-TPAT Assessment certificate**
- 7. **Current Certificate of Compliance (COC)** from Big Lots appointed lab
 - Both Pre-Production and Production in some categories
- 8. **Certificate of Inspection (COI)** for designated categories
- 9. **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 Social/Ethical Factory Audit certificate	Upload
Approved Factory C-TPAT Assessment certificate	Upload
Current Certificate of Compliance (COC)	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)

10. **Payment of all applicable origin charges** to Yusen Logistics

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.
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 for more information.
17. **FDA Medical device listing form 2892 and registration form 2891A** for all sun/reading/toy glasses, toothbrushes 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.
18. **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.
19. **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. Your e-file number needs to be included and validated.
20. **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.
21. **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.
22. **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. 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>.

23. **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.
24. **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.
25. **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.
26. **Fish and 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.
27. **International Footwear Association form** for all functional footwear.
28. **Tent Specification Form** for textile backpacking tents only.
29. **CSA test certification** for all gas grills.
30. **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.
31. **Poly-Resin form** for all items classified as poly-resin.
32. **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.

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

5.2: MASTER CARTON REQUIREMENTS

5.2a: 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, except for 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.
8. All Caseloads Furniture (Fireplaces, TV stands, and all SKUs of Bedroom and Dining) – must have corner guards for protection. See examples below.



5.2b: 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.

5.3: LOGISTICS SERVICE PROVIDERS

<u>CUSTOMS BROKER</u> GEODIS The Navy Yard 5101 S. Broad Street Philadelphia, PA 19112-1404 U.S.A. Tel: (267) 570-2809 Fax: (215) 238 9724 biglotsimport@geodis.com BigLotsImport.cl.us@ohl.com	<u>CONSOLIDATOR / FREIGHT FORWARDER</u> 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 YLHK.ML.BIGLOTS@hk.yusen-logistics.com
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5.4: 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. 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.

All C-TPAT Audits are performed by a third-party auditing company. See section 4.2 for more details.

5.5: 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 local 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. Shipments should be booked with an Estimate Delivery Date **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

5.6: 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.

* Note: For factory loaded containers, Suppliers are expected to work with Big Lots Merchants and Global Sourcing to effectively utilize high cube containers as much as possible when multiple containers are being shipped per DC during the year. This can be achieved through combining PO's and/or adjusting order quantities. Please work early in the process with the Merchant, Agent, and/or Global Sourcing to plan flows accordingly.

5.6a: 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 (targets used as guidance, may depend on carton dimensions and load ability)

Metric - Cubic Meters (CBM), Kilograms(KGS)					
Size	Minimum		Target CBM		Maximum Weight (KGS)
	Compliance Min. CBM*	*Unless Weight (Kgs) Exceeds:	90% Util.	95% Util.	
20	28	15,000	30	31	17,700
40	56	17,500	60	64	19,900
40H	65	17,500	68	71	19,900
45	75	17,500	77	82	19,000

US - Cubic Feet (CFT), Pounds(LBS)					
Size	Minimum		Target CFT		Maximum Weight (LBS)
	Compliance Min. CFT*	*Unless Weight (lbs) Exceeds:	90% Util.	95% Util.	
20	990	33,070	1,050	1,100	38,500
40	1,980	38,580	2,130	2,250	43,980
40H	2,300	38,580	2,420	2,550	43,980
45	2,650	38,580	2,730	2,900	42,000

* 20' cntrs must be approved in advance, unless due to weight

* Full 40H (68-71 CBM) is optimal when possible

* 45' cntrs should not be used for DCs 873/879; but may for DCs 870/874/890 if 10%+ more product will fit over a 40H

- The use of 20-foot containers is not permitted unless approved by Global Logistics or weight exceeds 15,000 kgs.
- Product must be **on board the vessel** within the specified ship/cancel window listed on Big Lots' PO.
- POs for multiple Big Lots' Distribution Centers should not be mixed in the same container, except on DCL shipments
- POs should not be split across more than one container unless the capacity of the PO exceeds one container.
- All containers must be loaded in sequence by PO #, then Article #.
- Product must be floor loaded unless approved by Global Sourcing to ship on pallets.
- One carton from each purchase order article must be placed at the tail of each container for Customs inspection.
- A container loading plan (CLP) and loading schematic must be attached to the last carton place on the tail of the container.
- Substitution of any items not listed on the PO is prohibited.

5.6b: 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
- INDIA: Nhava Sheva

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

Note the following regarding CFS shipments:

- 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.
- 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
- Product must be sorted by DC#/PO#/Article# for delivery to CFS warehouse.
- Yusen Logistics may refuse to accept the product if it is not in good physical condition.

5.6c: 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:

- 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.
- Deconsolidated freight must meet the same factory loading requirements as other Full Container Load shipments, with the following exceptions:
 - PO's for multiple DCs can be loaded on the same container, in sequence by Item.
 - The PO number should not be on the carton. However, all other [carton markings](#) are still required.
 - Maximum weight in a container is 57,000 lbs.

VI. SUPPLIER COMPLIANCE

6.1: CHARGEBACK AVOIDANCE / COMPLIANCE

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 Quote, 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 the Quote) 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

SHIPMENT BOOKING

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. Shipments should be booked with an Estimated Delivery Date **prior to** the start of the ship window.
3. If a change is made to the PO after booking has been created, revise the booking within Yusen's system. For compliance, PO information is locked at the time of booking.
4. Ship on time and in full:
 - 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.
 - For LCL shipments, product must have delivered to the CFS warehouse prior to the PO Cancel Date.
 - 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
 - Big Lots may reject late shipments, and partial shipments will only be accepted with written approval of Big Lots Global Sourcing.
5. Ensure that booked container sizes and quantities can be fully utilized (See Factory Loading Requirements)
 - Suppliers are charged for the unused portion of any containers that are loaded under the minimum CBM requirement for each size.
 - Container may not be overweight for the requested size.
 - See [Factory Loading Requirements](#) for more detailed information.

FACTORY LOADING / SHIPPING

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 Big Lots and also a late document submission fee by Yusen 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.

CHARGEBACK AVOIDANCE / COMPLIANCE TIPS:

In order to avoid chargebacks, please review each of the below points and advise questions to the Import Agent.

ON-TIME AND ACCURATE SHIPMENT BOOKING

Suppliers are required to book at least 21 calendar days prior to the PO Ship Date with Yusen Logistics.

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.

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.

CARTON REQUIREMENTS

- Purchase order number must be on the carton.
- Style/Mfg#/Article# must be on the carton.
- Cartons cannot have straps or bands without prior approval.
- Inner/master carton packing must meet Big Lots' purchase order specifications

PARTIAL SHIPMENT ACCEPTANCE

Partial shipments will only be accepted with written approval of the Big Lots Global Sourcing Department. 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 Quote 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 Quote 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 Quote) times the number of units shipped.

CONTAINER and SHIPPING REQUIREMENTS

- Purchase orders should be separated on the container.
- A packing list/schematic must be placed on the tail end of the container.
- The supplier will be responsible for any additional charges incurred for overweight containers
- Suppliers must meet minimum loading requirements by container size.
- Supplier must ship from the FOB point on the PO or contact the buyer in advance of shipment for an exception.
- Supplier is responsible for 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. Pallets must also have the appropriate IPPC (International Plant Protection Convention) markings.

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.

6.2: 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

CHARGE BACK POLICY

1. Supplier will receive a weekly Penalty report with all applicable chargebacks
2. Supplier will have one week to follow up with the Buying Agent or Big Lots Global Sourcing if you choose to dispute the chargeback
3. Big Lots Global Sourcing and Buyer (if appropriate) will promptly review Supplier disputes
4. Supplier will receive a Final Notice of Penalty by Yusen Logistics, with any adjustments based on Big Lots Global Sourcing determination
5. Supplier invoice will reflect all applicable deductions.

6.3: 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.

6.4: ON-TIME SHIPPING 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 factory by sending a late penalty report via email.

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.

6.5: 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.

6.6: 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.

6.7: 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.