

# Variety Distributors Inc. Vendor Compliance Manual- V.002

Variety Distributors Inc, referred to as VDI throughout. Website: [www.varietydistributors.com](http://www.varietydistributors.com)

VDI will enforce the expectations outlined in this vendor compliance manual. Please review thoroughly and ask questions as needed. It will be the vendor's responsibility to engage support when needed. It is vital for your company to comply with our requirements and help make our alliance efficient and cost effective. VDI reserves the right to amend, update and re-publish these guidelines as necessary. This information supersedes all previous editions of the vendor manual, as well as previous notifications and instructions issued by VDI. Vendor is responsible for reviewing and complying with all applicable updates as they are posted online and will with the most recent version prior to the delivery of the merchandise.

You may forward this document to the appropriate individuals within your organization. If you have any questions or concerns, please contact your buyer.

## Product Requirements

- All items manufactured outside the USA must be marked with the country of origin in compliance with US customs regulations.
- Vendors are required to provide high resolution digital graphics.
- Vendors are required to advise VDI of any product regulated by Prop 65 and provide the proper consumer warnings.
- Vendor must inform VDI of any product regulated by Prop 65 that the vendor does not label as such.
- Vendor is responsible for all fines, penalties, litigation and its associated costs, any legal repercussions, and all monetary consequences connected to Prop 65 as it is related to their product.

## Changes to Product Packaging

- VDI requires notification of product packaging changes and updated images for all product purchased by VDI as soon as the information is available.

## MSRP Notification

- Vendor must notify the buyer if any product ordered is ticketed or printed with the vendor's MSRP. If the MSRP is ticketed or printed on the product, approval to ship must be obtained from the buyer, VDI reserves the right to return any un-authorized MSRP ticketed product at the vendor's expense.
- VDI will not accept any product labeled for another company.

## Price Changes

- VDI requires 30 days' notice for all price changes.
- Unauthorized price increases will be deducted from the invoice.

## Product Substitutions and Discontinues

- Under no circumstances will the vendor substitute merchandise on a PO for that of a similar kind because the originally ordered product is discontinued or out of stock without 1<sup>st</sup> obtaining written authorization from the buyer. VDI reserves the right to return any substituted product at the vendor's expense.
- If the vendor replaces a discontinued sku with an updated version without buyer approval this will be considered a product substitution and treated as such.

#### Product Recalls

- All product recalls, whether mandatory or voluntary, will require the vendor issue a Bill of Lading or a call-tag for the recall product to be returned.
- Vendor shall promptly inform VDI of any recall or other corrective action undertaken on merchandise purchased by VDI.

#### Carton Labeling and Receiving Requirements

- All shipments to VDI must adhere to the labeling requirements stated below.
  - Carton's must state the PO #, total # of cartons and # of this carton. Example PO 32-S135279-2/ 2 of 6
  - Carton label must state item identifying information including the description and UPC.
- All shipments must contain a packing list. A copy of the vendor invoice may be used in place of a packing list, however a copy of the BOL or the PO may not be used.
  - Handwritten notes on the packing list are not acceptable.
- All packing lists must include:
  - Page number
  - Date of shipment
  - Account number
  - Bill to address
  - Ship to address
  - Invoice number
  - PO number
  - UPC/ISBN number
  - Description
  - Quantity of item
  - Total number of units shipped by po/invoice on each packing list
  - Number of cartons of each item
- Non-Case quantity shipments, mixed cartons, must be marked in a highly visible manner.
- Multiple purchase orders should never be combined in the same carton.
- All cartons of an item are to be packed together, do not separate.
- Pallets shipped to 609 7<sup>th</sup> ST Harlan IA must be single stacked. Double stacked pallets are not acceptable.

#### Purchase Orders

- All purchase order submitted by VDI must be confirmed within 2 business days to accept, questions or ask for clarification of the terms stated within. Acceptance acts as a contract of all

terms and indicates that all information on the po has been reviewed, is correct and will be fulfilled as agreed upon. This is to include but is not limited to SKU #, quantities, cost, discounts, payment terms, freight terms, and shipping window.

- A vendor's 3<sup>rd</sup> party representative response, confirming receipt of an order, will be understood as full acceptance of the PO. It is the responsibility of each vendor or their 3<sup>rd</sup> party representative to fully review all aspects of the po before replying to each PO submission.
- VDI reserves the right to cancel all open purchase orders, in whole or part, at any time without penalty, unless otherwise negotiated.

#### Routing Instructions

- FOB Shipments are to follow the instructions printed on each PO.
  - Failure to follow these instructions will result in freight charges being charged back to the vendor.
  - Do not spread PO's over multiple carriers.
- When the vendor is responsible for freight charges, they may use carriers of their choice. A delivery appointment is required for all shipments.

#### Damages and Shortages

- VDI reserves the right to report any damages and shortages within 30 days.
- Credits must be supplied to VDI within 2 weeks of notification and is not dependent on the vendor carrier claim. Reshipment of shortages and damages are expected at the buyers' request.
- Significant damages, exceeding 20% or more of a shipment or SKU, are subject to full returns at the vendors' expense.

#### Invoicing

- No packing, handling, or insurance charges may be added to the invoice.

#### Returns to Vendor

- All returns due to recall, damage, defect, overages and miss ships will be returned at the vendor's expense. The return process must be initiated by issuing a call tag in the form of a pre-paid label or by providing a Bill of Lading within 72 hours of request.
  - If after 72 hours, a call tag or BOL has not been provided, VDI will charge a stocking fee of \$25.00 per pallet per day until a call tag or BOL is provided.
  - If after 30 days of the return request the vendor has not issued a call tag or BOL, the unreturned merchandise will be donated, destroyed or disposed of at the vendors' expense.
- It is the vendor's responsibility to inform VDI of any changes in your delivery address for return goods. Any charges incurred for re-consignment, redelivery, or storage of returns will be charged back to the vendor.

#### Insurance and Indemnification

By accepting a PO, you agree to meet the following insurance and indemnification requirements.

- Vendor will secure and maintain appropriate products and contractual insurance coverage in adequate amounts, including:
  - Commercial general liability insurance of at least \$1,000,000 per occurrence aggregate.
  - Personal and advertising injury insurance of at least \$1,000,000 per occurrence.
  - Products/completed operations insurance of at least \$1,000,000 aggregate.
  - Excess umbrella insurance of at least \$5,000,000.
- Vendor's insurance will name VDI as additionally insured, vendor will give VDI certificates evidencing such insurance coverage.

Such insurance will be primary and contributory and provide cross-liability coverage. Vendor will bear its own insurance and insurance related expenses and its liability will not be limited to its insurance coverage.

- Vendor will be solely responsible for and will indemnify and hold VDI, their directors, managers, officers, employees and agents free and harmless from and will (at VDI's sole option) defend VDI against any and all losses, damages, liabilities, actions, judgements, reasonable attorney's fees, costs, or expenses of whatever kind (Claims) including Claims arising from or related to (1) any actual or alleged defect in goods, including any claim or strict liability in tort and/or failure to provide adequate warning; (2) actual or alleged infringement of any patent, copyright, trade secret, trademark or other intellectual property right arising from or related to any goods; and (3) actual or alleged violation of any applicable law or breach of the agreement by vendor, its affiliates, and/or their respective employees, agents, and contractors.

Compliance Table

Infraction	Recovery Fee- Per Violation
Non-compliance with any provision of the vendor compliance manual even if not specifically noted below.	\$100
Failure to confirm any PO.	\$100
Duplicate shipment of a single PO.	\$100
Shipment received more than 2 weeks prior to the issued po window, unless previously approved by the buyer.	\$100 plus the cost to return the shipment at buyer's discretion.
Shipment of a canceled purchase order.	\$100 plus the cost to return the shipment at buyer's discretion.
Shipment of product intended for another company.	\$100 plus the cost to return the shipment at buyer's discretion.
Shipment of product not ordered by VDI.	\$100 plus the cost to return the shipment at buyer's discretion.
Discrepancies in order quantities, unauthorized overages, shipment to incorrect warehouse, incorrect case packs shipped, incorrect UPC on product, unauthorized product shipped with MSRP stickers.	\$100 plus the cost to rectify or return non-compliant product.
Product physically defective due to damage or incorrect manufacturing.	\$100 plus the cost to return the shipment at buyer's discretion.
Failure to properly route FOB shipments or use the designated carrier.	\$100 plus any differential in freight charges as compared to routing instructions.
For return shipments, failure to provide call tags or BOL within 72 hours.	\$25.00 per pallet per day.
Double stacked pallets shipped to 609 7th ST Harlan IA	\$100

## CREDIT INFORMATION

**Officer:** Don Lantz  
General Manager / COO  
(712) 755-2184 ext. 217

**Tax Information:** Federal ID # 42-0804379 Iowa Sales Tax ID # 1-83-002105

**Duns #:** 00-728-7758

**Credit Line Facility and Bank:** Contact Tony Mayfield President, Community Banking  
Phone 573.446.3404  
Email [tony.mayfield@umb.com](mailto:tony.mayfield@umb.com)

Patricia Marston Commercial Relationship Specialist  
Phone 417.359.7440  
Email [Patricia.Marston@umb.com](mailto:Patricia.Marston@umb.com)

**Trade References:** Sterilite Corporation Phone (978) 597-1000  
PO Box 8001 Email [creditreference@sterilite.com](mailto:creditreference@sterilite.com)  
Townsend, MA 01469

Revlon Contact: Debbie Johnson  
PO Box 371654 Email: [deborah.johnson@revlon.com](mailto:deborah.johnson@revlon.com)  
Pittsburgh, PA

The Hershey Company Contact: Mark Zefran  
19 East Chocolate Ave Email [mzefran@hersheys.com](mailto:mzefran@hersheys.com)  
Hershey, PA 17033 Phone (717) 374-1997

Mattel, Inc Contact Credit Department  
11178 Huron St. Suite #7 Phone (716) 687-3489  
Northglenn CO 80234 Email [creditreference@mattel.com](mailto:creditreference@mattel.com)

Top Flight Contact: Shannon McNeil  
PO Box 844594 Email: [smcneil@tflt.com](mailto:smcneil@tflt.com)  
Boston, MA 02284-4594 Phone: (800) 777-3740

**A/P Contacts @ VDI:** Mary Neece-Senior Accountant Accounts Payable Department  
712.733.5273 (712) 755-2184 ext. 236  
[mneec@varietydistributors.com](mailto:mneec@varietydistributors.com) [accountspay@varietydistributors.com](mailto:accountspay@varietydistributors.com)

Vendor or vendor's authorized 3<sup>rd</sup> party representative has reviewed the Variety Distributors Inc Compliance Manual. The afore mentioned are responsible for review and compliance. The individual signing below represents that they have authority to sign this agreement on behalf of the vendor.

Signature \_\_\_\_\_ Name (printed) \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

Vendor

Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Email \_\_\_\_\_