



Dropship Vendor Operations Manual

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BRANDX Dropship Program Overview

BRANDX direct to consumer dropship program leverages vendor partnerships to offer customers a wide range of assortments from supplier catalogs and deliver these directly to the customer on behalf of BONTON. This manual is intended to assist suppliers in understanding expectations of the BRANDX dropship program and to establish the guidelines for a successful partnership.

Vendor Set Up and Requirements

Vendor Onboarding:

Vendors are required to set up an account with BRANDX prior to initiating products on BONTON.com. Vendors will then set up an account for data integration with CommerceHub/DSCO, BRANDX dropship fulfillment partner.

To initiate a business relationship with BRANDX Vendors must provide the following:

1. Executed Dropship Agreement
2. Completed Key Information Survey
3. W-9 Form

Vendors must review this Vendor Operations Manual in its entirety and confirm understanding prior to accepting orders with BONTON. All vendor communications will be done via dropship@BRANDX.com including updates to company information, including contacts, payments, and warehouses.

BRANDX is committed to conducting its business with a high standard of business ethics, in compliance with applicable laws, and with a regard for human rights and fair labor practices. With respect for cultural differences worldwide, BRANDX expects its business partners to share and support a positive social, ecological, and economic model for trade. Vendors must acknowledge and adhere to local law and minimum requirements set forth by BRANDX. BRANDX expects Vendor and business partners to adhere to its Vendor Code of Conduct in all activities.

Vendor Code of Conduct

Employment:

No Child Labor: Vendors will not use child labor. The term "child" will be governed by the local law of the country in which the production is being conducted, including laws defining the age for completing compulsory education. If the laws of that country do not provide a definition or if the definition includes individuals below the age of 14, we define a "child" to be anyone below 14 years of age.

Voluntary Labor: All labor must be voluntary. Forced, bonded, prison, or indentured labor will not be tolerated. Workers must be allowed to maintain control over their identity documents.

No Harassment or Coercion: Vendors will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual, psychological or verbal harassment, intimidation or abuse.

Freedom of Association: Vendors must respect the right of workers to choose whether to lawfully and peacefully bargain collectively.

Nondiscrimination: BRANDX respects the cultural differences found worldwide; however, it is our belief that workers should be employed on the basis of their ability and qualification to do the job, and not on the basis of personal characteristics or beliefs. As such, Vendors will not unlawfully discriminate with regards to hiring and employment practices based on race, religion, age, nationality, social or ethnic origin, gender, sexual orientation, political opinion or disability.

Wages and Benefits: Vendors must compensate all workers with wages, overtime premiums, and benefits that meet or exceed local law, local industry standards, or collective agreements, whichever are higher.

Hours of Work/Overtime: Vendors will maintain reasonable employee work hours in compliance with local law. Vendors must provide workers with rest days and must ensure the working hours are consistent with local law and not excessive. BRANDX prefers Vendors whose employees are normally not scheduled for more than forty-eight (48) regular hours per week and 12 hours overtime. Except for extraordinary business circumstances, employees should be permitted to at least one (1) day off in every seven (7) day period, or the rest period required by applicable law if greater than one (1) day a week.

Health and Safety: Vendors will provide employees with a safe and healthy workplace in compliance with applicable law, ensuring at a minimum, reasonable access to potable water and sanitary facilities, fire safety, and adequate lighting and ventilation.

Environment: Vendors will comply with all applicable law regarding protection and preservation of the environment in their country. Vendors must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols.

Anti-Corruption: Vendors must not tolerate, permit, or engage in bribery, corruption, undue influence, or unethical practices whether in dealings with public officials or individuals in the private sector, including testing laboratories.

Financial Integrity: Vendors must keep accurate records of all matters related to their business with BRANDX in accordance with standard accounting practices such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

Monitoring, Documentation and Compliance: Vendors will permit BRANDX and its agents (including third parties) to engage in assessment activities to confirm compliance with this Code of Vendor Conduct, including unannounced onsite inspections of production facilities; reviews of books and records relating to employment matters; and private interviews with employees. Vendors will maintain on site all documentation that may be needed to demonstrate compliance with this Code of Vendor Conduct.

Communication of Standards: Vendors will take appropriate steps to ensure that the provisions of this Code of Vendor Conduct are communicated to employees, and any subcontractor employees, including the prominent posting of a copy of this Code of Vendor Conduct, in the local language and in a place readily accessible to employees, at all times.

Data Requirements:

BRANDX has selected CommerceHub / DSCO, a leading ecommerce enablement platform, to provide you with the tools you need to connect, transmit order data, generate packing slips and shipping labels, shipment confirmations and invoices, and send daily inventory feeds.

CommerceHub/DSCO Supplier quick link: <https://support.dSCO.io/hc/en-us/categories/203763508-Supplier>

Basic Requirements

- Provide a daily inventory feed, updated at minimum each business day
- Receive orders multiple times a day
- Daily order processing, shipping and parcel pickup
- Ship orders within 48 hrs, following PO “DSCO create date”
- Cancels needs to be sent same day
- Invoice must be received within 24 hours of shipment
- A dedicated resource to monitor, fulfill, and troubleshoot orders
- Include a UPC and SKU on each drop ship product
- Plain unbranded box or polybag (supplied by vendor)
- Include a branded BONTON packing slip with every customer order
- Vendor provides product catalog and images for drop ship products

Integration Requirements

BRANDX prefers an integrated method of data transmission between the vendor and CommerceHub/DSCO. Various transmission methods are available ranging from EDI and other options noted below to browser-based access. CommerceHub portal interface can be used to view orders, generate the packing slips, confirm shipments, generate invoices on all orders, and update inventory.

DATA	DIRECTION	EDI METHOD	TIMING
Order	From CommerceHub/DSCO	850 – EDI Purchase Orders	24/7 Daily from BRANDX to CommerceHub to vendors
Inventory	To CommerceHub/DSCO	846 – EDI Inventory	Daily
Order Shipment Notification – Fulfillment and Cancellation	To CommerceHub/DSCO	856 – EDI ASN	24/7 Daily with shipments
Invoice	To CommerceHub/DSCO	810 – EDI invoice	24/7 Daily

CommerceHub/DSCO can transmit files on any regular schedule as required by the vendor, and will retrieve files throughout the day on a periodic, batch basis. CommerceHub/DSCO will transmit new orders to vendors as they are provided to CommerceHub/DSCO from BRANDX.

EDI file transmissions can be transmitted via FTP or through private interconnect with a VAN. CommerceHub/DSCO also offers AS2, SFTP, API as well as delimited and XML file types.

Product Data Requirements:

Once the connection setup with CommerceHub/DSCO is complete, the supplier will provide a product catalog to products@BRANDX.com for review. High quality product data is critical for:

- Providing the customer with the information they need to make a purchase
- Maximize sales on BONTON.com
- Reducing customer service complaints and inquiries

Product Attributes:

The following information must be submitted in the appropriate category product catalog line sheet template for acceptance on BONTON.com. BRANDX will review submitted product catalogs and send back revisions via products@BRANDX.com.

(Once linesheet is completed – insert table for description of each attribute)

Product Naming:

Product Name should be clean and ready for display on BONTON.com. Names should be spelled correctly with brand names included if desired. No two items should have the same name – if needed, a simple attribute can be added to the name to differentiate each product (collection, size, color, material, etc.). All product names must be in upper and lower case format like the examples below:

- Product Name: [Details][Size][Color][Material][Noun], [Set of #]

Product Marketing Copy:

Vendor must provide a detailed marketing description, also known as Romance or Marketing Copy, for each product. BRANDX leverages this romance copy to inspire product purchase on BONTON.com. Vendors should use this field to showcase the selling features and important information about the product. **Vendor must review copy for proper grammar and spelling before submitting on the product proposal.** BRANDX reserves the right to edit all marketing copy provided by the Vendor. If you have questions about product copy, please reach out to the BRANDX dropship team at products@BRANDX.com.

Image Specifications:

Dropship vendors will provide at least three digital images for each product. High quality product images are critical for providing the customer with the information they need to make a purchase, and maximizing sales on BONTON.com. Vendors should provide images of at least two angles of the product (close-ups or detail images as needed), and at least one environmental / lifestyle or in-use image. Vendors may provide as many product images per item as available, up to 10. Vendors should provide at least one image of the product that is not a computer rendering. Images not matching the following requirements may delay the selection of your product.

Image Requirements:

- Image URLs must be globally accessible with no credentials required to access
- File format: JPG
- Product Image
 - Shoot against a white seamless sweep, with slight shadows for visual grounding
 - Provide image with space around subject
 - Include clipping path with a tolerance of zero
 - Images should not include any Vendor logos, watermark, name
 - All of product remains in focus – background can drop focus
 - Overall lighting is directional, soft and from the right-both product and background

- Lighting should accentuate texture and detail of the products and show the actual color of the product. Shots should feel like they are lit naturally with simulated sunlight.
- Medium Fill from right front softer fill from the left.
- Front and Back of furniture items
- All scratches/blemishes should be retouched from processed image
- Size:
 - Square format - 1280 x 1280 pixels
 - Minimum of 72dpi
 - Color Space RGB
 - Color profile – sRGB IEC61966-2.1
- Multiple Images:
 - Front
 - Back
 - Side
 - Top
 - Bottom
 - Lifestyle
 - Alternates
 - Video
- Naming Convention
 - Images named by (sku number)_(color)_ft/bk/dt.jpg (For example 10500564_black_ft.jpg & 10500564_black_bk.jpg)

Product Cost:

Vendors based in the United States must provide a negotiated Wholesale Cost for each product which includes all costs related to storing, picking and packing the product for direct shipment to BONTON customers.

- Negotiated Cost must be agreed upon by the BRANDX Buyer prior to the product being promoted to BONTON.com.
- The Item Cost in CommerceHub/DSCO is the official, agreed-upon wholesale or fulfilled cost, prior to any allowances, for which Vendor agrees to supply the product
- Agreed upon Negotiated Cost will meet margin requirements, is binding, and cannot be changed without BRANDX approval.

Product Retail Price:

Vendor must provide a Manufacturer's Suggested Retail Price (MSRP) in the product catalog line sheet template.

- If a MAP agreement is in place, BRANDX will not move retails lower than the original MSRP provided by the Vendor on the Product Catalog Line Sheet Template.

Assortment Safety & Quality

General Product Requirements:

BRANDX is committed to ensuring all customers are satisfied with the quality of their purchase. BRANDX only selects Vendors who share the same level of commitment as we do. Appropriate product safety and quality documents will be provided before the product will be allowed on the BONTON e-commerce website. For requirements specific to children's products, see page .

BRANDX requires Vendors and products to adhere to all rules and regulations, including but not limited to those listed below.

General Conformity Certification (GCC)

Product categories governed by a Consumer Product Safety Commission (CPSC) rule must be accompanied by a General Conformity Certificate (GCC) prior to offering the product for sale on the BONTON website. The GCC must be readily available to BRANDX by electronic access to a URL established by the Vendor or provided directly to BRANDX upon request for each applicable SKU purchased. The GCC must state that the product complies with any mandatory CPSC standards that apply to the product.

- Detailed information and templates can be found here: <https://www.cpsc.gov/Business--Manufacturing/Testing-Certification/General-Certificate-of-Conformity>
- Other documents may be required at the request of BRANDX.

Voluntary Industry Standards

Consumer products are subject to various voluntary industry safety standards, including but not limited to lighting and electrical products (UL), furniture (BIFMA, ASTM), and candles and candleholders (ASTM/NCA). BRANDX expects products to comply with voluntary industry standards where applicable and reasonable, and may request supporting documentation at any time.

Labeling & Registration Requirements

BRANDX must be notified of any warnings applicable to the product via SKU Data. Any missing, false or misleading representation leading to legal claims or fines is the responsibility of the Dropship Vendor.

- The product or product packaging shall have all appropriate warnings as applicable for the specific product. Warning must follow U.S. State and Federal requirements including size, locations, prominence, and warning symbols.
- The product or product packaging shall have all required information per U.S. State and Federal regulations, including requirements like care, fiber content, net quantity, declaration of responsibility, warnings, etc.
- All upholstered furniture, cushions, pillows, mattresses, quilts and comforters shall be registered in applicable states and include applicable registration numbers. Rugs with flame retardants shall be marked appropriately.
- Assembly instructions must be included inside the product packaging.
- As required by various state and local regulations, polybag packaging must be clearly marked with a suffocation warning.

Federal Trade Commission (FTC)

- FTC requires textiles to be labeled with different information, including the generic name and amount (in percentage terms) of constituent fibers contained therein and name of the manufacturer and country where the textile fiber produce was processed or manufactured. The information must all appear on the front side of the label.
- FTC Green Guides provide manufacturers with guidelines for making environmental claims on packaging and marketing products. Manufacturers must be able to substantiate claims that their products are “environmentally-friendly” or “eco-friendly.” Other terms such as “free-of” or “non-toxic” must also be used with caution to avoid claims that labeling is misleading or deceptive.
- Any product claim in the form of symbols or words on product or product packaging must be substantiated and supported.

State Requirements

- California Proposition 65 – Requires manufacturers to provide clear and reasonable warning labeling if a product contains one of the listed chemicals that California has determined are known to cause cancer or birth defects in an amount above safe harbor limits. o Note: If a warning is placed on a product, California has indicated that the business issuing the warning is aware of or believes that it is exposing individuals to one or more listed chemicals. o Note: The Cal Prop 65 warning for wood dust is not applicable to finished wooden furniture and upholstered furniture with wooden legs.
- California TB-117-2013/SB 1019 Flammability & Flame Retardant Disclosure – Requires upholstered furniture and cushions to meet flammability requirements and be labeled appropriately. California AB 2998 Flame Retardant Ban – Bars the sale of upholstered furniture, children’s products and mattress foam containing, or with component parts containing, flame retardants above 1,000 ppm. **BRANDX does not allow flame retardant chemicals to be added to these products.**
- California Energy Efficiency (Title 20) – Requires lighting shipped to California to be properly registered with the California Energy Commission and include a compliant light bulb.
- Stuffed Articles Registration – It is the responsibility of the Vendor to register their product or manufacturing facility in states where registration is required. Vendor is responsible for actual cost associated to any product statements, labels and registration.

BRANDX will continue to monitor merchandise product safety and quality throughout the life of the partnership. Products with high rates of damage or defective reports may be suspended from website.

Children’s Product Requirements:

A “children’s product” is a consumer product designed or intended primarily for children 12 years of age or younger. BRANDX will accept products intended for children, that they are in full compliance with regulations an industry standards. In addition to General Product Requirements listed above, manufacturers of children’s products shall be subject to all applicable laws and regulations, including the following:

Children’s Product Certification (CPC):

All children's products must be accompanied by a Children's Product Certificate (CPC) prior to offering the children's product for sale on our Site. The CPSC must be readily available to BRANDX by electronic access to a URL established by the Vendor or provided directly to BRANDX for each SKU purchased. The CPC must state that the product complies with any mandatory CPSC standards that apply to the product.

- The CPC must specify each product safety rule applicable to the product.
- The CPC must be based on passing test results from a CPSC-accepted laboratory.
- The CPC must identify the lot, batch number, or other identification information to which the certificate applies.
- A CPC template can be found here: <https://www.cpsc.gov/Testing-Certification/Childrens-ProductCertificate-CPC>

Regulatory Requirements

Chemical Content Limits:

Lead: Children's products must not contain more than 100 ppm of total lead content in accessible parts or more than 90 ppm lead in paint or similar surface coatings.

Phthalates: Children's toys and certain child care articles must not contain more than 0.1% of any of 6 types of phthalates (DEHP, DBP, BBP, DINP, DIDP, and DnOP) (computed for each phthalate, individually, and each component part of the product). Childcare articles are consumer products that are designed or intended by the manufacturer for a child who is 3 years old or younger, to facilitate sleeping or feeding, or to help a child who is sucking or teething.

Other hazardous substances: The Federal Hazardous Substances Act (FHSA) also bans hazardous substances in children's products and should be consulted prior to launching products in the U.S. market. For example, there are non-toxicity requirements for children's art materials, felt tip markers, crafting kits for children and the like.

Small Parts:

Nursery equipment and infant furniture, toys and other products intended for use by children under 3, with limited exceptions, must not have small parts or produce small parts when broken. The CPSC's regulations contain a test to identify noncompliant small parts.

Toys:

All toys intended for use by children under 14 years of age must comply with ASTM F963-11. That standard contains safety requirements on a wide range of issues ranging from the materials used and the stability and cleanliness of toys to their hazardous substance content. Toys cannot have hazardous sharp points or edges or exceed certain flammability limits. The ASTM standard provides a detailed description of what products are considered toys. There are also specific requirements for electrically operated toys and toys that create sounds.

Durable Infant Products:

Durable infant and toddler products are those intended or expected for use by children under the age of 5 years. The CPSC has issued mandatory consumer product safety rules for the following durable infant and toddler products:

Bassinets and Cradles	Infant Bathtubs
Bedside Sleepers	Infant Bouncer Seats
Booster Seats	Infant Inclined Sleep Products
Carriages and Strollers	Infant Swings
Changing Products	Infant Walkers
Children's Folding Chairs and Stools	Play Yards
Cribs (Full-Size)	Portable Bed Rails
Cribs (Non-Full-Size)	Portable Hook-On Chairs
Expansion Gates and Expandable Enclosures	Sling Carriers
Frame Child Carriers	Soft Infant and Toddler Carriers
Hand-Held Infant Carriers	Stationary Activity Centers
Highchairs	Toddler Beds
Infant Bath Seats	

These products cannot be imported into or distributed in the U.S. without a CPC (see above) demonstrating testing to all aspects of these specific durable infant product standards.

This list is current as of the date of this Operations Manual. The list of durable infant products is routinely updated and added to by the CPSC. Vendors are responsible for any new products added to the CPSC's list of durable infant products. In the interim, manufacturers should comply with the existing voluntary standards, as the CPSC may view products that do not comply with those standards as presenting unreasonable risks of injury to children.

The following standards may also be applicable to children's products:

Additional Product-Specific Regulations: There are other laws and regulations enforced by CPSC and other federal agencies that may cover children's products:

CPSC: has product-specific requirements for pacifiers, rattles, small balls, infant pillows and cushions, children's clothing, children's sleepwear, kites, crib mattresses, bicycles and bicycle helmets, and carpets designed for use in a nursery or children's room, among others. Product-specific regulations should be consulted before those products are introduced into the U.S. market.

FDA: has specific requirements for children's products that may be used in eating and drinking, including infant bottles and sippy cups. FDA also regulates where medical claims are made about a product, such as an infant sleep positioner that is marketed as preventing sudden infant death syndrome, reflux issues, or flat head syndrome

NHTSA: has specific mandatory requirements that must be met for car seats used in motor vehicles. NHTSA requires car seats to undergo specific testing procedures and achieve specified results. NHTSA mandates test procedures for car seat belts, buckles, seat bottoms, armrests, and headrests. Car seat manufacturers must report to NHTSA failures to satisfy the testing requirements, as well as any other safety-related defects concerning their car seats. NHTSA has the authority to conduct recalls of products

that fail to meet the testing regulations or that contain safety-related defects. Regardless of whether there is a defect or failure to satisfy testing requirements, car seat manufacturers must also provide the following information to NHTSA on a quarterly basis: 1) production information, 2) information on incidents involving death or injury, 3) number of consumer complaints and warranty claims, and 4) copies of field reports.

EPA: may require labeling for children's products that contain an anti-microbial that qualifies as a pesticide.

Testing Requirements

Children's Product Testing may be conducted at any CPSC-approved global third-party testing laboratory location. BRANDX may request test reports at any time. All test reports must be in English.

<https://www.cpsc.gov/cgi-bin/labsearch/>

Initial Product Certification: Section 14(a)(2) of CPSIA. During development of a new children's product to be sold or distributed by BRANDX in the United States, that product (and its packaging, if applicable) must be tested for compliance by a certified 3rd party lab with all applicable product safety rules prior to its importation.

Periodic Product Certification: Section 14(1)(2)(B) of CPSIA. For every children's product to be sold or distributed by BRANDX in the United States, the product Vendor must perform periodic testing to ensure compliance with all applicable product safety rules. "Periodic" is defined in CFR 1107.21 as "At least once per year."

Material Change Certification: Section 14(1)(2)(B) of CPSIA. If a children's product sold or distributed by BRANDX in the United States undergoes a "material change," a new certificate must be issued. The definition of "material change" from CFR 1107 and CFR 1107.23 is "any change in the product's design, manufacturing process, or sourcing of component parts, that a manufacturer that is exercising due care knows or should know could affect the product's ability to comply with the applicable product safety standards."

Voluntary Industry Standards

Many children's products are also subject to requirements of voluntary industry safety standards, like ASTM. BRANDX requires all children's products to meet or exceed applicable voluntary industry safety standards.

Labeling & Registration Requirements

BRANDX must be notified of all warnings applicable to the children's product via Enhanced SKU Data, including appropriate age grade. The product or product packaging will have all appropriate warnings as applicable for the specific product. Warning must follow US State and US Federal requirements including size, locations, prominence, and warning symbols. Any missing warnings leading to legal claims or fines is the responsibility of the DROP SHIP Vendor.

Age Grading: It is the manufacturers' responsibility to accurately determine the appropriate age category for their toys, and to label, promote, and market those toys to that age group. CPSC Age Grade Guidelines

Choking Hazard Labeling: Toys that contain small parts that are intended for use by children from 3 to 6 years old must be labeled to warn purchasers not to buy them for children under 3 years old. There are also specific labeling requirements for toys that contain small balls, marbles and balloons. Products in polybags must be clearly marked with suffocation warning.

Durable Infant Products: The various mandatory standards for durable infant products contain various requirements for label products to inform users about their safe use. Voluntary standards for children's products contain similar labeling requirements, and manufacturers are well advised to include such warnings on their products.

Registration Cards: The CPSC requires that consumers be provided with a postage-paid registration card for durable infant products (listed above). The manufacturer must follow record keeping requirements based on the use of these consumer registration cards.

Tracking Labels: Tracking labels are required for all children's products, including, but not limited to, toys and durable infant products such as cribs, highchairs, play yards and strollers. A tracking label must contain certain basic information, including:

- o the name of the manufacturer or private labeler;
- o the location and date of production of the product;
- o detailed information on the manufacturing process, such as a batch or run number, or other identifying characteristics;
- o any other information to facilitate ascertaining the specific source of the product.

NHTSA: Requires labeling on car seats (similar to the requirements on other durable infant products) including the need for model number and manufacturing date.

In addition, many states have specific labeling requirements that apply to children's products, and manufacturers must ensure that their products have the right labels. For example, Illinois requires products to bear a label if they contain more than 40 ppm lead.

PRODUCT SAFETY RECALLS & CORRECTIVE ACTIONS

Vendors must notify the BRANDX within 24 hours of awareness of the need to execute a product recall or implement a product corrective action. Costs incurred by BRANDX as the result of a product recall may be debited from future payments.

Fulfillment Requirements:

Purchase Orders:

Vendor must be able to pull in orders multiple times daily.

Incorrect Cost on Purchase Order: Vendor must invoice BRANDX based on the cost sent on the purchase orders. Purchase orders with incorrect cost must be communicated to our merchants and BRANDX Dropship team immediately via dropship@BRANDX.com for quick resolution.

Inventory Management:

- Vendors are expected to update inventory, for all items, a minimum of once per day (every 24 hours). Vendors failing to update their inventory position each day will be considered non-compliant.
- For out of stock products, Vendors must zero ("0") out inventory in CommerceHub/DSCO the same business day to prevent additional orders against that product.
- Any order that cannot be filled within our Service Level Agreement to the customer due to the lack of inventory must be canceled. Backorders and substitutions are NOT permitted.
- If replenishment of an out of stock item is expected, Vendors must provide an estimated date by which the product will be back in-stock and available for purchase.
- For discontinued items, Vendor must advise BRANDX directly at dropship@BRANDX.com

Safety Stock:

Vendors are responsible to apply appropriate safety stock prior to sending their inventory feed. The safety factor is used to ensure vendor can fulfill every order against the available inventory communicated. This will minimize the likelihood of generating orders for out of stock items, resulting in order cancellations and a negative customer experience. The safety factor value should be dependent on the number of retailers sharing the inventory and the vendor's historical metrics. BRANDX order management will reserve quantities against the inventory as an order is placed. Inventory must be sent daily for accurate inventory positions. If the vendor cannot send inventory on weekends, the safety factor must take this into consideration. Vendor must send a numeric value of 0 inventory units when the item is out of stock or no longer available for purchase.

Segregated Inventory:

Some vendors may choose to segregate inventory for our drop ship program. BRANDX's preference is to have access to the vendor's full inventory vs. segregated inventory. If vendor does segregate the inventory, no safety factor is needed. Vendor should have process in place to replenish segregated inventory on a regular basis.

Closed Fulfillment Operations:

Vendors that temporarily close their fulfillment operations for more than 3 business days must send the numeric value of "0" inventory units for all drop ship items two days prior to closing. This step insures that orders will not be taken during the closure and customers are not waiting excessive time for their shipments. Positive inventory should be sent the day the closure ends. Vendor should also inform the BRANDX dropship team of upcoming closures at least 2 weeks in advance via dropship@BRANDX.com.

Shipping Requirements:

Product Quality Standards:

- Product must be packaged sufficiently to prevent damage during shipping
- All products must have a unique UPC which is either on a hang tag, shoe box, or packaged box
- Pricing: Do not include pricing on the product ticket or product packaging
- Must meet agreed upon specifications outlined in this document
- Items must be in saleable condition
- Assembly instructions must be included in the product packaging when applicable

Order Fulfillment:

BRANDX allows for multiple shipments per order with no back orders. Orders are to be shipped to customers within 1 business day and processed in vendor's systems within same business day.

Shipment Notification:

Vendor using EDI as the method of data transmission must send an EDI 856 Advance Ship Notice (ASN) the same day the order ships to close the order. The 856 must contain the carrier tracking information in the BOL field. The 856 must also contain the correct vendor ship method determined by BRANDX during the onboarding process. Vendors must maintain a 98% or higher rate of orders shipped with the correct shipment methods. Failure to comply will result in a chargeback.

Once the ASN is submitted, the customer is notified that the merchandise has shipped and provided with a tracking number. This triggers the customer sale, charging the customer for the shipment.

Shipping:

Vendor will be the shipper of record. It is the vendor's responsibility to resolve problems and issues regarding shipping and deliveries.

Vendor must complete all shipments using the default shipment method determined by BRANDX. Failure to comply will result in a chargeback.

The full quantity of a UPC must be fulfilled. If not able to fulfill the UPC must be cancelled.

BRANDX will not pay invoices / shipping expenses for merchandise shipped unless the correct third-party billing account is used.

Additional Shipping Information:

- Orders Imported Monday = Ship by EOD Wednesday
- Orders Imported Tuesday = Ship by EOD Thursday
- Orders Imported on Wednesday = Ship by EOD Friday
- Orders Imported on Thursday and Friday before 3pm = Ship by EOD Saturday
- Orders Imported Friday after 3pm, Saturday, Sunday = Ship by EOD Tuesday

Delayed Shipments:

Vendor must maintain a 98% or higher rate of on-time delivery. If there is a delay in shipment, the vendor is responsible for notifying the BRANDX dropship team and providing a reason for the delay. The BRANDX team will further evaluate the reason for delay.

Shipment lead times are measured as the business days (Monday - Friday) from when an order is imported to when the order is closed in CommerceHub/DSCO. Shipment lead times exclude pre-determined national holidays. An order should be closed in CommerceHub/DSCO on the same day the order is shipped.

Orders for any item not available due to a "no inventory" disposition must be cancelled if the order cannot be filled within the predetermined timeframe from the import date. Failure to comply with a 98% on-time delivery rate will result in a chargeback.

Expected Fulfillment Rate:

Vendor must maintain a 98% or higher fulfillment rate while participating in the Drop Ship program to maintain BRANDX's expected service levels. This equates to a 2% or lower cancellation rate. If a vendor is unable to maintain the expected fulfillment rate, a chargeback will be applied. In addition, BRANDX will review the assortment and determine if items should be removed from the site.

Cancelled Orders:

Vendor must immediately notify BRANDX through CommerceHub/ DSCO of any item that cannot be fulfilled. CommerceHub/DSCO will send an electronic communication to BRANDX and BRANDX will inform the customer.

Cancellations communications can be initiated one of two ways:

1. Cancellation information included in the EDI 856 fulfillment document
2. Manually update order in the CommerceHub/DSCO.

Invoices for merchandise which are shipped after the order has been cancelled will not be paid.

High cancellations may result in removal from the Dropship program.

Replacement of Lost Items:

BRANDX incurs the costs involved for the replacement of lost items when you can provide proof of delivery. You must cooperate with BRANDX Dropship team by providing tracking information, assisting in researching and resolving carrier claims and recouping the claim dollars.

Service Level Agreement:

All Drop Ship Vendors are required to have the capability to ship FedEx Home Delivery (Standard). Vendors must be able to pick and fill orders to meet the expected delivery Service Level Agreement to the customer. Vendors can expect to receive orders from BONTON through CommerceHub/DSCO in near-real time.

On an exception basis, BRANDX may choose to source product that may be made-to-order or otherwise custom made and requires additional lead time. BRANDX will determine with the Vendor on an as-needed basis.

Packing Requirements:

- Vendor is responsible for all costs related to packaging.
- Polybags can be used for appropriate products and must include suffocation warnings as required by law.
- The use of "packaging peanuts" and popcorn as packing material is prohibited.
- Items containing liquid must be placed inside a clear sealable polybag to avoid leaking.
- Pillows and cushions must be placed inside a polybag prior to putting into box.
- All cartons containing a hazardous material or Department of Transportation regulated materials must be marked accordingly. Any non-compliance issues resulting from any carton shipping direct from Vendor is the sole responsibility of the Vendor.
- Vendor marketing material placed inside box is prohibited and subject to chargeback.

Box:

Vendor must supply and ship merchandise in a corrugated box or poly bag. Box / bag should not have been used previously for shipping.

Product must be packaged sufficiently to prevent damage during shipping.

Merchandise prepackaged in a shipment ready box (home merchandise) does not require repackaging. For home merchandise the packing slip / customer invoice should be placed on the outside of the box in a plastic envelope/pouch.

Customer Invoice:

All shipments must have only a BONTON branded packing slip / customer invoice enclosed. Vendors can either:

1. Print the Packing Slip / Customer Invoice from their own system
2. Print the Packing Slip / Customer Invoice from CommerceHub/DSCO

Vendor can choose to print the branded packing slip/invoice from their own system using data sent from the purchase order. It must match the current BONTON invoice and requires signoff by the BONTON Dropship team. Vendor must update the format if BONTON's standard format changes. BRANDX will give vendor 60 days' notice before change is required.

Vendors can also choose to use CommerceHub/DSCO to print the invoice in the pre-approved format. CommerceHub/DSCO prints the contents and the form so blank paper stock can be used.

Additional Packing Materials:

Do not include any additional vendor-specific packing slips, invoices, collateral or marketing materials in the package. Product information, warranties, cooking instructions, etc. are acceptable. These packing requirements are mandatory and must be adhered to at all times.

Shipping Label:

All drop ship orders should have "BRANDX Fulfillment Center" as the ship from address, but must include the vendors shipping address for any returns or lost packages.

Invoicing BRANDX:

Invoices will be paid accordingly to the applicable commercial terms minus cost of any merchandise returned to vendor, based on binding Terms filled in on the Key Information Survey.

Vendor must send EDI 810 Invoice, or enter the invoice into the CommerceHub/DSCO browser. Paper invoices will not be accepted.

The invoicing process is electronic and is triggered by the order fulfillment system through CommerceHub/DSCO. Invoices will not be released to our Accounts Payable department for processing until the 856 shipment has been received with a tracking number and matches the invoice.

Additional Drop Ship Terms and Conditions:

The customer to whom merchandise is to be drop shipped is a customer of BONTON. Under no circumstances will BRANDX be liable to Vendor for any amount in excess of the purchase price set out in a purchase order. BRANDX will not be liable for any incidental, special, exemplary or consequential damages, whether based upon theories of contract, tort or otherwise, arising out of or relating to such purchase order.

Chargebacks:

Below are BRANDX's drop ship chargeback expense fees:

Description:	Amount:
Dropship: Incorrect Ship Method	\$20 per incident
Dropship: Past Shipment Lead Time	\$20 per incident
Dropship: Order Cancelled	\$20 per incident

Item Selection: Vendor partners with BRANDX merchants to add the initial styles to the drop ship assortment.

On-going Maintenance (After Initial Go-Live):

Vendor partners with BRANDX to remove and add styles to the drop ship assortment. It is the vendor's responsibility to maintain an updated assortment of active drop ship items.

Returns:

Customers will contact BONTON to initiate returns and will be handled based on binding return method in Key Information Survey either:

1. Be sent back to vendor
2. Be sent back to BRANDX warehouse

BRANDX Email Contact List

Department:	Email:
Accounts Payable	AP@BRANDX.com
Vendor Onboarding	dropship@BRANDX.com
Dropship Inquires	dropship@BRANDX.com
Orders & Fulfillment	orders@BRANDX.com
Product Catalog Submission	products@BRANDX.com

Product Updates & Changes	products@BRANDX.com
CommerceHub Support	support@dsko.io