



Drop Ship Supplier Manual

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INTRODUCTION

This document is to be used as a resource by Drop Ship Suppliers doing business with Colony Brands, Inc. ("Colony Brands" or "Buyer") where Colony Brands resells the drop shipped products on a wholesale basis to its affiliated companies (each a "Retailer") and the Retailers in turn sell the products to consumers (their customers). The affiliated companies (each a Retailer) include: Seventh Avenue, Inc., Montgomery Ward, Inc., Ginny's, Inc., Country Door, Inc., Midnight Velvet, Inc., Monroe & Main, Inc., Ashro, Inc., OSA Brands, LLC, The Swiss Colony, LLC, Midwest Catalog Brands, LLC (including its Wisconsin Cheeseman division), and The Tender Filet, Inc. The drop ship process will begin when Colony Brands sends a Drop Ship Purchase Order ("PO") to Drop Ship Supplier with estimated potential requirements. Supplier will execute that document and the last page of the Colony Brands Drop Ship Supplier Manual and provide Colony Brands with the required Certificate of Insurance ("COI"). Colony Brands and Supplier will communicate via VendorNet with respect to periodic updated estimates for the drop ship requirements and transmit actual Customer Order forms ("COs") describing the exact number of product orders, product specifications or other requirements, the name of the Retailer(s) and its customer and necessary information for shipping the product direct to each Retailer's customers. Colony Brands shall be the buyer and all invoices from the Drop Ship Supplier shall be submitted to Colony Brands. Drop Shipper shall ship the ordered products directly to the consumer (Retailer's customer) according to the COs submitted by Colony Brands. The Retailers have several general merchandise and food mail order and online catalogs that are committed to providing their customers with quality products, gifts and services. Each takes pride in its products, designs, customer service, and customer satisfaction.

Thank you for being a part of our supplier family. Our supplier relationships have always played a very valuable part in our business. Over the past several years, the Retailers experienced growth in product offerings and sales activity. Because of this growth, we need to look at the procedures we use, the products we buy, and the suppliers from whom we buy. It is our goal to create a relationship with you so that both of our companies can be well informed and profitable.

We require your support so that we may reduce costs and waste in shipping, product damage and replacements by providing quality products and efficient packaging of items.

The Colony Brands Drop Ship Supplier Manual (also referred to as the Drop Ship Supplier Manual) has been revised/enhanced to provide one consolidated document that contains a comprehensive list of what we expect of all our suppliers, as well as what our suppliers can expect from us. Although we have tried to clearly define our requirements, if you have specific questions, please refer to the Contact List Section of this manual and direct them to the appropriate person. **Please read this manual carefully. If shipments do not conform to our requirements, charge-backs could result.**

The last page of this manual is an acknowledgement of receipt of the Drop Ship Supplier Manual and acceptance of its and our Master Drop Ship Contract Terms and Conditions. **This document needs to be signed by your organization and returned to our Drop Ship Department.**

We hope that you are as excited as we are with the continuation and/or onset of our relationship. A mutually beneficial relationship with all our suppliers is one of our highest priorities. Our commitment to our suppliers is as strong as the commitment we have to the Retailers' customers. Thank you for taking a step forward in what we hope will become or will continue to be a long and prosperous relationship.

***** **IMPORTANT** *****

Please COPY/FORWARD this manual to the appropriate parties within your company and/or company's you represent. If shipments do not conform to our requirements, charge-backs could result.

CONTACT LIST**Lynn Mayer****Drop Ship Manager**

Phone: (608) 328-8990

Fax: (608) 328-8779

E-mail: Lynn.Mayer@colonybrands.comResponsibilities

- **Overall management of the department
- **Monitoring the performance of suppliers
- **Dealing with supplier issues or problems
- **VendorNet management
- **Primary contact for supplier
- **Generating Retailer Purchase Orders for suppliers
- **Contacting suppliers on past due Purchase Orders and customer orders
- **Maintaining inventory

Rhonda Phillips**Drop Ship Coordinator**

Phone: (608) 328-8928

Fax: (608) 328-8779

E-mail: Rhonda.Phillips@colonybrands.comResponsibilities

- **Primary contact for suppliers
- **Generating Contracts for suppliers
- **Supply Supplier Projections

Wendy Schmoldt**Accounts Payable**

Phone: (608) 328-8917

Fax: (608) 328-8578

Alt Fax: (608) 328-8457

E-mail: Wendy.Schmoldt@colonybrands.comResponsibilities

- **Primary contact for invoices and payments

Office Address:

**1112 7th Avenue
Monroe, WI 53566**

Debbie Mann**Drop Ship Supervisor**

Phone: (608) 328-8535

Fax: (608) 328-8779

E-mail: Debbie.Mann@colonybrands.comResponsibilities

- **Coordinating efforts with Customer Service Departments
- **Processing back orders for suppliers
- **Contacting suppliers to get information on past due orders

Monica Koch**Drop Ship VendorNet Administrator**

Phone: (608) 328-8523

Fax: (800) 439-0628

E-mail: Monica.Koch@colonybrands.comResponsibilities

- **Processing all customer inquiries
- **Sending all inquiries to suppliers via VendorNet
- **Provides order status information to Customer Service
- **VendorNet Liaison
- **VendorNet Implementation for Suppliers

DROP SHIP PURCHASE ORDER OVERVIEW**PO – For Shipments to Customer (See below)**



1112 7th Avenue
Z12345ND

Monroe, WI 53566-1364

(All invoicing must be shipment/invoice transmission and submitted via VendorNet. See Colony Brands Drop Ship Supplier Manual for details)

All orders must be shipped as specified in Customer Orders

Season: **Fall 2017**

Drop Ship Purchase Order #:

Amendment:

See Colony Brands Drop Ship Supplier Manual for information pertaining to labeling, general correspondence.

TO:

DROP SHIP SUPPLIER
ATTN: JANE DOE
123 MAIN ST
MONROE

WI 53566

Phone: (888) 555-1111

Email: example@email.com

Fax: (888) 555-2222

SHIP TO

Retailers' Customers as set forth in Customer Orders

Freight Terms: PREPAID & CHARGEBACK **Ship Via:** UPS

Purchase Order Date: 01/01/2018

Terms: Net 30

FOB: RETAILER'S CUSTOMER LOCATION

Supplier#: 999992

Restock Terms: 10%

This Drop Ship Purchase Order covers our estimated usage through **6/30/2018** for the items listed on the following page(s).

Estimates are subject to change. We will send periodic updates estimates over VendorNet and Authorization to ship will be your receipt of any Customer Orders (COs) released via VendorNet from Colony Brands.

Please sign, date, and return one copy of this Drop Ship Purchase Order, the last page of the Colony Brands Drop-Ship Supplier Manual (a/k/a Drop Ship Supplier Manual), and proof of a valid Certificate of Insurance (COI) with a general aggregate minimum limit of \$2,000,000. This Purchase Order is contingent upon receipt of the above documents and adherence to our procedures as outlined in the Drop Ship Supplier Manual. If shipments do not conform to our requirements, charge-backs could result.

The items, which are the subject of this Drop Ship PO, must strictly conform to the specifications provided to Supplier. Supplier must adhere to the current specification part number and date noted in the part number description. QA specification will be sent separately. Any alterations, change or deviation in specifications or any change in Supplier's vendors is strictly prohibited without notice to and the express written consent of Colony Brands. Failure to comply with this provision shall be deemed to be a breach of contract for which the Supplier shall be liable to Colony Brands for all costs, expenses, and damages, and Supplier shall indemnify Colony Brands and Retailers and hold them harmless from any claim, damages or penalties resulting therefrom.

Product availability and/or shipment delays must be reported immediately to the Drop-Ship department at 608-328-8928. Updated Estimated Ship Dates must be entered in VendorNet, per instructions in the Drop Ship Supplier Manual.

Colony Brands retains the exclusive ownership (for itself and all its affiliated companies a/k/a Retailers) of all customer names, addresses and other customer information, which information shall be considered confidential; and Drop Ship Supplier shall not use, rent, sell, copy or disclose to anyone such information for any purpose other than to process, fill and ship the orders covered hereby.

If this Purchase Order is for children's toys, it is contingent upon receipt by Colony Brands, Inc. of a signed and dated copy of the face page of the toy safety certificate relating to such item.

Colony Brands shall have the right to visit the Supplier at reasonable times and with the reasonable frequency at the discretion of the Supplier during normal working hours, upon reasonable notice to the Supplier, for making reasonable inspections.

The attached Purchase Order and Contract Acknowledgement are to be executed by Drop Ship Supplier (Seller) and sent to the Colony Brands' drop ship department. This Purchase Order and any resulting contract is subject to the Master Drop Ship Terms and Conditions, the terms above and those in the Drop Ship Supplier Manual.

A SIGNED CONTRACT MUST BE RETURNED WITHIN 10 DAYS
AUTHORIZED SUPPLIER SIGNATURE

Print Drop Ship Supplier Legal Name

By: _____

Print Name and Title of Authorized
Supplier Representative

AUTHORIZED BUYER SIGNATURE

COLONY BRANDS, INC.

By: _____

Print Name and Title of Authorized
Buyer Representative

Figure 1: Drop Ship PO form page 1.

TOP SECTION: Contains invoice address, Lead Time, Your company name and address as well as phone and fax numbers and email. Please make any changes to this information so we can keep our records current. If the PO needs to be changed, we will send you an amendment.

MIDDLE SECTION: The middle contains a box with negotiated freight terms, payment terms, how your company ships, where your company ships from, date the contract was done, restock fee as stated on the quote, and your Supplier number (number our company uses to identify your company)

BOTTOM SECTION: The bottom section contains the date in which the PO and any resulting contract expires, legal agreement, authorized Supplier signature, and authorized Buyer signature, which is signed by our drop ship manager. The accepted PO must be signed and returned within 10 calendar days. **If we do not receive it within that time, your orders may get held up on our system.**



1112 7th Avenue
Monroe, WI 53593-1364

Contract #: Z12345ND

See Drop Ship Supplier Manual for information pertaining to labeling, shipment/invoice transmission and general correspondence.

Pack No.	Conv. Price	QA Spec	Date	Supplier	Color/Size	Total	% Total	Item	Dropship
#Description	No.	Information	Estimate	Est.	Est.	Cost	Charge	Effective	
	751111		ABC-111		WATCH - BLACK	20		\$40.50	\$11.00
	751122		ABC-222		WATCH - BLUE	20		\$45.00	\$11.00

** New Item
2 of 2

Amended Item

^If Different from Contract DatePage

Figure 2: Drop Ship PO form, product pages.

Page 2 contains our catalog pack number, our conversion (color/size) number, QA Spec number and date spec was approved, your item number, description of product, color, size, total estimate for the season (just a guess), % of total estimate if applicable, item estimate if applicable, cost, and dropship charge.

MASTER DROP SHIP TERMS & CONDITIONS (For Drop Ship Orders of Goods)

1. **Drop Ship Order.** These Master Drop Ship Terms and Conditions (the "Terms and Conditions"), along with the Colony Brands Drop Ship Supplier Manual, shall be incorporated into every drop ship order ("CO") sent to the Drop Ship Supplier ("Seller") by Colony Brands, Inc. ("CB" or "Buyer") or sent by its Affiliates (each "Retailer"). CB and Seller are independent contractors for the drop shipment of any goods and/or related services that are part of the goods, unless or until specifically modified in writing signed by both Parties referencing an amendment to these Terms & Conditions, notwithstanding references in any documents from Seller to other terms and/or conditions that conflict with these Terms & Conditions. For products ordered under these Terms and Conditions, CB and Retailers do not keep goods in stock/inventory, but instead will transmit customer orders on Order Forms with and shipment details to the Seller (the "COs"), and Seller then ships the goods directly to the consumer customer of Retailer. If custom or private label goods are ordered, the Parties agree to the additional terms to these Terms & Conditions. The initial Drop Ship Purchase Order form ("PO") from Colony Brands is not an offer to purchase the goods described therein. An acceptance of the subsequent CO is limited to the terms of each CO, the earlier PO, all accompanying or referenced documentation, the Drop Ship Supplier Manual and these Terms & Conditions. Title and Risk of Loss transfers are described below.

2. **Acceptance -- Agreement.** The Contract Documents must be accepted in writing by Seller. If for any reason Seller should fail to accept in writing, any conduct by Seller that recognizes the existence of a contract or any drop shipment of products pursuant to a CO shall constitute acceptance by Seller of all its terms and conditions, including the Colony Drop Ship Supplier Manual and these Terms and Conditions. Upon acceptance, whether expressly, by shipment or provision of goods purporting to conform to the description, or other conduct that recognizes the existence of a contract, the resulting contract will include: any CO transmittal letter, the CO, any accompanying CO Requirements, any Product Specification(s), the PO, the Colony Brands Drop Ship Supplier Manual (a/k/a Drop Ship Supplier Manual) and these Terms and Conditions (collectively, "Contract Documents"). CB hereby objects to and rejects any terms proposed in any of Seller's quotation, order acknowledgement, invoice or other forms or correspondence that add to, vary from, or conflict with the terms of the Contract Documents. Any such proposed terms shall be void and the terms herein shall constitute the complete and exclusive statement of the contract between the parties and may hereafter be modified only by written instrument executed by both parties. If any order has been issued by CB in response to an offer and is construed as a confirmation or acceptance of such offer, such confirmation or acceptance is subject to the express condition that Seller will assent to the additional and different terms of the Contract Documents as the entire agreement between CB and Seller with respect to the subject matter hereof. Seller shall be deemed to have so assented and acknowledged unless Seller notifies CB to the contrary in writing within ten days of receipt of the CO. The offer made in the Order may be terminated by CB at any time upon written notice to Seller before Seller's acceptance of that offer to drop ship to Retailer's customers.

3. **Complete Price Warranty.** No Price to the end customer will be shown unless specified in the CO. CB will have the benefit of any price reduction between the order date and date of shipment. Seller warrants that prices shown on the Drop Ship Purchase Order will be complete, to include any shipping, drop ship charges and taxes, and no additional charges of any type will be added without CB's written consent, but any discounts and payments to CB shall not be shown on the CO. Such specifically listed or otherwise incorporated charges include shipping, packaging, labeling, customs duties, taxes, storage, insurance, boxing, crating and similar charges. Seller will be responsible for any state taxes in its location where it has substantial nexus with the taxing state, other than Wisconsin taxes where CB and Retailer are located and Retailer will collect in-state taxes.

4. **Payment.** Payment will be made per the terms of the Contract Documents. Discount period, if any, will begin on the later of the date of receipt of complying goods at destination or CB's receipt of Seller's invoice, unless expressly stated otherwise. In the absence of specific payment terms, invoices will be paid on a net 30 days basis from receipt of a proper invoice with required information. Seller is responsible for accurately invoicing and correcting any errors in prior invoices sent to CB for the goods provided hereunder, which obligations survive any payment for incorrect invoices. Seller may not rely on payment as evidence of accuracy and Seller agrees to return any overpayment of monies paid based on inaccurate invoices.

5. **Delivery, Shipping, Risk of Loss, Title.** Time is of the essence of this contract and if delivery of items or rendering of services is not completed by the time promised, CB reserves the right without liability in addition to its other rights and remedies to terminate this contract and/or applicable CO by notice effective when received by Seller as to items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller for any loss incurred. Seller will deliver the specific quantity ordered by Retailer's customer, and Seller will notify CB before shipping any partial shipments if allowed. Unless otherwise agreed, all goods and other materials to be provided by Seller per the CO will be delivered to Retailer's customer as F.O.B. customer's location, regardless of who pays for freight even for CB-preferred carriers. CB or Retailer does not intend to take possession of drop ship goods, unless in Wisconsin or a designated return facility. Seller assumes all risk of loss and damage until goods are delivered to Retailer's customer at the location designated in the CO. Insurance that may be obtained by Seller upon such goods is to be at Seller's expense, which is not to be added to the purchase price, but shall be payable to Seller, CB, Retailer, and customer as their interests may appear. No act or omission of CB or Retailer shall have any effect upon the risk of loss of the goods that are the subject of this order. Transfer of title to CB and Retailer and then its customer will only occur while the goods are in interstate commerce with the U.S. Postal Service or a common carrier.

6. **Shipments to CB.** Generally, all **non-drop ship** arrangements are covered by separate Standard Terms and Conditions and a separate Colony Brands Non-food Supplier Manual or the Colony Brands Food Supplier Manual, as applicable.

7. **Inspection/Testing/Nonconforming goods.** The Retailer's customer has the right to inspect and test the goods when delivered and to reject any nonconforming goods (including defective, shortfall or excess). In such event, Retailer will charge-back CB and CB will charge-back Seller. Payment by CB will not constitute a final acceptance of the goods, or as a waiver or limitation of any of CB's rights as set forth herein. Nonconforming goods may be returned to Seller at Seller's expense for a full refund, and, in addition to CB's other rights, CB may charge Seller all expenses of unpacking, examining, repacking, and reshipping such goods. No inspection or acceptance by Retailer's customer or payment by CB relieves Seller from its responsibilities for defects, testing, inspection, quality control, or failure to meet the requirements of the CO.

8. **Termination for Cause.** CB may terminate any contract resulting from the CO or the Contract Documents, or any part thereof, for cause if Seller defaults or fails to comply with any of the terms and conditions of the CO or the Contract Documents or is a party in any bankruptcy, liquidation, or insolvency proceeding. Late deliveries, deliveries of goods that are defective or do not conform to the CO or Contract Documents, or failure to provide CB, upon request, with reasonable assurance of future performance will allow CB to terminate the CO and any resulting contract for cause without CB liability.

9. **Termination for Convenience.** CB also has the right to terminate any contract resulting from the CO, or any part thereof, without cause at any time prior to delivery with written notice to Seller; and CB's liability for such termination will be limited to Seller's out-of-pocket cost for work and materials applicable solely to work that has been expended as of the time that notice of termination is received by Seller, reduced by the fair market resale value of such work-in-process.

10. **WARRANTIES** SELLER EXPRESSLY WARRANTS THAT ALL GOODS FURNISHED PER ANY CONTRACT DOCUMENTS WILL: CONFORM TO ALL SPECIFICATIONS AND APPLICABLE LAWS, REGULATIONS, AND STANDARDS; WILL BE NEW, AND NOT USED, REFURBISHED OR RECONSTITUTED; WILL BE FREE FROM DEFECTS IN DESIGN, MATERIAL AND WORKMANSHIP; AND THAT SELLER HAS GOOD TITLE AND AUTHORITY TO TRANSFER TITLE TO THE GOODS COVERED BY THE CO. SELLER WARRANTS THAT ALL SUCH GOODS, AND THE DISTRIBUTION, SALE AND USE OF SUCH GOODS, WILL NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT IN ANY RELEVANT JURISDICTION. SELLER WARRANTS THAT ALL SUCH GOODS WILL CONFORM TO ANY STATEMENTS MADE ON THE CONTAINERS, LABELS OR ADVERTISEMENTS FOR SUCH GOODS, AND THAT ANY GOODS WILL BE ADEQUATELY CONTAINED, PACKAGED, MARKED, AND LABELED. SELLER WARRANTS THAT ALL GOODS FURNISHED WILL BE MERCHANTABLE, AND WILL BE SAFE AND APPROPRIATE FOR THE PURPOSE FOR WHICH GOODS OF THAT KIND ARE NORMALLY USED. IF SELLER KNOWS OR HAS REASON TO KNOW THE PARTICULAR PURPOSE FOR WHICH CB OR RETAILER'S CUSTOMERS INTEND TO USE THE GOODS, SELLER WARRANTS THAT SUCH GOODS WILL BE FIT FOR SUCH PARTICULAR PURPOSE. SELLER WARRANTS THAT GOODS FURNISHED WILL CONFORM IN ALL RESPECTS TO SAMPLES. INSPECTION, TEST, ACCEPTANCE OR USE OF THE GOODS FURNISHED WILL NOT AFFECT SELLER'S OBLIGATION UNDER THIS WARRANTY, AND SUCH WARRANTIES WILL SURVIVE INSPECTION, TEST, ACCEPTANCE, AND USE. SELLER AGREES TO REPLACE OR CORRECT DEFECTS OF ANY GOODS NOT CONFORMING TO THE FOREGOING WARRANTIES PROMPTLY, WITHOUT EXPENSE TO CB, WHEN NOTIFIED OF SUCH NONCONFORMITY BY CB, PROVIDED CB ELECTS TO PROVIDE SELLER WITH THE OPPORTUNITY TO DO SO. IN THE EVENT OF FAILURE OF SELLER TO CORRECT DEFECTS IN OR REPLACE NONCONFORMING GOODS PROMPTLY, CB, AFTER REASONABLE NOTICE TO SELLER, MAY MAKE SUCH CORRECTIONS OR REPLACE SUCH GOODS AND CHARGE SELLER FOR THE COST INCURRED BY CB IN DOING SO. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLER MAY NOT LIMIT IN ANY MANNER THE TYPE OR AMOUNT OF DAMAGES TO WHICH CB IS ENTITLED FOR BREACH BY SELLER OF THESE WARRANTIES. THE WARRANTIES HEREIN EXTENDS TO CB, RETAILERS, RETAILERS' CUSTOMERS, AND ANY SUBSEQUENT BUYERS, USERS, AND BYSTANDERS. THE WARRANTIES SET FORTH IN THESE TERMS AND CONDITIONS, AND ANY REMEDIES SPECIFIED IN CONNECTION THEREWITH, ARE CONSISTENT WITH AND IN ADDITION TO THOSE PROVIDED BY THE UNIFORM COMMERCIAL CODE.

11. **Changes.** CB has the right at any time to make changes in drawings, designs, specifications, materials, packaging, time or place of delivery, or method of transportation by written notice to Seller, and Seller agrees to comply with such changes if practical. If any such changes cause a material increase or decrease in the cost or the time for the performance, the Parties will make an equitable adjustment and modify the agreement in writing accordingly. Subject to such agreed adjustments, Seller will implement such changes or other modifications.

12. **CB's Design or Specification Input.** CB's or Retailers' decision to place any order with Seller was based on Seller's representation that it has expertise in the sale, design and manufacture of the same kind of goods as the goods described therein. CB or Retailers may provide input concerning the design or specifications for the goods covered by the CO, independently of or in collaboration with CB or any supplier, by reviewing or approving Seller's work-product, submitting its own work-product to Seller, inspecting or testing processes, prototypes or samples of such goods (individually and collectively, "CB Input"). In designing the goods covered by the CO and developing specifications therefor, Seller will not rely on any CB Input without independently validating all elements thereof to Seller's satisfaction. Unless otherwise stated in an Amendment signed by both parties, Seller assumes sole and absolute responsibility for the design and specifications of the goods covered by the CO, notwithstanding any CB Input; and no CB Input affects Seller's other responsibilities with respect such goods, whether arising out of warranty, contract, negligence or other tort or strict liability principles.

13. **Rights to Goods and Marketing.** CB reserves the right, for itself and especially for Retailers, to advertise, offer the goods for sale, and sell such goods at any U.S. retail facility and/or by any medium, including electronic, catalog, or other non-traditional means. With respect to the goods, Seller grants to CB and Retailers and liquidators the right to use the trademarks for the goods and to photograph

the goods for sale in catalogs and online. Any ads of the Parties for the goods will not contain any material that is indecent, misleading, deceptive, fraudulent, libelous, obscene, pornographic, or hate speech.

14. **Force Majeure.** Neither Party will be liable for failure to perform any of its respective obligations hereunder if such failure is caused by an event outside its reasonable control, including an act of God, insurrection, war, natural disaster or act of a third party not under the control of the failing party. The aggrieved party may terminate the Contract Documents or portion thereof without penalties or fees if the other party's inability to perform continues for more than 10 days.

15. **INDEMNIFICATION.** SELLER AGREES TO AND WILL DEFEND (BY COUNSEL ACCEPTABLE TO CB), INDEMNIFY AND HOLD HARMLESS CB, RETAILERS AND ALL RELATED AND AFFILIATED COMPANIES, AND ALL THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, SUCCESSORS, ASSIGNS, AGENTS, CUSTOMERS AND USERS OF ITS GOODS (COLLECTIVELY, "CB'S BENEFICIARIES"), FROM AND AGAINST ALL DAMAGES, LOSSES, ROYALTIES, PROFITS, COSTS, CLAIMS, SUITS, ACTIONS, OR LIABILITIES AND EXPENSES INCURRED OR AWARDED (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES OF LITIGATION) ARISING OUT OF OR RESULTING IN ANY WAY FROM: (1) ANY DEFECT IN THE GOODS PURCHASED FROM SELLER; (2) ANY BREACH BY SELLER OF THE CO OR CONTRACT DOCUMENTS; (3) ANY ACT OR OMISSION OF SELLER, ITS AGENTS, EMPLOYEES, OR SUBCONTRACTORS; (4) ANY VIOLATION OF, OR FAILURE TO COMPLY WITH, ANY APPLICABLE LAW, CODE, REGULATION OR STANDARD BY: (A) SELLER, ITS AGENTS, EMPLOYEES, OR SUBCONTRACTORS; OR (B) THE GOODS SOLD BY SELLER TO CB OR IN TURN BY CB TO RETAILERS AND THEN IN TURN TO RETAILERS' CUSTOMERS; (5) ANY UNFAIR COMPETITION BY SELLER, ITS AGENTS, EMPLOYEES, OR SUBCONTRACTORS IN CONNECTION WITH THE USE, POSSESSION, SALE, MARKETING OR DELIVERY OF ANY GOODS SOLD OR PROVIDED BY SELLER TO CB OR IN TURN BY CB TO RETAILERS AND THEN IN TURN TO RETAILERS' CUSTOMERS; (6) EACH AND EVERY RECALL OF ANY GOOD, WHETHER VOLUNTARY OR INVOLUNTARY AND ANY RESULTING LOSS TO CB, ITS AFFILIATES, RETAILERS, OR THEIR CUSTOMERS; (7) ANY OTHER ACT OR OMISSION AS PROVIDED IN THE CONTRACT DOCUMENTS; AND (8) ANY ACTUAL OR ALLEGED DIRECT OR CONTRIBUTORY INFRINGEMENT OF, OR INDUCEMENT TO INFRINGE, OF ANY UNITED STATES OR FOREIGN PATENT, TRADEMARK, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT BY REASON OF THE MANUFACTURE, USE OR SALE OF THE GOODS ORDERED, INCLUDING INFRINGEMENT ARISING OUT OF ACTUAL OR ALLEGED MISUSE OR MISAPPROPRIATION OF A TRADE SECRET RESULTING DIRECTLY OR INDIRECTLY FROM SELLER'S ACTIONS OR THOSE FOR WHICH SELLER IS RESPONSIBLE, INCLUDING ANY JUDGMENT, SETTLEMENT AND/OR ATTORNEYS' FEES AND COSTS FOR ENFORCING THIS PROVISION. THIS INDEMNIFICATION IS IN ADDITION TO THE WARRANTY OBLIGATIONS OF SELLER. CB MAY BE REPRESENTED BY AND ACTIVELY PARTICIPATE THROUGH ITS OWN COUNSEL IN ANY SUCH SUIT OR PROCEEDING IF IT SO DESIRES, AND THE ATTORNEYS' FEES AND COSTS OF SUCH REPRESENTATION WILL BE PAID BY SELLER.

16. **Product Liability Insurance.** Seller agrees that for a period of at least three years following Seller's last delivery of goods to Retailers' customers, Seller will maintain adequate product liability insurance coverage to cover such liabilities or in the form provided by the certificate of insurance that Seller provided to CB.

17. **Recalls.** Seller will promptly advise CB and Retailers to stop selling goods subject to a mandatory recall ordered by any governmental agency or a publicly-announced voluntary recall by any supplier of the goods. Seller will provide links to service recalls & safety alerts for U.S. and Canadian consumers. The Parties acknowledge that voluntary or mandatory recalls are costly for online, catalog and mail order sales where customers can be identified after the purchase of a recalled product, and where credit has been provided to customers. In the event of recall of a product (whether voluntary or involuntary), in addition to its indemnification obligations, at CB's sole option and discretion, Seller will: (a) at Seller's expense, subject to CB's request and approval, (i) prepare and send, or reimburse CB and Retailers for preparing and sending, adequate written notification of the recall to CB's and Retailers' customers who purchased such product and/or (ii) provide any other type of notification that may be required by any applicable governmental authority and/or be reasonably required by CB or Retailers to provide adequate notice to Retailers' customers, and (iii) arrange (in a manner and process acceptable to CB and Retailers) and pay for all other costs and expenses associated with the recall and/or exchange of the product and any loss to CB, Retailers or their customers; and/or (b) pay CB and Retailers for all their and Retailers' customers' actual direct and indirect costs, expenses (including attorney's fees) and damages incurred in connection with (i) CB and Retailers providing notification to Retailers' customers in a manner CB and Retailers reasonably deem necessary, and (ii) the recall and/or exchange of the product and any loss to CB, Retailers or their customers. In all recall cases, Seller will cooperate fully with CB, Retailers and any applicable governmental authorities concerning the recall and implementing a responsive process to: (i) prevent any loss and minimize any inconvenience to CB, Retailers and their customers; (ii) ensure that payments are made to CB and/or Retailers so that it/they may properly account to Retailers' customers; and (iii) account fully to CB and Retailers for all returned products and payments. Retailers resell products to consumers on first party credit, and Seller will directly reimburse Retailers, at their option and discretion unless otherwise government mandated, for the refunds or credit account adjustments to be made by Retailers to their customers. At CB's request, Seller will take responsibility for accepting and processing customer returns of recalled products.

18. **Compliance with Laws, Regulations and Industry Standards.** (1) Seller will comply with all applicable federal, national, state, provincial, local and other applicable laws, codes and regulations in effect at the time of shipment of goods. (2) Seller further represents and warrants that all goods covered by the CO have been produced, manufactured, and labeled for interstate sale and comply with all applicable federal, national, provincial, state, local and other applicable laws, codes and regulations (specifically including, but not limited to, the California Safe Drinking Water and Toxic Enforcement Act of 1986, as amended [more commonly referred to as Proposition 65]

and anti-corruption laws of the U.S. Foreign Corrupt Practices Act, and with the laws, codes and regulations of the country of origin. (3) Seller will comply with any other applicable laws, codes, regulations or industry standards governing the manufacture, sale, labeling, branding, packaging, shipment, importation, distribution or sale of the goods covered by the CO and the containers of such goods. (4) Seller further agrees that all goods sold comply with the applicable industry standards in effect at the time of shipment of goods, including ASTM, IFA, UL, USP–NF, and/or NIST. (5) To the extent they are applicable to Seller's performance hereunder, Seller hereby certifies that it and all goods furnished hereunder comply with applicable provisions of the U.S. Fair Labor Standards Act of 1938, as amended; and laws relating to equal opportunity and nondiscrimination in employment.

19. Ingredients or Components Disclosure and Special Warnings and Instructions. If requested by CB or Retailer, Seller will promptly furnish CB in such form and detail as CB may direct: (a) a bill of materials for or list of all ingredients, components or constituents in the goods purchased hereunder, (b) the amount of one or more ingredients, components or constituents, and (c) information concerning any changes in or additions to such ingredients, components or constituents. Prior to and with the shipment of goods purchased hereunder, Seller agrees to furnish to CB, Retailers and Retailers' customers sufficient written warning and written notice, including appropriate labels on goods, containers and packaging, of any hazardous material that is an ingredient or a part of any of the goods, together with such special handling instructions as may be necessary to advise anyone as to how to exercise that measure of care and precaution that will best prevent bodily injury and property damage in the handling, transporting, processing, use and/or disposal of the goods, containers and packaging shipped to Retailers' customers.

20. CB's Property; Tools, Design Work, Drawings, Specifications and Technical Information. Except as otherwise specifically provided, CB and Retailers have no obligation to furnish or pay for any design work, drawings, tools, molds, or other equipment required for the performance of the Contract Documents.

21. Assignments and Subcontracting; Retailers. No part of the Contract Documents may be assigned or subcontracted by Seller without the prior written approval of CB. Any assignment without such approval will be void. The Parties acknowledge that CB arranges for the purchase goods for resale by Retailers to their customers. All Retailers and their affiliated companies are third party beneficiaries of the Contract Documents.

22. Setoff. All claims or rights by Seller for money due, or to become due, from CB will be subject to deduction or setoff by CB by reason of any sums owed or payable to CB or Retailers or their affiliates or claimed by CB, Retailers or their affiliates (including, but not limited to Charge-backs) due to Seller's obligations or breach under the Contract Documents or as otherwise arise out of the CO or any other contemplated by these Terms and Conditions and/or such setoffs may be enforced as provided in the Colony Brands Drop Ship Supplier Manual.

23. Shipment. If Seller can fulfill its delivery obligation only by shipping by a premium method, the premium charges will be prepaid by Seller unless the necessity for such rerouting, expedited handling or increased costs is attributable to CB's breach of its obligations hereunder or other misconduct.

24. No Waiver. Failure to insist upon strict compliance with any of the terms, covenants or conditions of the Contract Documents will not be a waiver of any such term, covenant or condition. Any waiver or relinquishment of any right or power hereunder at any time will not be a waiver or relinquishment of that right or power at any other time.

25. Confidential Information. All Contract Documents are confidential; and Seller agrees that none of the details connected therewith will be published or disclosed by Seller to any third party without CB's prior written permission. As between CB and Seller, all specifications, drawings, technical information, and data furnished by CB or Retailers to Seller remain the property of CB.

26. Contract Documents; Entirety; Consistent Interpretation and Cumulative Remedies. The Contract Documents and any mutually agreed written amendments and modifications signed by the parties constitute the entire agreement between the Parties relating to the purchases made or transactions contemplated thereunder. CB is not bound by or liable to Seller for any representation, promise, or inducement not embodied therein. The Contract Documents are intended to be interpreted in a consistent and cumulative manner, and all obligations, rights and remedies provided therein are intended to be cumulative.

27. Electronic Transmission or Signatures Binding. CB and Seller agree to allow contract communications and to sign and/or transmit Contract Documents electronically (including e-mail); and the CB and Seller agree that they will be bound by, and not contest the validity or enforceability of, any Contract Documents on the basis that they were electronic. CB and Seller each represents to the other that the persons signing or transmitting any of the Contract Documents is authorized to bind their respective companies by such actions for such purposes; and such electronic transmittals will constitute valid and binding signatures on behalf of the party transmitting them. Computer maintained records of a party when produced in hard copy form constitute business records and have the same validity as any other business records.

28. Governing Law, Jurisdiction and Venue, Language. All Contract Documents are governed by the laws of the State of Wisconsin, without reference to its conflicts of laws principles. THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE NOT GOVERNED BY THE 1980 U.N. CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS. To the extent any CO entails delivery or performance of ancillary or related services, such services will be deemed "goods" within the meaning of the Uniform Commercial Code, except when doing so would result in a clearly unreasonable interpretation. Any litigation regarding the CO or Contract Documents, or the relationship of, or disputes arising between, the Parties related thereto may be filed in either the U.S. District Court for the Western District of Wisconsin or the Wisconsin Circuit Court of Green County; and the Parties

hereby consent to jurisdiction and venue of those courts for any such litigation. All Contract Documents, correspondence, packing slips and other documentation provided will be in English.

29. LIMITATION ON CB'S AND RETAILERS' LIABILITY. IN NO EVENT WILL CB OR RETAILERS BE LIABLE FOR ANTICIPATED PROFITS, FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR PUNITIVE OR EXEMPLARY DAMAGES. CB'S AND RETAILERS' LIABILITY ON ANY CLAIM OF ANY KIND FOR ANY LOSS OR DAMAGE ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM THIS AGREEMENT OR FROM THE PERFORMANCE OR BREACH OF THE CONTRACT DOCUMENTS WILL IN NO CASE EXCEED THE PRICE ALLOCABLE TO THE GOODS THAT GIVES RISE TO THE CLAIM. CB WILL NOT BE LIABLE FOR PENALTIES OF ANY TYPE.

**ADDITIONAL TERMS AND CONDITIONS
FOR SPECIALLY MADE OR CUSTOM GOODS**

THESE ADDITIONAL TERMS AND CONDITIONS APPLY FOR GOODS SPECIALLY MADE TO CB'S OR RETAILERS' SPECIFICATIONS, SELLER WAIVES ANY CLAIM AGAINST CB OR RETAILERS, UNDER THE UNIFORM COMMERCIAL CODE OR OTHERWISE, INCLUDING ANY HOLD HARMLESS OR SIMILAR CLAIM, AND INCLUDING CLAIMS ARISING OUT OF COMPLIANCE WITH SPECIFICATIONS FURNISHED BY CB RELATED TO OR ARISING OUT OF SELLER'S USE OF CB INPUT:

A. Intellectual Property. As between CB and Seller, CB retains all intellectual property rights in connection with the development of specially made goods. Seller hereby assigns to CB all right, title and interest in and to all improvements, conceptions, innovations, inventions, processes, machines, manufactures, compositions of matter, methods, techniques, systems, mask works, software, data and information, works of authorship, indications or designations of origin and the goodwill symbolized thereby, whether patentable or susceptible to copyright or trademark protection, that is conceived, created or first fixed in a tangible medium, first made, first used or first reduced to practice in connection with Seller's obligations under the CO, such as further development work, including all rights in documentation and manuals that are packaged with or accompany goods. Further, with respect to any goods required to be delivered to Retailer's customer per the CO that are not covered by the preceding sentence, Seller agrees not to assert any claim with respect to any technical, design, configuration or product information, and grants to CB and Retailers a worldwide, nonexclusive, royalty-free, irrevocable license to use, modify, reproduce, decompile, copy, publish, distribute or prepare works based on such goods. This provision supplements, but does not limit, such rights as may exist based on fair use, first sale, exhaustion or related doctrines.

B. Private Label Goods

If Seller is supplying any goods that may be categorized as "private label" in the customary meaning of such term, including using the trademarks of CB or Retailers, then, as to such "Private Label Goods," Seller acknowledges, understands, accepts and agrees that, as between CB and Seller:

- i. All products purchased by CB from Seller will not contain dangerous or prohibited substances, minerals or animal components;
- ii. All designs, artwork, specifications, trade names, trademarks, trade dress, labels and tags purchased by CB from Seller or that have been created or developed for CB or Retailers in connection with any Private Label Goods (the "CB Features") are the exclusive property of CB;
- iii. Seller will not show or use CB Features other than for or on behalf of CB and then only per CB written instructions. Further, Seller will not manufacture or cause to be manufactured goods bearing CB Features for any party other than CB or Retailers;
- iv. Seller will not sell, distribute, or deliver or cause to be sold, distributed or delivered to any party other than CB or Retailers any goods bearing CB Features, including but not limited to overruns, seconds, irregular merchandise and Private Label Goods that CB has refused to accept or has returned to Seller (collectively, "Excess Merchandise"). All Excess Merchandise will be disposed of only per the written instruction of CB; and
- v. Private Label Goods are intended to be sold only in the United States of America.

REV: [12/05/2017]

FORMS AND PROCEDURES

Order Transmissions from Colony Brands (or Retailers) via VendorNet

All orders for drop ship items are submitted to our drop ship suppliers via an Internet based system called VendorNet. (Information about VendorNet can be found at (<http://www.vendornet.com>.) Colony Brands transmits orders to VendorNet once daily, usually before 6:00 AM Central. As noted, for the convenience of all COs may be sent to Suppliers by Retailers, but Colony Brands is the Buyer. Upon completion of order processing to VendorNet, an automated email is sent to all Suppliers for which orders have been submitted that day.

Order Transfer over VendorNet to Supplier

Once the orders (COs) have been submitted to VendorNet from Colony Brands or a Retailer, there are a few options for retrieval by you, the Supplier.

1. Printing directly via the VendorNet Website.
2. Extraction of data from the website into a file for use in your order processing system. There are a few options here as well.
 - a. Configurable file format to conform to your specific needs: order processing system, UPS, FedEx, etc.
 - b. EDI document 850 (Purchase Order) in compliance with the ANSI X12-4010 standard format.
3. Data extraction can be completed either manually by the Supplier or automated through VendorNet. Automation is available if you have an FTP site where the data can be sent.

NOTE: Estimated Ship Date means you may ship the order anytime up until this date. Required Ship Date means you must ship on that date as the customer has requested a specific delivery date.

Cancellations, Changes, Shipping Inquiries, Trace Requests and Parts Requests

Once we receive and process an order in our system, Retailer's customer may request to cancel, change, verify shipment, or trace the shipment. These inquiries are posted to VendorNet by Colony Brands each day. You, the Supplier, are notified via automated email that there are orders that have been placed on a Comment Hold status. Because we pride ourselves in providing top quality service to Retailers' customers, we strive to respond within 3 business days. **Your immediate response is a critical component of our customer service program. Please update VendorNet with your response to verify that you have completed the request (See table below). There will be charge-backs to your account if this requirement is not met. Please see the "charge-backs" section for specific information.**

Cancelled Orders – if a cancel request has been made and you do not respond to our request within the 3 business days we will cancel the order. If you ship an order cancelled by Colony Brands or a Retailer after the 3 business days, or ship an order that has a confirmed cancellation by you, Colony Brands and any Retailer will not be responsible for the price of the item and the shipping costs associated to the order. ANY CANCELLED ORDER CANNOT BE INVOICED.

<u>Request</u>	<u>Action</u>
Cancellation	Verify you were able to cancel the order. We will credit our customer's account upon receipt of VendorNet Confirmation.
Change	Verify that you made the requested change.
Shipping Inquiry	Provide a shipping date and a tracking number.
Trace Request	Provide a status update of the shipment including the tracking number. If you cannot provide a validated proof of delivery, we will issue a debit memo for the cost of the product, drop ship fee and freight. It is your responsibility to file a claim for reimbursement with the carrier.
Parts Request	Verify that you are able to ship the parts requested. We will also need a ship date, so we can let Retailer's customer know when to expect the parts. Also, Tracking Number if applicable.

All actions need to be done in VendorNet.

Shipment Confirmation & Invoicing Procedures

General Shipment Information

All shipment information must be entered into VendorNet. Options for submission are listed below in procedures. Specifics for transmission will be discussed during VendorNet setup process.

Shipment information is to include: Ship method, ship date, & tracking number (if applicable).

Shipment information is to be posted no more than 24 hours after the order has been shipped from your facility.

General Invoicing information

No paper invoices will be accepted.

Invoicing to Colony Brands is done via VendorNet. Please refer to the instructions below. If you have any questions or problems, please contact the Drop Ship Manager. No invoices are to be sent to any Retailer.

Net Terms begin on the date that invoices are posted on VendorNet

Any discrepancies in invoicing and payment, please contact Accounts Payable immediately

Invoice information is to be posted to VendorNet as soon as possible after shipment leaves your facility.

NEW SUPPLIERS ONLY:

To confirm initial invoicing is correct, please also fax or email the first 6 to 12 invoices to Accounts Payable marking each invoice "Duplicate".

VendorNet Shipping & Invoicing (together as one step)

- Log on to <http://vendornet.scompanies.com>.
- Click on 'Ship and Invoice' (located on left side menu)
- Click on 'Start Shipping' (upper right side) look for little brown truck
- Key order# to ship in Customer Service box in upper left corner and click 'Go', or locate order # on screen
- Enter Invoice #
- Enter Tracking # (if more than 1 tracking # click on add Additional pkgs icon and enter them)
- Enter Freight Cost
- Click on 'Process Shipments' (located at top middle of screen)
- Verify recap
- Click on 'Update Shipments' (located at top middle of screen - don't forget this step or it won't process)

VendorNet Shipping (separate from invoicing)

- Log on to <http://vendornet.scompanies.com>.
- Click on 'Ship' (located on left side menu)
- Click on 'Start Shipping' (upper right side) look for little brown truck
- Key order# to ship in Customer Service box in upper left corner and click 'Go', or locate order # on screen
- Enter Tracking #
- Enter Freight Cost
- Click on 'Process Shipments' (located at top middle of screen)
- Verify recap
- Click on 'Update Shipments' (located at top middle of screen - don't forget this step or it won't process)

VendorNet Invoicing (separate from shipping)

- Log on to <http://vendornet.sccompanies.com>.
- Click on 'Invoice' (located on left side menu)
- Click on 'Start Invoicing' (upper right side)
- Enter Invoice #
- Click on 'Process Invoices' (located at top middle of screen)
- Verify recap
- Click on 'Update Invoices' (located at top middle of screen - don't forget this step or it won't process)

Shipping/Invoicing via Automated File Transfer

- Automated means are available for processing of Shipment or Invoice information. If this is an option you would like to take advantage of, please inquire at the time of initial setup on VendorNet or later if you wish to switch to automation.
- Standard EDI documents 856 (ASN) and 810 (INV) can be accepted via VendorNet.
- Text file outputs from both UPS and FedEx can also be uploaded to VendorNet.

OVERDUE ORDERS REPORT

You are responsible for monitoring and updating orders in VendorNet. If not shipped within your lead-time – updates in VendorNet are mandatory. Failure to do so will result in charge backs detailed under general requirements.

VendorNet has a report called **Detailed Overdue Orders** that allows each of our suppliers to view overdue orders at any time.

Simply go to the website for VendorNet. After reaching the Home Page, Click on **Quick Reports** and then under **Available Quick Reports**, click on **Detailed Overdue Orders**. This will show you every order that has not been shipped/invoiced within the agreed number of days for order processing. After the list appears, left click on CSV and it will save it to any directory/drive you prefer on your computer. Once it is saved as a Comma Separated Value, it can be converted to Excel, if this is the program you prefer.

Once you review this list any product that has not shipped, needs to be relayed back to our company with a backorder date. Due to FTC laws, it is necessary for us to contact each customer, whenever an item is not shipped within the original timeframe. You can update through the Estimated Ship Date in VendorNet.

The Detailed Past Due report will show you the following columns, including your SKU Number for reference:

Supplier No	Supplier	Order No	SKU No	Supplier SKU No	Description	Order Date
Import Date	Est Ship Date	Quantity	Product Cost	Customer Name		

If your company is unable to meet the first backorder date, FTC laws mandates that we cancel the original order, and send a letter to the Retailer's customer asking if the second date is OK, or if they prefer to cancel the order. If the customer calls back, advising the 2nd backorder is OK, a replacement order is automatically sent to your company.

With our new system update, our system automatically calculates the 1st and 2nd backorder notifications. As we receive the 2nd backorder date, you will receive a request from our company to (soft) cancel the original orders. These types of cancellations need to be confirmed by your company within 24 hours. The second backorder date requires additional order handling on both ends, so we ask you to give the best date possible the first time, so we do not need to contact the customer again. Failure to notify our company of 1st and 2nd backorder dates, will result in charge backs to your company, so it is in your best interest to be pro-active and notify immediately when delays occur.

Updating Estimated Ship Dates:

In **VendorNet**, on the Home Page, there is a left column listed as **Customer Service**. Click on **Est Ship Dates**, and you can enter extended ship dates on this page, either by an individual order number, or by your SKU number.

Entering by order number – Place the Order Number in the box under Customer Service and click on Go. This will bring up the Order Snapshot. You have two places that you may enter the extended date 1) The box next on the left, next to the words “**Order Est Ship Date**” or 2) the boxes next to each individual line number, under the heading “**New Date**”. By placing the date in the first box, you will place the entire order on backorder for the date specified. The **New Date**, will only update that particular item on that order. Clicking on the right arrow of each box, will bring down a calendar, to save you time keying in the dates. Clicking on the **future date**, will place the date in the correct date format for update. In the middle of the snapshot, you will see a blue line. On the right side, click on **Post/Refresh** to update this date to VendorNet. But it is not final, until you click on **Process Dates**, listed at the top of the page, before leaving VendorNet.

Line No	SKU	Quantity	Unit Cost	Ext Cost	Original	New Date
1	83964 (941553) SS MARQ COUPLES RING 8- Prompt Data WILLIAM DEC ANITA AUG	1	\$ 35.50	\$ 35.50	08/29/2006	

This particular method is time consuming, however, if you have items that need to ship together within one order, the customer will be notified, that all items are being held until the backorder date specified.

Entering by **SKU number** – Key in either your company SKU or our SKU number in the box shown under the heading **SKU**. This will bring in the Description of the pack. By clicking on the SKU number, it will show all open orders for that item. The list will show the orders in newest order sequence. By chance if you have shipped some of the first orders, you can click on **SKIP** for the orders shipped, so the backorder date will not update.

INVEL Update Dates New Product Exit Batch

Estimated Ship Date Maintenance for
941553, SS MARQ COUPLES RING 8-

Start at Order going for set date to setting by

0 orders Item Set

Order No ¹	Line No	Qty	Cumm Total	Original	Type	New Date
74702220001	1	1	1	08/29/2006	Item	09/20/2006
84438819001	1	1	2	08/01/2006	Item	09/20/2006
90684702001	1	1	3	08/17/2006	Item	09/20/2006

Once you determine which orders need to be updated for backorder, you may click on Start at Order, and in the list below, the first order on backorder. If you know some orders have shipped, please click on Skip, for those that do not need to be updated. Set Date can be set up clicking on the right arrow, and a calendar will come down. Once you have the orders that you want to update, click on Set, and this will place the backorder date in the box under New Date. Once this is done, click on the top, where it says Update Dates. This is necessary to process the dates through VendorNet.

The current date is listed under the heading "**Original**". Do not update a new Estimated Ship Date, unless the date is past the Original Date. If you are able to ship earlier than the original date, nothing is needed.

GENERAL REQUIREMENTS

Projections

- If your product is approved for one or more of Retailers' catalogs, we will provide you with a total projection on the contract. This is only an estimate. There are no guarantees we will sell the exact amount.
- Once the catalog is released, projections will continue to change as sales come in. Updated Non-Food projections will be emailed to you weekly.
- If you have any questions concerning projections, you may contact the Drop Ship Coordinator at 608-328-8928 or email.

Contract Verification-

- Upon receipt of our Drop Ship Purchase Order, take the time to verify all the information on the document. If the details are not accurate, contact the Drop Ship Department and resolve the issue(s), prior to shipping.
- Please sign the contract in the space provided at the bottom of page 1, and return it to the Drop Ship Coordinator. You can email, fax it to 608-328-8779, or send it via mail within 5 days. If your contract is for Food, please fax to 800-758-2959.
- Be sure you have printed, completed, signed and returned the Acknowledgement on the last page of the Colony Brands Drop Ship Supplier Manual.

No Product Surprises

- Federal law states that product we ship to Retailers' customers must match our catalog photo and description.
- Therefore, the products you send to our customers must not deviate from what has been approved and defined on the QA specification.

Due Dates

- We must fulfill Retailers' customers' orders quickly to meet our service goals. Legal guidelines also govern all mail order companies on fulfillment issues. The Federal Trade Commission (FTC) governs the type and timing of communication between our company and Retailers' customers when a product they have ordered is not available to ship. Since you play an integral part in our compliance with this law, you should be fully aware of what we expect.
 - After you have received our orders, notify us immediately if there is a chance that the delivery date cannot be met. We will do our best to work out another mutually agreed upon date.
 - It is your responsibility to monitor and meet the due date.
 - If you can't deliver approved product by a promised due date, and you have not contacted our company, you will be charged back as per the charge back section of this manual.

Return Policy

- The information below outlines the return policy for all Non-Food Drop Ship orders. These guidelines will govern the returns unless alternative information is provided within the quotation or in the contract.
- All credit memos should be emailed to the Drop Ship Lead.

- Non-Deliverables – In most cases, non-deliverables will be returned directly to your facility. You should notify our drop ship department and issue a credit memo with the appropriate product cost. We will contact our customer, and reissue the order if the customer so requests.
 - Customer Refusals – In most cases, Retailers' customer refusals will be returned directly to your facility. You must notify our drop ship department and issue a credit memo with the appropriate product cost. Restock charges may apply depending on the terms of the contract.
 - Carrier Damage – The Retailer's customer's information must be on all suspected carrier damage claims. You will be responsible for filing a claim with the carrier and arranging to pick-up the product. We will also send the information to our Accounting Department to issue a debit memo for the cost of the product, Drop ship charge and Freight.
 - Customer Returns – Retailers' Customers may return items directly to our Returns Department or some may be shipped back to your facility. The quotation will outline the procedure for handling of customer returns. In most cases, we will return to supplier (RTV) all items returned to our Returns Department. Restock charges may apply depending on the terms of the contract. Any Retailer's customer returns sent directly back to your facility must be communicated to our drop ship department within 5 days, so we can give our customers prompt credit to their account. Failure to notify us will be assessed a chargeback. See Page 14.
- This is important-- if we are not notified that the Retailer's customer's item has been returned, they will not receive credit to their account. If we are not getting credit for returns, we will request our address be on the package.

Package labeling

Traditional drop shipments direct to customer

- All packages are to look as if they have shipped from Retailer. Questions should be directed to the Drop Ship Manager.
- If our account is not credited for Retailer's customer returns, then our returns address must be included with the shipment. (Contact Drop Ship Manager for addressing.)

CHARGE-BACKS

We implemented expense-offset / charge-back charges to recover the costs of non-compliance with our Drop Ship Supplier Manual requirements. We would like to make it clear that we are not in the business of making money on charge-backs. We are, however, in the business of satisfying the customers of Retailers. If you supply us with complete, accurate, and timely information, we will work with you to help avoid charge-backs.

Please note that non-compliance charges became effective November 1, 1999. It is in everyone's best interest to comply with these requirements. We plan to work with you, our valued suppliers, to achieve this objective. Please contact us with questions and concerns regarding these charges.

The following are charge-backs that require further clarification:

1. **Past Due Orders:** You will be charged every time you miss a shipment due date or a confirmed back order date. These charges will be assessed under the following schedule:

If you fail to inform Colony Brands of a missed estimated ship date prior to that date you will be charged \$10.00 per order.

If you miss a first backorder date and we are forced to reissue our customer a second backorder date, you will be charged \$10.00 per order.

2. **Product Variation:** You will be charged for any written / phone correspondence we have with Retailer's customers if your products do not conform to the photo sample or the copy that you approved. The charge is a minimum of \$2.00 per item.
3. **Duplications:** You are responsible to implement safeguards to prevent the duplication of customer's orders. If duplicate shipments are made, you will be charged for all associated costs.

4. Returns/Refusals/Non-Deliveries of Hard Goods-----Failure to notify us will be assessed a charge of 1½ times the product cost or \$10 whichever is greater.
5. Failure to pick orders from VendorNet within 2 business days-----5% of Product Cost or \$2.00, whichever is greater.
6. Failure to update VendorNet within 5 Business days of shipment -----5% of Product Cost or \$2.00, whichever is greater.
7. Failure to answer supplier hold orders within 3 business days ----5% of Product Cost or \$2.00, whichever is greater.

ACKNOWLEDGEMENT

The undersigned, valued Supplier, hereby acknowledges receipt of the Colony Brands Drop Ship Supplier Manual, which includes the Master Drop Ship Terms and Conditions. In consideration for doing business with Colony Brands, the undersigned Supplier hereby agrees that the Master Drop Ship Terms and Conditions and the additional conditions specified in the Colony Brands Drop Ship Supplier Manual shall govern with respect to drop-ship orders to the undersigned Supplier from Colony Brands (including COs, accompanying documents, and the POs). The acceptance of orders (COs) shall be deemed to include acceptance of all such terms and conditions and provisions without the same being specifically included on the order form or CO.

Dated this _____ day of _____, _____

Print Supplier Legal Name

By _____

Print Name and Title of Authorized
Supplier Representative

Please include Remittance information here:

Company Name _____

Contact Name in A/R _____ phone# _____ Email: _____

Address _____

City, State, Zip Code _____

Please send this signed form to our Drop Ship Coordinator.