



Import Vendor Compliance Guide

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Introduction to the Ace Hardware Corporation's Import Vendor Compliance Guide

The Ace Hardware Corporation's Import Vendor Compliance Guide has been developed to assist existing and potential suppliers in understanding how to conduct business with the Ace Hardware Corporation. This document is designed to aid suppliers with a framework on which to build a successful relationship. All of our processes require the participation of the supplier and are necessary for the Ace Hardware Corporation to begin or continue a relationship.

The topics discussed in this handbook can change as Ace responds to changes in business conditions. We expect suppliers to diligently review the updated handbook and adjust practices accordingly. Please read each section thoroughly and continue to refer back to this document as needed. If questions arise that are not addressed by this document please, do not hesitate to contact the Import Merchandising Team.

FREQUENTLY ASKED QUESTIONS

If you have a question but are not sure whom to contact please consult the grid below to find the proper department to contact. The contact list can be found on the next page

I HAVE A QUESTION CONCERNING:	IMPORT DEPARTMENT TO CONTACT			
	Merchandising Team	Administrative Assistant	Logistics Team	Inventory Team
Banks		X		
Booking Purchase Orders			X	
Carriers & Transportation			X	
Carton Markings	X			
Containerization				X
Discrepancies and Penalties			X	
Factory Audits	X			
Factory Changes	X			
Factory Documents	X			
FOB Pricing	X			
Forecasts				X
Labeling	X			
Letters of Credit		X		
Manufacturer Number Changes	X			
Packaging	X			
Price Changes	X			
Purchase Order Inspections	X			
Purchase Orders				X
Ship Dates				X

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May 2014

TO: Prospective Ace Import Vendors
FROM: Ace Import Department
RE: Import Authorized Vendor Agreement

Thank you in advance for complying with our uniform standard for working with international vendors. Enclosed you will find documents necessary for you to review and complete in order for you to sell product to Ace Hardware on a direct import basis. Together, these documents comprise the "Import Authorized Vendor Agreement."

Documents:

*1) **Manufacturer, agent and bank information:** Actual point of production of goods must be provided. If you are consolidating the shipment, please call your Ace Import Buyer for further instructions. **Form must be completed in its entirety.**

*2) **Manufacturer's quote sheet:** One sheet needed for each item. **Form must be completed including duty rate, tariff code, and the completed material breakdown. (Quote sheets are only required for new items and product changes.) Also include line art or a jpeg image for of the item.**

*3) **Vendor Indemnification Agreement:** for national brand and Ace Brand products. **Form must be completed and signed by a vendor company executive.**

*4) **Certificate of Insurance Requirements:** Send a copy of your current insurance certificate to the Ace Import Department.

*5) **Vendor Compliance Program Agreement:** including supporting documents which covers letters of credit, documentation requirements, carton markings including SCC requirements, information related to compliance with U.S. laws, child labor guidelines, prison labor guidelines, country of origin marking guidelines, PO inspection procedure and other general Ace vendor requirements. **Form must be completed and signed by a vendor company executive.**

*6) **Proposition 65 Compliance Certification:** Vendor agrees to defend, indemnify and hold Ace Hardware harmless from any alleged violations of State of California Proposition 65 concerning products containing PVC. **Form must be completed and signed by a vendor company executive.**

7) **Factory Audit**: Required for Ace Hardware to be able to certify that Ace Hardware is compliant with U.S. Customs' standards of security under the "Customs-Trade Partnership Against Terrorism" (C-TPAT). **Factory Audits are required for all new Ace import vendors.**

*8) **Ace Hardware Vendor Security Questionnaire, Vendor Security Certification and Vendor Security Guidelines**: Forms must be completed in their entirety by a representative at the vendor company factory.

*9) **Festive Article requirements and Late Shipment Penalties for Christmas Vendors**: Special instructions for festive article and trim-a-tree vendors are detailed in this section, such as Ace Natural Plant Material Treatment Guidelines. "Vendor Compliance for Natural Plant Materials" **Form must be completed and signed by a vendor company executive.**

10) **W-9 form**: Tax ID information form is required to set up a new vendor.

11) **Private Label Agreement: Special agreement related to Ace-branded products.

*Items 1, 2, 3, 4, 5, 6, 8 and 9 above have a form that the vendor must sign and return in order to be eligible to sell to Ace Hardware on a direct import basis.

** Item 11 is required only from vendors who will provide Ace-branded products to Ace Hardware.

Sincerely,

Ryan Sester
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DOCUMENT CHECK LIST

The following documents are required to establish a vendor number. Each factory will be issued a vendor number. If you are using multiple factories you must submit one set of forms for each factory. Please return these forms to the Import Merchant assigned to you.

Direct Import Vendor Information Form

- ✓ Factory Information: Address of the factory producing the product(s)
- ✓ Vendor Information: Address of the vendor selling the product(s) to Ace
- ✓ Beneficiary Information: Name and address of the Beneficiary
- ✓ Advising Bank: Name and address of the advising bank
- ✓ Contact Person: Contact information for the person who will receive and approve the Letter of Credit
- ✓ If using multiple factories complete one sheet for each factory

Vendor Indemnification Agreement Form

- ✓ Form must be completed and signed by the vendor's authorized representative

Certificate of Product Liability Insurance

- ✓ All of the requirements listed must be met
- ✓ Ace will not issue a vendor number to any vendor that does not meet the listed requirements

Form W-9 (Request for Taxpayer Identification Number and Certification)

Form must be completed and signed by the vendor's authorized representative only if the "Vendor Address" section of the Direct Import Vendor Information Form is based in the United States.

Vendor Security Certification

- ✓ Form must be completed and signed by the vendor's authorized representative

Vendor Compliance Program Agreement

- ✓ Form must be completed and signed by the vendor's authorized representative

Vendor Security Questionnaire

- ✓ Form must be completed by the factory
- ✓ If using multiple factories one complete one sheet for each factory

Proposition 65 Compliance Certification

Vendor agrees to defend, indemnify and hold Ace Hardware harmless from any alleged violations of State of California Proposition 65 concerning products containing PVC. Form must be completed and signed by the vendor's authorized representative

Natural Plant Materials Certification of Compliance Form

- ✓ Form must be completed and signed by the vendor's authorized representative

ACE HARDWARE DIRECT IMPORT QUOTE SHEET (Complete all fields highlighted in Blue)

Vendor Name:

Vendor Number:

Manufacturer Number:

24 Character Description:

Purchase Price:

Port:

Harmonized Tariff Code:

Duty Rate%

20' Container Qty in Eaches:

40' Container Qty in Eaches:

Minimum Order Per Item:

Production Lead Time:

Material Breakdown by Weight or Value %

Name of Material %

1st Greatest Material:

2nd Greatest Material:

3rd Greatest Material:

4th Greatest Material:

Is this item subject to regulation by FDA, FCC or UL?

Is this item eligible under Free Trade Agreements /Programs?

PACKAGING LEVELS

Width in Inches:

Height in Inches:

Depth in Inches:

Weight in Pounds:

Cubic Feet:

Number of Eaches:

RETAIL PACKAGE (Not Item)

1
UPC (UCC-12 GTIN)
-
-
-

INNER CARTON

INNER CARTON (EAN/UCC-14 GTIN)
-
-
-

MASTER CARTON

MASTER CARTON (EAN/UCC-14 GTIN)
-
-
-

DETAILED PRODUCT DESCRIPTION

IMPORT BUYER USE ONLY

Landed Cost Date:

Acquisition Cost \$

Retailer Cost \$

Dept:

MC:

PG:

SRP:

GM%:

SUBMISSION TYPE

Stocked

Non-Stock

Savings Showcase

Power Buy

Red Hot Buy

Show Booth

ACE#

Ace Hardware Direct Import Vendor Information Form

Please note: U.S. Customs law requires Ace Hardware to identify the final point of manufacturing for all items we import as vendor of record. Factory information must be the actual manufacturer and not an importer or trading company. This is to ensure that our manufacturers comply with all applicable U.S. laws and regulations as well as new Custom's security initiatives.

Factory Information:

Factory Name _____
Address _____

City _____
Country _____
Tel: _____
Fax: _____
E mail _____
Contact Person _____
FOB Port _____

Vendor Information:

Vendor Name _____
Address _____

City, State, Zip Code _____
Country _____
Tel: _____
Fax: _____
E mail _____
Contact Person _____

Bank Information:

**LETTER OF CREDIT/POP
INFORMATION**

Please provide the following information for payment via Letter of Credit or Purchase Order to Pay:

1. Exact name and address of Beneficiary

2. Exact name and address of Advising Bank

3. Name and fax number of person to receive L/C application for approval:

Name: _____

Fax Number: _____

Phone Number: _____

Email: _____

Ace Hardware Corporation
Vendor Indemnification Agreement

In consideration for the purchase by Ace Hardware Corporation ("Ace") or any subsidiary of Ace (each, an "Ace Subsidiary") of any products and/or services from the entity named below ("Vendor") or any of Vendor's subsidiaries and/or affiliates (each, a "Vendor Entity"), Vendor hereby agrees to defend, indemnify and hold (i) Ace, (ii) each Ace Subsidiary, (iii) any and all Ace retailers and/or others to whom Ace or any Ace Subsidiary sells Vendor's products and/or services (each an "Ace Affiliate") and (iv) the respective officers, directors and employees of Ace, each Ace Subsidiary and each Ace Affiliate (all of the foregoing collectively referred to herein as "Ace Covered Entities") harmless from and against all third party claims, demands, liabilities, losses, damages, suits, judgments, costs, expenses (collectively, "Third Party Claims") and reasonable attorney's fees in any manner arising out of or resulting from:

- a) bodily injury, sickness, disease or death of any person or persons, or damage to or destruction of tangible property, including the loss of use resulting therefrom, caused by defects in the products (including but not limited to latent defects) or caused by or occurring during the course of performance of any services provided by or on behalf of Vendor and/or any Vendor Entity;
- b) the actual or alleged failure of Vendor's products or services to include (and/or Vendor's failure to provide to Ace or to any Ace Subsidiary or any Ace Affiliate if required to be so provided or if requested by same) instructions, warnings, restrictions, accurate descriptions or other materials required by, or to otherwise comply with any federal, state, provincial, county or local law, rule, regulation or ordinance applicable to the distribution, sale, offering for sale, installation, construction, use, labeling, packaging, chemical or material content disclosure, registration or disposal of such products or services; and/or
- c) the infringement or alleged infringement of any United States patent, trademark, trade dress, copyright or other intellectual property or third party right arising out of the (i) importation into the United States, or the intended use, offering for sale or sale of such products or (ii) performance or the intended use of such services.

Vendor expressly acknowledges and agrees that this Vendor Indemnification Agreement ("Agreement") applies to Third Party Claims arising not just from goods and/or services provided by Vendor from and after the date of this Agreement but also to Third Party Claims arising at any time from products previously sold and/or services currently and/or previously provided by Vendor and/or any Vendor Entity to Ace, any Ace Subsidiary and/or any Ace Affiliate whether on a 'drop ship' or 'warehouse order' basis or otherwise.

Vendor further expressly acknowledges and agrees that (i) this Agreement shall not, and shall not be deemed or interpreted to, nullify, render void or otherwise lessen or mitigate against the effectiveness of any other indemnity agreement that Vendor previously has executed or in the future may execute in favor of Ace Corporate and/or any Ace Subsidiary and (ii) this Agreement and such other agreement(s), if any, shall be collectively interpreted so as to effectuate the broadest possible indemnification and hold harmless obligation by Vendor.

If any provision of this Agreement shall be adjudicated to be invalid, overbroad or unenforceable, the parties agree that the court making such determination shall have the power to delete, amend and/or reduce the duration and/or scope of, the provision thus adjudicated to be invalid or unenforceable to the extent necessary for said provision to be adjudicated valid and enforceable, such deletion and/or reduction to apply only with respect to the operation of this Agreement in the particular jurisdiction in which such adjudication is made.

Vendor: _____ **[Print or type Vendor's full legal name]**

By: _____ **[Vendor's authorized representative signs on this line]**

Name: _____

Title: _____

Date: _____

CERTIFICATE OF INSURANCE REQUIREMENTS-
IMPORT PRODUCT VENDORS:

Commercial General Liability:

Aggregate Limit	\$2,000,000
Each Occurrence Limit	\$1,000,000
Products & Completed Operations	\$1,000,000
Personal & Advertising Injury	\$1,000,000

Umbrella:

(Follow Form Coverage)	\$2,000,000
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Ace Hardware Corporation and its Retail Dealers shall be named as additional insured on the vendor's insurance policies, excluding workers compensation. Insurance must be written with a carrier with an A.M. Best Key Rating of at least an A- . Should any of these policies be canceled, vendor will provide Ace Hardware Corporation 30 days written notice of the cancellation.

Revised 1/10

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:

☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

☐ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

				-				-				
--	--	--	--	---	--	--	--	---	--	--	--	--

Employer identification number

				-								
--	--	--	--	---	--	--	--	--	--	--	--	--

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign
Here

Signature of
U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

Disregarded entity. Enter the owner's name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

Note. Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
 2. The United States or any of its agencies or instrumentalities,
 3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
 4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
 5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
 7. A foreign central bank of issue,
 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
 10. A real estate investment trust,
 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
 12. A common trust fund operated by a bank under section 584(a),
 13. A financial institution,
 14. A middleman known in the investment community as a nominee or custodian, or
 15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

Signature requirements. Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee ¹ The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

August 15, 2005

Vendor # _____

Ace Hardware Corporation Vendor Security Certification

Vendor Number	
Vendor Name	
Vendor Address	
Complete Factory Name and Address	

We certify that we have reviewed the Ace Hardware Corporation Vendor Security Guidelines dated August 15, 2005, and comply with those guidelines in all material respects. We also certify that we are familiar with the Customs-Trade Partnership Against Terrorism (C-TPAT) program administered by U.S. Customs & Border Protection and the standards set out in that program. In the event that we fail to remain in compliance with either Ace's Vendor Security Guidelines or the C-TPAT program, we will immediately advise the Ace Hardware Corporation Import Department. We further understand that our continued compliance with the Ace Vendor Security Guidelines and the C-TPAT program are requirements for doing business with Ace Hardware Corporation.

Signature of Authorized Representative	
Print Name	
Title	
Date	

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SECTION: ACE BRAND & FOREIGN SOURCING
SUBJECT: COMPLIANCE WITH U.S. LAWS
POLICY & PROCEDURE NO: FS - 1

DATE: May 2014
PAGE: 1 OF 4
SUPERCEDES: ALL PREVIOUS

PURPOSE:

To clarify and restate our corporate procedure that will (1) educate our vendors with respect to our requirements for compliance with all United States laws and regulations, and (2) emphasize that we expect moral and ethical standards to be maintained by the vendors that we do business with. Specifically, three legal compliance issues are of utmost importance to Ace Hardware: illegal child labor, prison labor, and country of origin labeling.

PROCEDURES:

Although pricing, quality, and delivery schedules are significant factors in Ace's decision to select and continue buying from a particular vendor, we also consider noncommercial factors in the selection process. It is extremely important that our vendors attest to their willingness and ability to conduct their operations in full compliance with all applicable United States laws and regulations, and the moral and ethical standards referenced above. Therefore, we will now require that a "Certificate of Compliance with U.S. Laws and Regulations" (see attached) be signed by an officer of each company with which we do business, and subsequently be returned to us to be maintained on file in our offices.

The certificate covers three very important U.S. legal issues, summarized below and in the attached guidelines:

Child Labor: The United States prohibits the importation into the U.S. of merchandise manufactured with illegal child labor. (29 USC 212)

Prison Labor: The United States prohibits the importation into the U.S. of merchandise manufactured with convict labor, forced labor or indentured labor. (19 USC 1307)

Country of Origin Labeling: The United States prohibits the importation into the U.S. of merchandise with inaccurate or misleading country of origin labeling. (19 USC 1304)

Federal Hazardous Substance Act: Labeling and Banning Requirements for Chemicals and Other Hazardous Substances 15 U.S.C. § 1261 and 16 C.F.R. Part 1500

Refusal to sign the attached certificate may result in the cancellation of all current Ace purchase orders, as well as the termination of the vendor-buyer relationship for the future.

CHILD LABOR GUIDELINES:

No producer, manufacturer, or dealer shall ship or deliver for shipment in commerce any goods produced in an establishment in which within thirty days prior to the removal of such goods there from any oppressive child labor has been employed. "Oppressive child labor" means a condition of employment under which (1) any employee under the age of sixteen years is employed by an employer (other than a parent or a person standing in place of a parent employing his own child or a child in his custody under the age of sixteen years in an occupation other than manufacturing or mining or an occupation considered to be particularly hazardous for the employment of children between the ages of sixteen and eighteen years or detrimental to their health or well-being) in any occupation, or (2) any employee between the ages of sixteen and eighteen years is employed by an employer in any occupation considered to be particularly hazardous for the employment of children between such ages or detrimental to their health or well-being.

PRISON LABOR GUIDELINES:

All goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or/and forced labor or/and indentured labor under penal sanctions shall not be entitled to entry at any of the ports of the United States, and the importation thereof is hereby prohibited, and the Secretary of the Treasury is authorized and directed to prescribe such regulations as may be necessary for the enforcement of this provision. "Forced labor", as herein used, shall mean all work or service which is exacted from any person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily.

COUNTRY OF ORIGIN MARKING GUIDELINES:

Except as hereinafter provided, every article of foreign origin (or its container) imported into the United States shall be marked in a conspicuous place as legibly, indelibly and permanently as the nature of the article (or its container) will permit in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article.

Exceptions to these requirements may be made if:

- A. Such article is incapable of being marked;
- B. Such article cannot be marked prior to shipment to the U.S. without injury;
- C. Such article cannot be marked except at an expense economically prohibitive of its importation;
- D. The marking of a container of such article will reasonably indicate the origin of such article;
- E. Such article is a crude substance;

- F. Such article is imported for use by the importer and not intended for sale in its imported form or in any other form;
- G. Such article is to be processed in the United States by the importer or for his account otherwise than for the purpose of concealing the origin of such article and in such manner than any mark contemplated by this section would necessarily be obliterated, destroyed, or permanently concealed;
- H. An ultimate purchaser, by reason of the character of such article or by reason of the circumstances of its importation, must necessarily know the country of origin of such article even though it is not marked to indicate its origin;
- I. Such article was produced more than twenty years prior to its importation into the United States;
- J. Such article is of a class or kind with respect to which the Secretary of the Treasury has given notice by publication in the weekly Treasury Decisions within two years after July 1, 1937, that articles of such class or kind were imported in substantial quantities during the five year period immediately preceding January 1, 1937, and were not required during such period to be marked to indicate their origin;
- K. Such article cannot be marked after importation except at an expense which is economically prohibitive, and the failure to mark the article before importation was not due to any purpose of the importer, producer, seller or shipper to avoid compliance with this section.

COMPLIANCE OF FEDERAL HAZARDOUS SUBSTANCE ACT (FHSA)

The FHSA requires precautionary labeling on the immediate container of hazardous household products to help consumers safely store and use those products and to give them information about immediate first aid steps to take if an accident happens. The Act also allows the Consumer Product Safety Commission to ban certain products that are so dangerous or the nature of the hazard is such that the labeling the act requires is not adequate to protect consumers.

In addition, under the Consumer Product Safety Act, the Commission has banned:

- (1) Certain extremely flammable contact adhesives (16 C.F.R. 1302);
- (2) Paint and other surface coatings containing more than .06% lead, and furniture, toys, and other articles intended for use by children that are coated with such paint (16 C.F.R. 1303); and
- (3) Consumer patching compounds and artificial ashes and embers used in fireplaces containing free-form asbestos that can be inhaled (16 C.F. R. 1304 and 1305).

The Commission has also issued labeling requirements for aerosol products that contain chlorofluorocarbons warning that the substance may harm health and the environment by reducing the ozone in the upper atmosphere (16 C.F.R. 1401).

Vendor # _____

To: Ace Hardware Corporation
Fax: 630-990-0912

VENDOR COMPLIANCE PROGRAM AGREEMENT

I, _____, holding the position of _____
with _____, certify that I have received, reviewed, and
understood the following Ace Hardware Vendor Compliance procedures:

- 1) Procedure No PY-1, Letters of Credit
- 2) Procedure No SI -1, Documentation
- 3) Procedure No SI - 2, Carton Markings
- 4) Procedure No FS -1, Compliance with U.S. Laws

Concerning illegal child labor, prison labor, and inaccurate country of origin labeling. Furthermore, I certify that I have instructed my company, as well as all of its factories and suppliers, that we will not knowingly allow the importation into the U.S. of any merchandise that has been manufactured with child or prison labor, or that has been labeled with inaccurate or misleading country of origin information. In addition, I certify that I will instruct my staff to begin incorporating these procedures on all current and future Ace orders.

5) Additional Vendor Requirements:

- a) Vendor to provide copy of product liability insurance from a U.S. based carrier covering the period the merchandise would be used in the U.S. with coverage of 2 million dollars per incident prior to acceptance of purchase order.
- b) Vendor to conform to all U.S. packaging requirements and UPC label requirements and will exercise independently of Ace Hardware any research that is required to insure compliance with laws and regulations.
- c) Vendor certifies that all products meet any and all U.S. standards and guidelines including but not limited to: UL, Consumer Protection Agency, or ANSI where applicable.
- d) Vendor to provide independent laboratory test date as needed or requested.

(signature)

(date)

Ace Hardware Corporation Vendor Security Guidelines

I. Introduction

These guidelines are intended to provide the vendors of Ace Hardware Corporation (ACE) with requirements for our supply chain security. It is the intention of ACE to work as a partner with U.S. Customs in the Customs-Trade Partnership Against Terrorism ("C-TPAT"). Under C-TPAT, U.S. Customs mandates that we, ACE, require our vendors to comply with basic security requirements. These guidelines help our vendors understand what those requirements are.

ACE will verify that vendors are complying with these requirements by asking vendors to complete a Vendor Security Questionnaire and Certification on a regular basis. In addition, we will periodically visit or audit vendor facilities to ensure that security procedures are in place. It is important for every vendor to understand that we are committed to the C-TPAT program and ensuring that our vendors meet these guidelines. If a vendor still has certain security weaknesses but is diligently working towards enhancing those aspects of its security, we will work with that vendor to help them complete their plan. However, where a vendor refuses to meet these guidelines, it is the policy of this company not to purchase goods from that vendor.

Vendor security requirements can be broken down into five specific areas. They are as follows:

1. **Physical Security:** All buildings and the surrounding grounds should be secure from intrusion. For example, yards should be fenced and doors and windows should be locked.
2. **Access Controls:** Procedures are in place to limit access to the facility, and particularly shipping, loading and cargo areas, to only authorized personnel. Typical procedures include gated access to the facility staffed by security personnel, badges for employees, and visitor sign-in sheets.
3. **Procedural Security:** The vendor has procedures in place to oversee loading and unloading of goods and to protect against the introduction of unlawful material. Procedures include controls to ensure that markings and the count of shipments are correct, procedures for verifying seals, and procedures for detecting overages and shortages.
4. **Personnel Security:** The vendor conducts some type of screening of its employees. This may include verification of references, background checks and other screening techniques.
5. **Education and Training Awareness:** The vendor trains employees regarding security procedures.

II. Specific Security Guidelines

It is important to identify each facility and/or factory where goods are being packaged and shipped directly to our company. The vendor must ensure that these security guidelines are met for each facility or factory used. Furthermore, the vendor must advise us of each facility, along with the company name, location and principals.

A. Physical Security

1. Buildings: All buildings should be constructed of materials that resist unlawful entry and protects against outside intrusion. If a building is open, without walls in certain locations, then it will be difficult to protect against intrusion. It is preferred that buildings use doors and windows that can close and be locked for access to the outside. At a minimum, cargo handling and storage facilities must have physical barriers and deterrents that guard against unauthorized access.
2. Perimeter Security
 - The perimeter around buildings should be adequately lighted. The lighting should illuminate the outside of the buildings, entrances and exits, fence lines, and any parking or storage areas. This lighting shall be maintained in good operating condition. Those lights found inoperable shall be replaced or repaired immediately. The purpose of perimeter lighting is to discourage outside intrusion risks to the facility.
 - It is preferred that each facility use perimeter fencing (preferably 10 foot high chain link fence) and gates to ensure against outside intrusion. Fencing should surround the facility grounds, including all parking areas, cargo handling areas and any areas where empty or full containers will be stored. Fencing should be regularly inspected for integrity and damage.
 - Where fencing is used, gates should be monitored and closed when not in use.
 - Where fencing is not used around the perimeter, a facility should take other measures to secure the buildings, loading or cargo areas and any areas where empty or full containers are stored. Alternative measures include locking devices on building doors and windows, locking devices on stored containers, use of security guards, motion sensors, closed circuit TV and/or specific methods to protect trailers/containers that are left open in loading areas after close of business. The vendor must ensure that the alternative perimeter security measures used adequately protect buildings, loading or cargo areas and stored containers.
3. Windows and Doors

- Windows and doors should be adequate to secure against unauthorized people and should be kept locked when not in use. When windows and doors are unlocked, trained personnel should be present to prevent unauthorized access to the building.
 - Windows should be capable of locking from the inside of the building.
 - Doors should have padlocks or keyed door locks.
 - It is preferred that building exits be controlled through the use of local or monitored alarm systems.
 - Keys should only be issued to those individuals authorized to gain access to the facility. A key log should be maintained detailing those persons issued keys, dates issued/returned and what access those keys control. Generally, management personnel should handle all keys. Procedures should be in place to change locks if keys are lost or stolen.
4. Alarm Systems: Alarm systems are not required, but can provide an added degree of security if other physical barriers are not used (such as perimeter fencing). These alarm systems should be, at a minimum, monitored locally by trained security personnel with training on how to respond to given alarm signals.
 5. Parking areas should be separated from shipping, receiving loading dock and container storage areas. It is preferred that they be separated by a fence. However, physical separation on different sides of the building would be acceptable as long as other security measures are in place.
 6. If products are destined for domestic sale, it is preferable to segregate those goods or any dangerous cargo either within the facility or outside the facility. It is preferable that the area be fenced or otherwise physically separated from international merchandise.

B. Access Control

Procedures should be in place to prohibit unauthorized access to shipping, loading dock and cargo areas.

1. If the facility has a perimeter fence and gate, access control can take place at the gate. If that is not practical, the building should identify a limited number of entrances (preference would be for one ingress/egress location) that are monitored and access control should take place at that point.
2. Access control involves verifying that all individuals entering the facility are authorized to do so. Authorized individuals can be divided into essentially two groups: employees and visitors.

3. At the point of access control, facility personnel should verify that the person is authorized to enter the facility. Trained personnel should monitor the point of access control.
4. Employees should be given badges or identification cards for ease of identification. Whatever method is used, it must ensure that only authorized individuals enter the facility. Company Management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for issuance, removal and changing of access devices must be documented.
5. It is preferred that visitors be given some type of visitors badge or pass to be displayed while in the facility. At a minimum, visitors should be required to identify themselves and verify that they are supposed to be in the facility. It is preferred that visitors sign in and sign out upon leaving. At a minimum, the facility must have some procedure in place to ensure that unauthorized persons cannot enter the facility and roam the facility unchallenged.
6. Visitors should not have ability to move freely within the building or facility. They should be escorted from the point of entry to the location they need to visit, monitored while in that area and then escorted back to the area of exit.
7. Vendors must be especially careful with access to shipping, loading dock and cargo areas to ensure that only authorized individuals are allowed. Management should monitor those areas and challenge any person that is not authorized.
8. Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors and other visitors. Arriving packages and mail should be periodically screened before being disseminated.
9. The facility should have procedures in place to notify authorities if unauthorized individuals are discovered. The facility should have a telephone, radio or some other method for contacting the local authorities.

C. Procedural Security

Procedural security involves all measures for checking incoming and outgoing goods to protect against loss of merchandise or the introduction of illegal materials.

1. Procedures should be in place to ensure that outgoing and incoming shipments contain what they are said to contain. At a minimum, management personnel should supervise the unloading of incoming shipments and the loading of outgoing shipments.

2. Personnel supervising the loading process should ensure that the goods being loaded are properly marked, weighted and counted. In some instances, a facility may have a quality control process to address this. In other instances, this process is done at the time of loading. At a minimum, the vendor should have some process in place to verify marks, weights and counts.
3. Procedures should be in place to then document what has been loaded for shipment. It is preferred that the supervising personnel sign such documentation.
4. Procedures must be in place to identify overages and shortages. If these are identified before documentation has been prepared, the documents should include the correct information. If these are identified after the shipment has been made, the vendor should have procedures to immediately notify the carrier and the importer.
5. Procedures must be in place to verify the physical integrity of the container structure prior to the stuffing, to include the reliability of the locking mechanisms of the doors. A seven-point inspection process is recommended for all containers: front wall, left side, right side, floor, ceiling/roof, inside/outside doors, outside/undercarriage.
6. A high security seal must be affixed to all loaded containers bound for the United States. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals.
7. Written procedures must be in place to place and verify seals on containers, trailers and railcars. Someone at the facility should physically verify that the seal is correct and has not been tampered with at the following times: when cargo is received; when containers/trailers are loaded; and when containers/trailers are picked up and placed into the custody of the carrier. Written procedures must ensure that container seals are reported to the carrier with the manifest information. Procedures should be in place to notify local authorities if seals are compromised or tampered with in any way. Only designated employees should distribute container seals.
8. Manifest information must be prepared specifically describing the products and the counts. Customs 24-hour manifest reporting rule mandates that manifest information be correct and complete. At a minimum, procedures should ensure that the supervised loading information is used to create accurate and complete manifest information to transmit to the carrier. Invoice and packing list documentation should be prepared using the same loading information. If errors are discovered in manifest information, the facility must have a procedure to immediately notify the carrier and the importer.

9. Procedures should be in place to ensure that all information used in the clearing of merchandise/cargo is legible, complete, accurate, and protected against exchange, loss, or introduction of erroneous information. Documentation control should include safeguarding computer access and information.
10. The facility should have a plan in place to ensure that empty and full containers that are stored on site are secure. That plan should involve both physical security and procedural security. Containers should be stored in fenced-in areas that have adequate lighting. It is preferable that container storage areas be separated from parking areas. If stored containers are not fenced in, the facility should provide some other means to secure containers while stored. Procedures should be in place to monitor stored containers in the yard. Those procedures should include locking procedures, traffic management identifying when containers are delivered and picked-up and limitations on how long containers can remain in storage. It is also recommended that all containers, empty and full, be controlled via a seal program. This program should include the logging of these seals, to include date sealed and a scheduled review of these seals against the log on a regularly basis.
11. The facility should have procedures and requirements that protect the cargo during its transportation from the facility grounds until it is turned over to the importer. If the vendor is employing a carrier for transportation to the port, the vendor should verify that the carrier used has its own security procedures. Carriers should be required to perform background checks or screening on truckers, check seals at time of pick-up and delivery, and have security procedures for cargo while it is on route. If the facility uses its own employees and conveyances, then these same procedures should be in place. The vendor should have procedures that track the goods from pick-up to delivery. Someone at the vendor should verify both pick-up and delivery to the port.

D. Personnel Security

Every vendor must have some type of employee screening procedure. We prefer a comprehensive background check that includes criminal history, past addresses, past employment, etc. At a minimum, if allowed by law, vendors should verify criminal history, past addresses and immigration status. In addition, references and past employment should be checked. Policies should be in place to not hire employees with background issues.

E. Security Training

Employees should be given some training in security procedures. Where an employee is expected to carry out a security task, such as access control or key responsibility, that employee should get specific training on that job. For example, employees responsible for screening persons at gates and entrances should be given instructions. Employees in shipping should be given specific instructions on procedures to ensure that shipments contain what they are said to

August 15, 2005

contain. All employees should get some type of training regarding physical security of the building and procedural security. For example, employees should be advised what to do if they see an unauthorized person in the facility. This training should be in written form. Those completing the training should sign off on a document indicating their understanding of the training and the date the training was completed. This documentation should be maintained while the employee remains with the facility and for a set period after their termination.

F. Information Technology Security

Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards must be in place and provided to employees in the form of training. A system must be in place to identify improper access, tampering and abuse of the IT system. System violators should be subject to appropriate disciplinary actions.

G. Security Plan

Each facility should have a written security plan. If a vendor does not have one currently, they should be able to prepare one within 30 to 60 days. A security plan is a written document that describes the overall security of that facility. A good security plan will describe measures for the physical security of the buildings and grounds, procedures to control access to the facility (e.g., employee badges, guards), procedures for employment screening and background checks, any employee security training that takes place and procedural security for the handling of incoming and outgoing goods. The security plan should at a minimum address all the topics listed in these Vendor Security Guidelines.

Ace Hardware Corporation Vendor Security Questionnaire

1. Identify below the facility and/or factory where goods are packaged and shipped directly to Ace Hardware. For each such facility, state the company name, location and principals.
2. **Please advise whether the company is a member of the Customs-Trade Partnership Against Terrorism (C-TPAT), the Business Anti-Smuggling Coalition (BASC) or any other security program administered by a foreign government or international organization. C-TPAT members must provide a valid SVI number or a certificate or letter from U.S. Customs & Border Protection signifying C-TPAT membership. Please also provide written documentation of participation in any other security program.**
3. For the above-mentioned facility and/or factory identified in response to question No. 1, please respond to the following:
 - a. Does the facility have a security plan? If the company does not have a security plan, please confirm it can create one within the next 30 to 60 days.
 - A security plan is a written document that describes the overall security of that facility.
 - A good security plan will describe measures for the physical security of the buildings and grounds, procedures to control access to the facility (e.g., employee badges, guards), procedures for employment screening and background checks, any employee security training that takes place and procedural security for the handling of incoming and outgoing goods, including the verification of container integrity and seals.
 - b. Please describe the physical security of the buildings and grounds.
 - Describe the general structure of the building and particularly physical barriers.
 - Describe any fencing or enclosure around all or part of the facility and how the gate, if any, is secured. Are the entire grounds enclosed? If there is no enclosure around the outside grounds, how are the outside grounds secured?
 - Is any fencing regularly inspected for integrity and damage?
 - Describe the lighting outside the facility. Are the entrances/exits, cargo handling and storage facilities, fence lines and parking areas adequately lighted?
 - How are people prevented from entering the windows and doors in the facility?
 - Are there locks (e.g., keyed doors or padlocks) on the external doors and windows? If so, describe generally what doors and windows are locked and when they are not locked. When doors are not locked, is anyone

present to prevent unauthorized people from entering the facility? Who is in charge of the keys to the exterior doors?

- Is there an alarm system or video surveillance? Describe any existing systems. What are the procedures in case of alarm?
- Describe how parking areas are separated from shipping, receiving and loading dock areas. Describe physical barriers and deterrents that guard against unauthorized access to cargo handling and storage facilities.
- If the company is currently upgrading the physical security of your grounds, please advise what is being done and when it will be completed.

c. Describe what procedures are in place to prohibit unauthorized access to shipping, loading dock and cargo areas?

- Describe the where gates are located and how many gates service the facility. Is there anyone stationed at the gates and doors of the facility to determine if a person is authorized to enter the facility? If so, explain how this system works.
- Is there a system to identify employees, visitors and other people authorized to be in the facility? Are all employees issued badges, identification cards or some other type of identification? Are there written procedures for removal of keys or access cards?
- How does the company control visitors and other vendors such as truck drivers who are in your facility? Does it use sign-in sheets or some other type of control? Does the company check photo ID of arriving visitors or drivers?
- Is someone present in the shipping, loading dock and cargo areas to verify that everyone there is authorized?
- What are the procedures for challenging unauthorized or unidentified persons?
- If the company is planning on adding any new procedures, please advise what those procedures are and when they will be in place.

d. Describe how empty or full containers are stored outside of the facility.

- What type of lighting is used where containers are stored?
- Are containers stored inside a fenced or otherwise enclosed area? Please describe that area.
- How does the company prevent someone from opening and placing unauthorized items in a container that is parked in your yard?
- How long do containers stay outside the yard once they are ready for shipment or while they are awaiting pick-up.

e. Are there phones at the facility to call local police? Are members of management or security personnel available at all times to telephone local police

f. Does the company sell its products to local customers?

- If yes, how does it keep the domestic and international shipments separated?
 - For example, does it use a separate warehouse or do you keep the international goods in a fenced area in your warehouse. Please describe.
- g. How does the company check incoming and outgoing goods to protect against loss of merchandise or the introduction of illegal materials?
- Describe procedures to ensure that outgoing and incoming shipments contain what they are said to contain.
 - For example, is the loading or unloading of cargo supervised by someone from management? If yes, who is responsible and does the responsible individual fill out some type of documentation? Please describe.
 - Describe company procedures for detecting shipment overages and shortages.
 - Are departing shipments verified against purchase orders?
 - Are drivers receiving outbound cargo positively identified before cargo is released?
- h. What procedures does the company use to ensure that goods are properly marked, weighted, counted and documented on shipping documents?
- For example, does the company have a quality control procedure to ensure proper markings and count of merchandise?
 - How does the company ensure that the manifest information transmitted to the carrier is correct?
 - What does the company do if it later discovers a discrepancy in the manifest information that you have provided? Does it have a procedure to notify the carrier and Ace?
 - What procedures are in place to ensure that the information used for documenting cargo is legible, complete, accurate and protected? What procedures ensure that information on computers is protected?
- i. How does the company verify the physical integrity of containers, trailers or railcars and the seals on containers, trailers or railcars?
- Does the company verify the physical integrity of the container prior to stuffing? For example, does the company perform a seven-point inspection for containers before loading?
 - Does the company have written procedures for addressing how seals are controlled and affixed to the containers? Are there procedures for reporting compromised seals to Ace or the proper authorities?
 - Who is in charge of verifying, maintaining and distributing seals?
 - What are the procedures if the company finds tampering with a seal?
- j. How does the company ensure that goods that it transports from the facility to the point of export are transported safely?

- Specifically, what does the company do to ensure that the goods get to the port does so safely? Does the company have certain safety requirements for inland shipping companies that you use?
 - How does the company track the movement of goods being shipped to Ace Hardware? Does someone verify when the goods are picked up and then when they are delivered to the appropriate carrier? How is this done?
- k. Describe company policies regarding screening prospective employees and background checks, if any.
- What does the company do to screen prospective employees?
 - For example, does the company perform background checks? Does it check for a valid residence address? Does it verify proper immigration status, if applicable? Does it check references or past employers?
 - Are there procedures in place to remove identification, facility and system access for terminated employees?
- l. Describe any security training provided to employees.
- Does the company discuss security procedures with employees?
 - Does the company instruct employees on any of the procedures and/or policies described in response to the questions above? For example, do employees understand what they should do if they see an unauthorized person in the building? Are employees responsible for screening persons at gates and entrances given instructions? Are employees involved in shipping instructed on procedures to ensure that shipments contain what they are said to contain?
- m. Describe how the company secures its information technology resources such as computer and other electronic data..
- Do the automated systems use individually assigned accounts that require a periodic change in password?
 - Does the company have IT security policies in place and are these policies communicated to employees?
 - Does the company have a system in place to identify improper access, tampering or abuse of the IT system?

Vendor # _____

Proposition 65 Compliance Certification

PVC Coated Wires and Cables
Vendor Certification

_____, (“Vendor”),
hereby certifies that by the Effective Date all of Vendor’s products containing polyvinylchloride coated wires and cables (including plugs) will either be exempt from Proposition 65 warnings or will contain warnings in compliance with Section 7 of the Consent Judgment in Mateel Environmental Justice Foundation v. Sprint Communications et al., and Mateel Environmental Justice Foundation v. Belkin Components et al., San Francisco Superior Court Cases Nos. 312962 and 320342. Vendor further agrees to defend, indemnify and hold Ace Hardware Corporation harmless from any alleged violations of Proposition 65 concerning products containing polyvinylchloride coated wires and cables (including plugs) supplied by Vendor.

Vendor’s Legal Name	
Authorized Signature	
Print Name	
Date	

Vendor # _____

Ace Hardware Corporation
Natural Plant Materials – Import Vendor Certification of Compliance

Check all that apply:

- ☐ We certify that none of the imported items that we sell to Ace Hardware Corporation contain natural plant materials.
- ☐ We certify that none of the Chinese-origin items that we sell to Ace Hardware Corporation contain wooden logs, limbs, branches or twigs measuring greater than 1 cm in diameter with intact bark. [These items are banned from importation].
- ☐ We certify that some or all of the imported items that we sell to Ace Hardware Corporation contain natural plant materials and that these are treated in accordance with the attached Ace Hardware Natural Plant Material Guidelines and comply with all U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (“APHIS”) laws and regulations. The specific natural materials and treatments to be performed are detailed below [attach additional sheets as necessary] and we will provide written certifications of the same with each shipment.

Ace No.	Name(s) of Natural Plant Materials(s)	Treatment Performed (Be specific, noting any applicable temperatures, times, etc.)

- ☐ We certify that we will notify Ace Hardware Corporation of any changes to plant material content and we will obtain Ace Hardware’s approval before shipping items containing natural plant materials not specifically described in the Ace Hardware Guidelines.
- ☐ We understand that USDA requirements are subject to change and that it is our responsibility to ensure that all of our items comply with those requirements.

Company:	
Signature of Authorized Representative:	
Print Name/Title:	
Name of Shipper Or Exporter: (If different from Company name above)	
Date:	

Digital Image Requirements for Vendor Supplied Images

Digital images are used in the following Ace Hardware Applications: acehardware.com, Ace Image Solutions website, Advertising, Planogram, ACENET, DVD Checklist and National Catalog.

Please provide the following requirements to your photographer or graphics specialist. If the requirements are unable to be met, please send an actual sample, in excellent packaging condition to the address below. Please ensure to pack very carefully, in order to prevent damage during shipment.

DIGITAL IMAGE REQUIREMENTS

- **Photography Standards**

- Remove ALL warning or otherwise unnecessary labels on the product; manufacturers name and descriptive labels are acceptable.
- Only the English language should be visible on the product.
- A glamour shot (**3/4 view, taken at angle & out of packaging**), is required to show depth or additional details on a product.
- A plan-o-gram shot (**straight-on & in the packaging**), is required to show how the product will be displayed in a retail store setting.
- A group shot is required when there is more than one style or design.
- Additional views are encouraged. These views include lifestyle, in-use or enhanced views to show specific details on a product.
- Before shooting, keep the area behind the product free of any clutter or debris.

- **File Format and Image Size**

- Encapsulated postscript (*.eps) for PC (not Mac)
 - Color mode = CMYK (cyan, magenta, yellow and black)
- JPG (*.jpg)
- TIFF (*.tif)
- Original image capture resolution should be at least 300 dots per inch (dpi)
- Physical printed size at 100%
- 3” minimum size dimension, or 900 pixels

- Image file name should be the Ace stock number (5 or 7 digits)

- **Unacceptable image formats**

- Microsoft Word (*.doc)
- Microsoft Excel (*.xls)
- Microsoft Power Point (*.ppt)
- Microsoft Publisher
- PDF (*.pdf)
- BMP (*.bmp)
- GIF (*.gif)
- Images copied from the internet
- Images **LESS THAN** 300dpi (any format)

LOGO

For Printed Materials

The **preferred** format for vendor logos is Adobe Illustrator EPS. For best results, supplied logos should be vector art. **DO NOT** send logos that are embedded in word processing documents or Power Point files.

Please send CD or DVD to the following address:

Ace Hardware Corporation – Digital Imaging
Attn: Janice Rhodes or Joe Galvan/Merchandising
2200 Kensington Court
Oak Brook, IL 60523

If you have any questions regarding our imaging requirements, please contact Joe Galvan, jgalv@acehardware.com or Janice Rhodes, jrhod@acehardware.com.

1/2012

PROCEDURE FOR SUPPLYING INFORMATION FOR ACE-DESIGNED PACKAGING



Ace Hardware and RRD can produce final packaging art files for Ace Brand products. Please follow the steps below for supplying the correct information.

Initial Requirements

Please provide as much of the following information as possible:

- Packaging dimensions
- Product positioning for carded items
- Packaging type (clam, blister, box, card, etc.)
- Ace product number (article number)
- Text (include warnings, instructions, legal text, etc)
- Packaging dielines
- Layout
- UPC / barcode
- Country of origin
- Images/Line art

Art Requirements

- Adobe Illustrator AI/EPS/PDF files for dielines, line art
- All text should be editable (not outlined)
- All images used must be 300 DPI
- It is preferable to set up Illustrator documents using four different layers (Trim, Die, Text, Art)

FTP Site Login Information

Ace uses an RR Donnelley FTP site to transfer large files directly to the Ace Brand Art Department. The site can be accessed two different ways:

- **BROWSER METHOD:**
<http://ftp.rrdelgin.com/Login>
User name: acebrand
Password: hardware
Zip all files and load them into the "to_rrd" folder.
- **FILE TRANSFER AGENT METHOD:**
Hostname: ftp.rrdelgin.com/to_rrd
User name: acebrand
Password: hardware
Zip all files and load them into the open window.

It is critical that you send an email to the two contacts below when placing files on the ftp site.

Contact Information

Cindy Brasic, Ace Brand Manager
2222 Kensington Ct., Oak Brook, IL 60523
cbras@acehardware.com • 630-990-6698

Ted Mielas, RR Donnelley, Packaging Specialist
2222 Kensington Ct., Oak Brook, IL 60523
ted.mielas@rrd.com • 630-990-8267



Brand Standards

November 1, 2012 / Version 03



Ace Logo

The Ace logo is the anchor of the design system. The Ace logo should be the primary focus of packaging and merchandising.

Color Usage

The Ace logo is printed in PMS 186 and Black. The Ace logo may be printed in the “Black Only” version provided, but the spot color version is preferred. No other color combinations are acceptable. The Ace logo is always placed on the Core or Premium background color (see: [Core Panel Build Guide](#) and [Premium Panel Build Guide](#) sections). The logo and brand colors never print in 4-color process (CMYK); when printing packages with 4-color photos, the print job would consist of 6 colors (4-color process plus the 2 spot colors) and an overall flood varnish.

Whenever it’s necessary to convert the Ace logo to a 4-color process (CMYK) equivalent, the approved breakdown of color is exactly: 0 cyan, 100 magenta, 81 yellow, 4 black. Please inform the Ace Brand team as a match print proof may be necessary.

NOTE:

The Ace logo is a lockup. All elements within the logo should never be removed, distorted or altered in any way.

Preferred Ace Logo Correct Usage:

For use on all Ace packaging where the Ace logo bleeds off the right side of the panel.

PMS 186 & black Litho Logo



Core: PMS 186 & white Flexo Logo
Note: Beveled border is 100% white



Premium: PMS 186 & black Flexo Logo
Note: Beveled border is 30% black



Process Black Logo



Alternate Ace Logo Correct Usage:

For use on all Ace packaging where the Ace logo does not bleed off the right side of the panel.

PMS 186 & black Litho Logo



Core: PMS 186 & white Flexo Logo
Note: Beveled border is 100% white



Premium: PMS 186 & black Flexo Logo
Note: Beveled border is 30% black



Process Black Logo



Incorrect Ace Logo Usage:





Ace Logo

Logo Placement

The Ace logo is always right justified and should be placed in the upper right corner of package fronts and merchandising panels. A measurement of 10% panel height clear space above the brand logo is preferred.

Sizing

The Ace logo is supplied in vector art format; the Ace logo can be scaled up as large as necessary and down to a minimum size of 0.25 inch H.

Clear Space or the “A” Space

The clear space or “A” space is defined by the height of the lower left triangular space of the “A” in ACE. The “A” space is used as the basis for most measurements on the panel. The brand logo should bleed off the right side and have a minimum one “A” space of clear space around it at all times and in all instances on a panel.

The “A” Angle

The “A” angle is defined by the angle of the letter “A” within the Ace logo and is always 34.125°.



Legend

Clear spaces defined in this document use the following color keys:

“A” space: Defined by the HEIGHT of the lower left triangular space of the “A” in ACE



“A” angle: Defined by the angle of the letter “A” in ACE



Colors

These are the spot colors as used on the Ace logo and the Ace Brand Core, Premium, and Lawn and Garden packaging. No other color combinations are acceptable.

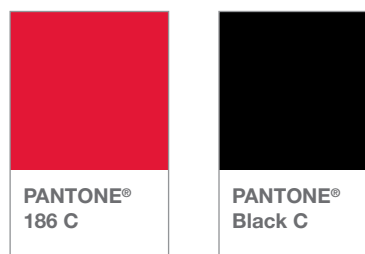
These colors should never print in 4-color process (CMYK). When printing packages with 4-color photos, the print job would consist of 7 colors: 4-color process plus the Ace logo spot color (PMS 186), the packaging spot color and the category color differentiation spot color. If the package does not require a category color differentiation then the package will consist of 6 colors.

The versioning color hierarchy was designed to differentiate items within the same category (see: [Category Color Differentiation](#) section).

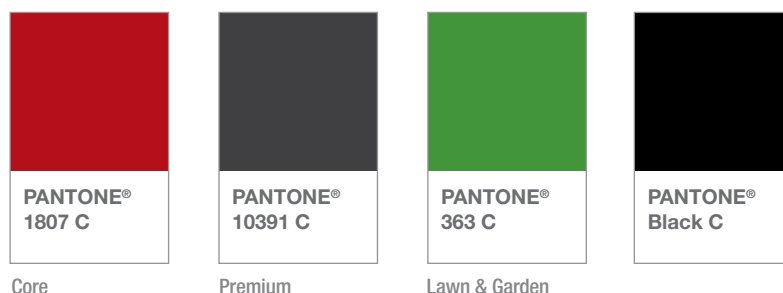
NOTE:

The versioning color hierarchy secondary palette is provided for use of color within the descriptor tab on flexography printing only. All other printing methods should refer to the preferred descriptor tab build rules as described in the [Core Panel Build Guide](#) and [Premium Panel Build Guide](#).

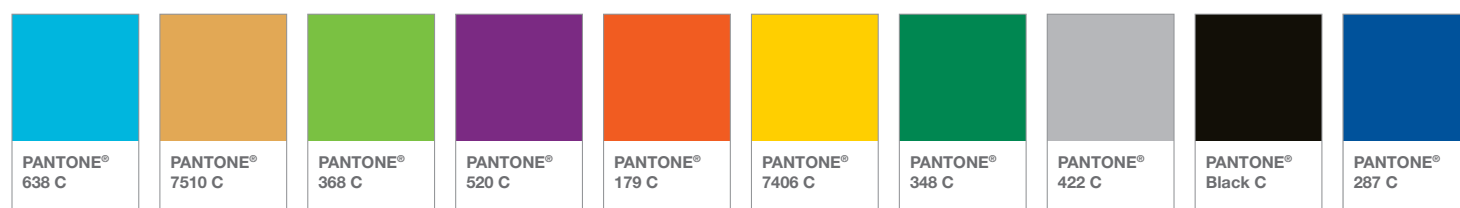
Ace Logo



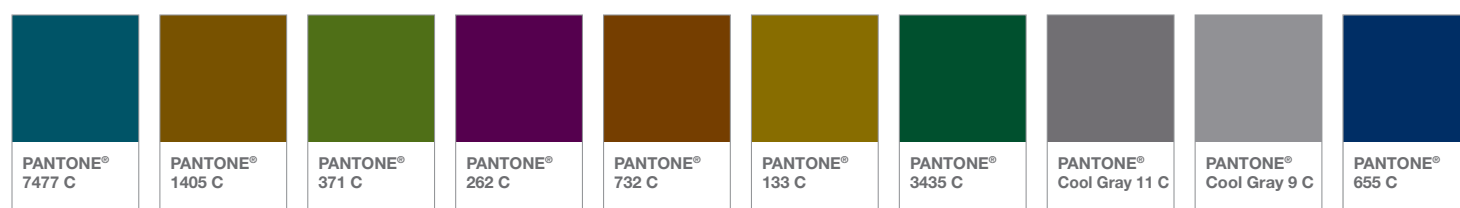
Packaging



Versioning Color Hierarchy Palette



Versioning Color Hierarchy Secondary Palette (for flexo descriptor tabs only)



Typography

Ace typography is consistent and uniform, with a clear communication of the product's use and value. All Ace packaging is bilingual English and Spanish with the Spanish text set at 60% of the English point size. Copy on all packaging and merchandising should always appear in the following order: English, Spanish.

Type Size Limitations

It is important for the typography to be legible when printed. For this reason, on litho laminate packages, type should be no smaller than 6 point. On flexographic packages, type should be no smaller than 10 point. Larger point sizes are reproduced better in reverse print situations.

Akzidenz-Grotesk B0 Condensed

ABCDEFGHIJKLMNOPQRSTUVWXYZ

abcdefghijklmnopqrstuvwxyz

1234567890!@#\$%^&*(){}[]?

Akzidenz-Grotesk BQ Bold Condensed

ABCDEFGHIJKLMNOPQRSTUVWXYZ

abcdefghijklmnopqrstuvwxyz

1234567890!@#\$%^&*(){}[]?

Akzidenz-Grotesk BQ Extra Bold Condensed

ABCDEFGHIJKLMNOPQRSTUVWXYZ

abcdefghijklmnopqrstuvwxyz

1234567890!@#\$%^&*(){}[]?

Helvetica Neue 57 Condensed

ABCDEFGHIJKLMNOPQRSTUVWXYZ

abcdefghijklmnopqrstuvwxyz

1234567890!@#\$%^&*(){}[]?

ITC Zapf Dingbats

Building the Front Panel

- 15 Core Sizing Templates
- 16 Core Panel Build Guide
- 23 Core Flexo Panel Build Guide
- 25 Premium Sizing Templates
- 26 Premium Panel Build Guide
- 33 Premium Flexo Panel Build Guide
- 35 Lawn and Garden Panel Build Guide

ACE
QUALITY SINCE 1924



Core Sizing Templates

Step 1

Determining the Proper Panel Template

Choose a rectangular, horizontal or vertical template by panel height. On horizontal labels that wrap around product, choose the accurate template by calculating for the percentage of the label accounting ONLY for the front panel. The remaining percentage of the label is considered side and back panels (see Notes).

How to Use These Templates

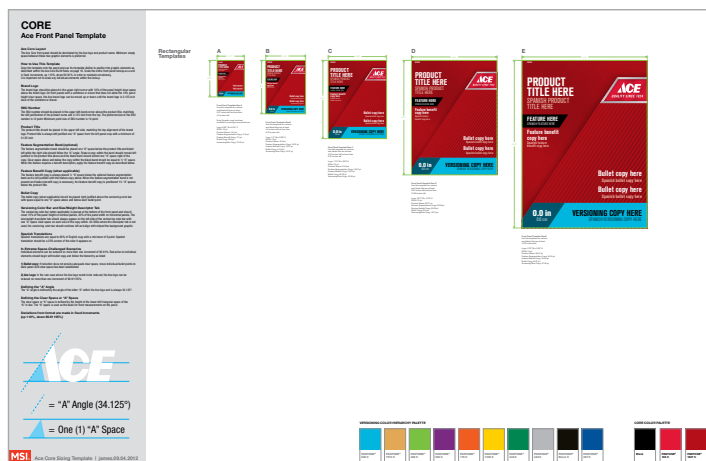
Find the template that matches the orientation and size range of the panel you are laying out.

Copy the template onto the product panel and use the template dieline to position the graphic elements as described in the following **Core Panel Build Guide** steps. In order to maintain consistency, the core front panel architecture is a lockup, and it is important never to scale any of these elements without scaling the entire group.

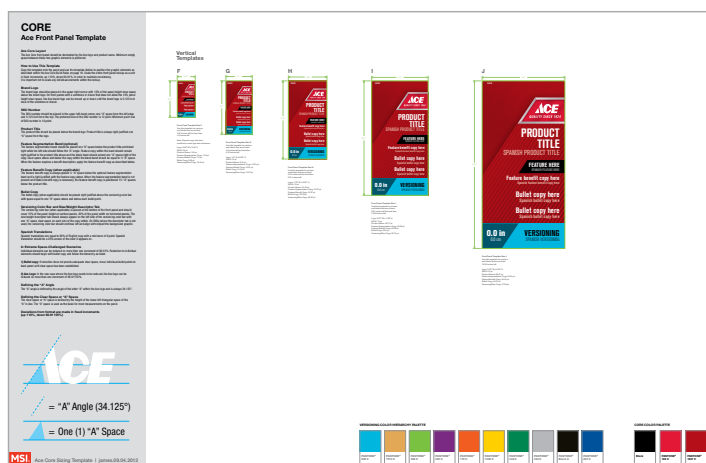
NOTES:

On horizontal labels that wrap around product, choose the accurate template by calculating for the percentage of the label accounting ONLY for the front panel. The remaining percentage of the label is considered side and back panels. As a result, on some horizontal dielines the percentage of the label accounting for the front panel will require a rectangular or vertical template (see: wood filler example in **Labels Without Backs** section).

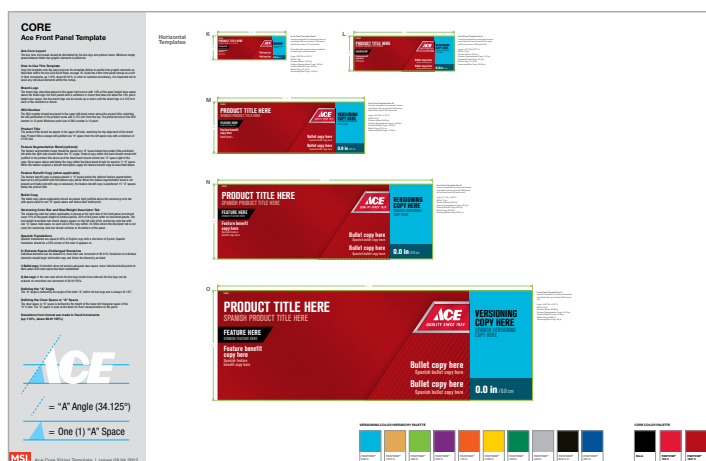
The **ACE_Core_Sizing_Template.ai** document contains vertical and horizontal templates.



Example: Rectangular Core Sizing Template



Example: Vertical Core Sizing Template



Example: Horizontal Core Sizing Template

Core Panel Build Guide

Step 2

Brushed Aluminum Background Texture

The brushed aluminum background texture is present on all core packaging. The brushed aluminum texture photography is built to follow the “A” angle and should always be scaled proportionately to prevent any distortion of the angle. The brushed aluminum background texture floods the entire front panel on all core packaging and consists of two elements.

1. Flood Base

Color: 100% PMS 1807

2. Photoshop Overlay

File Name: **Brushed_Aluminum_Fnl.tif**

Size: 1870% of Ace logo height

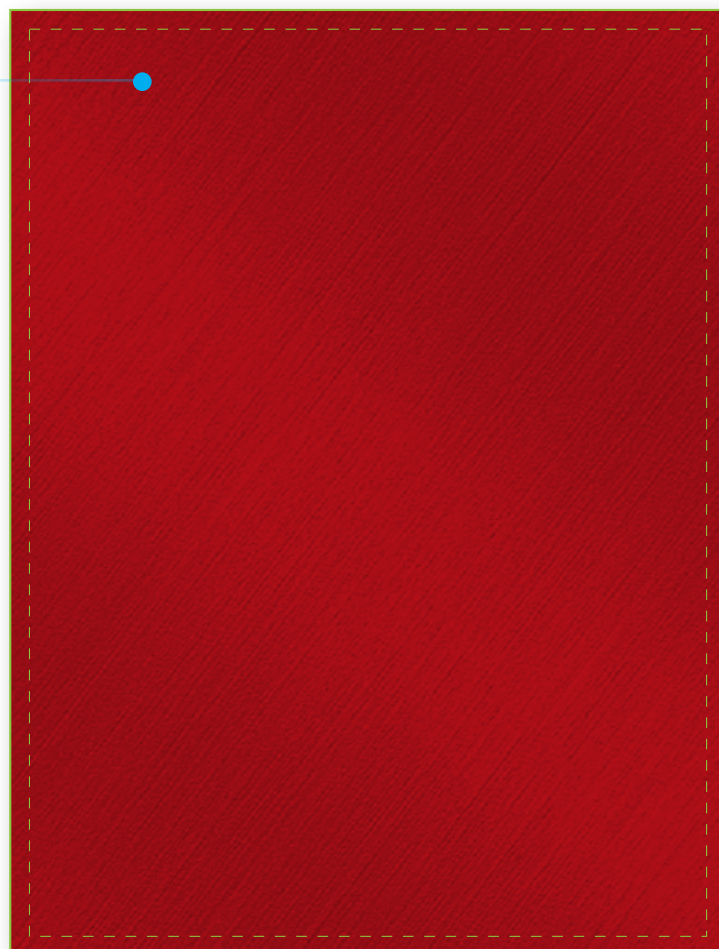
Color: 100% black

Transparency: Multiply; Opacity 55%

NOTES:

The brushed aluminum background texture contains highlights within the texture; these highlights should always be positioned behind the product title.

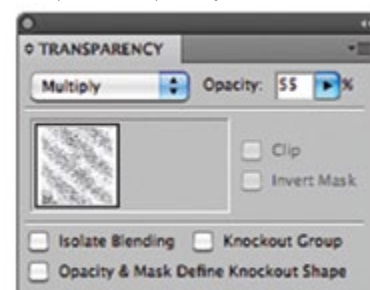
When core categories with extreme color coding are needed, see [Color-Coding Subsystem](#) section.



Example: Brushed_Aluminum_Fnl.tif



Example: Photoshop Overlay



Core Panel Build Guide

Step 3

Striped Background Texture and Logo Lockup

The Ace logo always occupies the upper right corner of the panel face with 10% of the panel height clear space above the Ace brand logo.

On all core packaging, the striped background texture is always present below the Ace logo and should continue down to the versioning color bar (see: [Step 4](#)). The striped background texture should always follow the “A” angle and the build consists of three elements.

1. Base

Color: 100% PMS 1807

Drop Shadow Effect Build:

Mode: Multiply; **Opacity:** 30%; **Color:** 100% black;

X/Y offset=25% of “A” space

(e.g. “A” space=0.2 in.; X/Y offset=0.05 in.)

Blur=200% of the X/Y offset size

2. Gradient Overlay

Type: Linear

Angle: 142.8°

Gradient Color Build:

40% black, **Opacity:** 100%, **Location** 0

10% black, **Opacity:** 100%, **Location** 100

Transparency: Multiply; **Opacity:** 100%

3. Striped Top Layer

There should always be exactly 13 stripes descending from the base of the Ace logo.

Color: 100% PMS 1807

Stroke Weight Build:

Left: 16% of “A” space, **Right:** 29.5% of “A” space

(e.g. “A” space=0.2 in., **Left**=0.0125 in.,

Right=0.068 in.)

Blend Options Specified Steps: 33

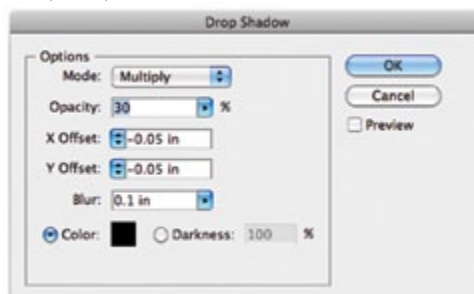
NOTE:

On front panels with a sombrero or diecut that does not allow the 10% panel height clear space above the Ace logo, see

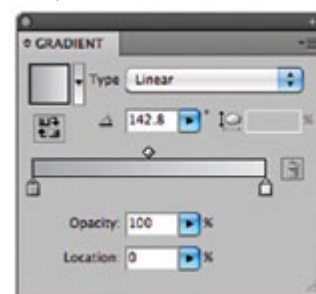
[Packaging Variation Examples](#) section.



Example: Drop Shadow Build



Example: Gradient Color Build



Core Panel Build Guide

Step 4

Versioning Color Bar and Size/Weight Descriptor Tab (when applicable)

The versioning color bar is placed at the bottom of the front panel. On package fronts where the versioning color bar and the striped background texture intersect, the versioning color bar should be flush with the striped background texture following the “A” angle (shown). On package fronts where they do not intersect, the versioning color bar should continue left and bleed off the panel (see: [ACE_Core_Sizing_Templates.ai](#)).

Versioning Color Bar Height: The versioning color bar should cover 15% of the total panel height. See below for exceptions.

Versioning Color Bar Height Variation: This variation is used when an exact height of the versioning color bar is necessary for overall visual consistency or when the package height exceeds 10 inches. The height is predetermined within a range of package heights. Your Ace team will work with you to determine if this variation is appropriate for your packaging. For more information see: [Color-Coding Subsystem Build Guide](#) section (page 57).

The size/weight descriptor tab (when applicable) should overlay the versioning color bar and always appear on the left side. The height should be flush with the versioning color bar while width is determined by copy placed within (see: [Step 10](#)). On packaging front panels where the descriptor tab is not used, the versioning color bar will continue left in its place.

Versioning Color Bar

Color: The versioning color bar is used to differentiate products within the same category; therefore, different colors are used to help the consumer quickly notice the difference between similar products in the same category. For more information see: [Category Color Differentiation](#) section.

Descriptor Tab

Color: 100% black

Transparency: Multiply; Opacity: 65%

NOTE:

On horizontal panels, the versioning color bar is positioned on the right side of the panel and should cover 20% of the total panel width (see: [ACE_Core_Sizing_Templates.ai](#)).





Core Panel Build Guide

Step 5

SKU Number

The SKU number should be placed in the upper left corner positioned 0.125 inch from the top and one “A” space from the left crop with a minimum of 0.125 inch. The preferred point size of the SKU number is 12 pt. Minimum point size of SKU number is 10 pt.

Step 6

Product Title

Ace product titles are concise descriptions of the product. Product titles are bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Logo and Product Title Lockup

The product title should be placed in the upper left side of the front panel, matching the top alignment of the brand logo. Product title is always left justified one “A” space from the left crop with a minimum of 0.125 inch.

SKU Number

Size: Minimum 10 point

Font: Akzidenz-Grotesk BQ Condensed

Color: 100% white

Tracking: 10

Product Title

All Caps

Size: Cap height=165% of “A” space

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Spanish=Akzidenz-Grotesk BQ Condensed

Color: English=100% white, Spanish=25% PMS 1807

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English title point size
(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10





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Core Panel Build Guide

Step 7

Feature Segmentation Band (optional)

The feature segmentation band is used to highlight a standout product feature. The band is always black and should be placed one “A” space below the product title and bleed left while the right side should follow the “A” angle.

Feature copy within the band should remain left justified to the product title above and the black band should extend one “A” space right of the copy. Clear space above and below the copy within the black band should be equal to ½ “A” space. When the feature requires a benefit description, apply the feature benefit copy as described below.

Feature Benefit Copy (when applicable)

The feature benefit copy is always placed ½ “A” space below the optional feature segmentation band and is left justified with the feature copy above. When the feature segmentation band is not present and feature benefit copy is necessary, the feature benefit copy is positioned two “A” spaces below the product title.

Feature and feature benefit copy are bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Feature Segmentation Band Copy

All Caps

Size: Cap height=50% of product title

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Spanish=Akzidenz-Grotesk BQ Condensed

Color: English=100% white, Spanish=25% PMS 1807

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5%

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

Feature Benefit Copy

Sentence Cap

Size: Cap height=50% of product title

Font: Akzidenz-Grotesk BQ Bold Condensed

Color: English=100% white, Spanish=25% PMS 1807

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 10%

(e.g. font size=12 pt.; space above Spanish=1.2 pt.)

Tracking: 10





Core Panel Build Guide

Step 8

Bullet Copy

The bullet copy should be placed right justified above the versioning color bar with space equal to one "A" space on all sides of each bullet point, with a minimum of 0.125 inch.

The bullet copy should always be placed within the striped background texture and never exceed this space. When bullet copy does not fit within these limits, individual bullets can be moved (not duplicated) to the back panel until clear space has been established. In extreme space-challenged scenarios bullet copy can be reduced no more than one increment of 90.91%. Bullet copy is bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Sentence Cap

Size: Cap height=65% of product title

Font: Akzidenz-Grotesk BQ Bold Condensed

Color: English=100% white

Spanish=25% PMS 1807

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 10%

(e.g. font size=12 pt.; space above Spanish=1.2 pt.)

Tracking: 10

NOTE:

When only one bullet point appears on the front panel, space between the bullet point and the versioning color bar is equal to 1½ "A" spaces.





Core Panel Build Guide

Step 9

Versioning Copy

The versioning copy is always placed within the versioning color bar. Placement is right justified flush with the bullet copy above and centered vertically. Versioning copy is bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

All Caps

Size: Cap height=70% of product title

Font: English: Akzidenz-Grotesk BQ Bold Condensed

Spanish: Akzidenz-Grotesk BQ Condensed

Color: English=100% black, Spanish=25% black (see Note)

Alternate Color: English=100% white, Spanish=100% white; Opacity 75%

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English product title point size

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

Step 10

Size/Weight Descriptor Copy (when applicable)

The descriptor copy is always placed within the descriptor tab. Placement is centered vertically with one “A” space on right and left side of copy within the descriptor tab. Descriptor copy should always appear in two measurements, Standard and Metric. Metric is 60% the size of Standard and should appear in the following order: Standard, Metric.

Size: Cap height=70% of product title

Font: Standard=Akzidenz-Grotesk BQ Bold Condensed

Metric=Akzidenz-Grotesk BQ Condensed

Color: Standard=100% white,

Metric=100% white; Opacity 75%

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English product title point size

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

NOTE:

On package fronts where the versioning color bar is PMS 348 (green), PMS 287 (blue), PMS 520 (purple), and PMS Black use Alternate Color.





Core Flexo Panel Build Guide

Flexography is a method of printing commonly used to print polybags, plastic tubs and other surfaces that are difficult to run through an offset press. The Ace Core Flexo Panel was developed to ensure the quality of the Ace core design for flexo printing.

Step 1

Determining the Proper Panel Template

See [Core Sizing Template](#) section on page 15.

Step 2

Background Color

Flood Base Color: 100% PMS 1807

Step 3

Striped Background Texture and Logo Lockup

Using the core flexo logo (see [Ace Logo](#) section), the Ace logo always occupies the upper right corner of the panel face with 10% panel height clear space above the Ace brand logo.

On all core packaging, the striped background texture is always present below the Ace logo and should continue down to the versioning color bar (see: [Step 4](#)). The striped background texture should always follow the “A” angle and the build consists of one element.

Striped Top Layer

There should always be exactly 13 stripes descending from the base of the Ace logo.

Color: 100% PMS 202; Normal; Opacity 100%

Stroke Weight Build (reverse emphasis of litho build):

Left: 29.5% of “A” space, Right: 16% of “A” space

(e.g. “A” space=0.2 in., Left=0.068 in., Right=0.0125 in.)

Blend Options Specified Steps: 33



Core Flexo Panel Build Guide

Step 4

Versioning Color Bar and Size/Weight Descriptor Tab (when applicable)

Refer to **Step 4** of the **Core Panel Build Guide** section on page 18 with one color exception.

Descriptor Tab

Color: The descriptor tab color is based on the Pantone color chosen within the versioning color bar. A secondary Pantone color has been paired with the versioning color hierarchy palette for use on panels printing in flexo (see: **Colors** section).

Steps 5-10

Copy Colors

Refer to **Steps 5-10** of the **Core Panel Build Guide** section on pages 19-22 with two color exceptions.

1. All Spanish Copy

The Spanish should never be a screen of any color. On all panels printing in flexo, Spanish copy should match the solid black or white copy color guides as described for all English copy.

2. Bullet Copy Only

To ensure legibility of the bullet copy, the English and Spanish bullet copy requires a color trap when positioned on top of the striped background texture.

Trap: 2 point

Trap Color: 100% PMS 1807

NOTE:

The **ACE_Core_Sizing_Template_Flexo.ai** document contains vertical and horizontal templates.



Premium Sizing Templates

Step 1

Determining the Proper Panel Template

Choose a rectangular, horizontal or vertical template by panel height. On horizontal labels that wrap around product, choose the accurate template by calculating for the percentage of the label accounting ONLY for the front panel. The remaining percentage of the label is considered side and back panels (see Notes).

How to Use These Templates

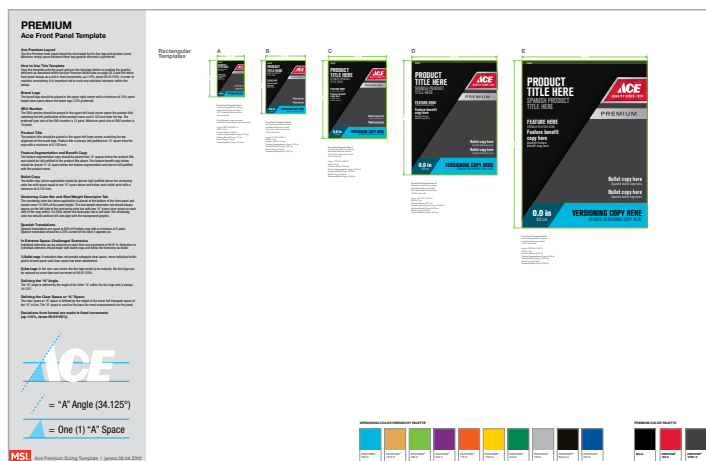
Find the template that matches the orientation and size range of the panel you are laying out.

Copy the template onto the product panel and use the template dieline to position the graphic elements as described in the following **Premium Panel Build Guide** steps. In order to maintain consistency, the core front panel architecture is a lockup, and it is important never to scale any of these elements without scaling the entire group.

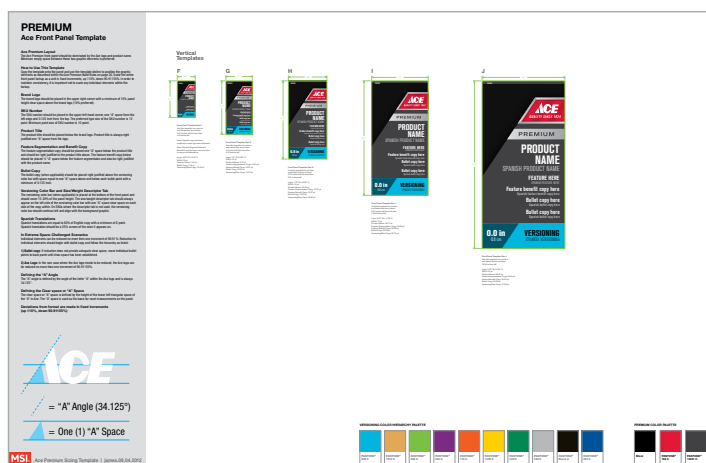
NOTES:

On horizontal labels that wrap around product, choose the accurate template by calculating for the percentage of the label accounting ONLY for the front panel. The remaining percentage of the label is considered side and back panels. As a result, on some horizontal dielines the percentage of the label accounting for the front panel will require a rectangular or vertical template (see: wood filler example in **Labels Without Backs** section).

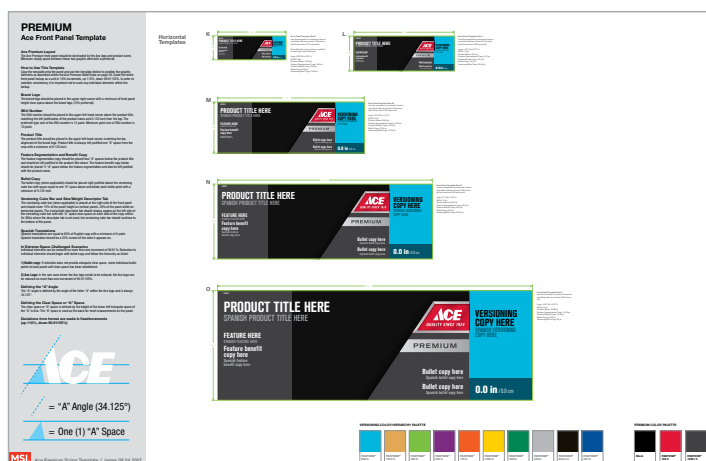
The **ACE_Premium_Sizing_Template.ai** document contains vertical and horizontal templates.



Example: Rectangular Premium Sizing Template



Example: Vertical Premium Sizing Template



Example: Horizontal Premium Sizing Template

Premium Panel Build Guide

Step 2

Metallic Background Texture

Flood Base Color: 100% PMS 10391

Face Blister Color Fill

(when applicable): 100% black

Step 3

Shadow Background Texture and Logo Lockup

The Ace logo always occupies the upper right corner of the panel face with 10% of the panel height clear space above the Ace brand logo.

On all premium packaging, the shadow background texture is always present below the Ace logo and should continue down to the versioning color bar (see: [Step 5](#)). The shadow background texture should always follow the “A” angle and the build consists of one element.

Color: 100% white

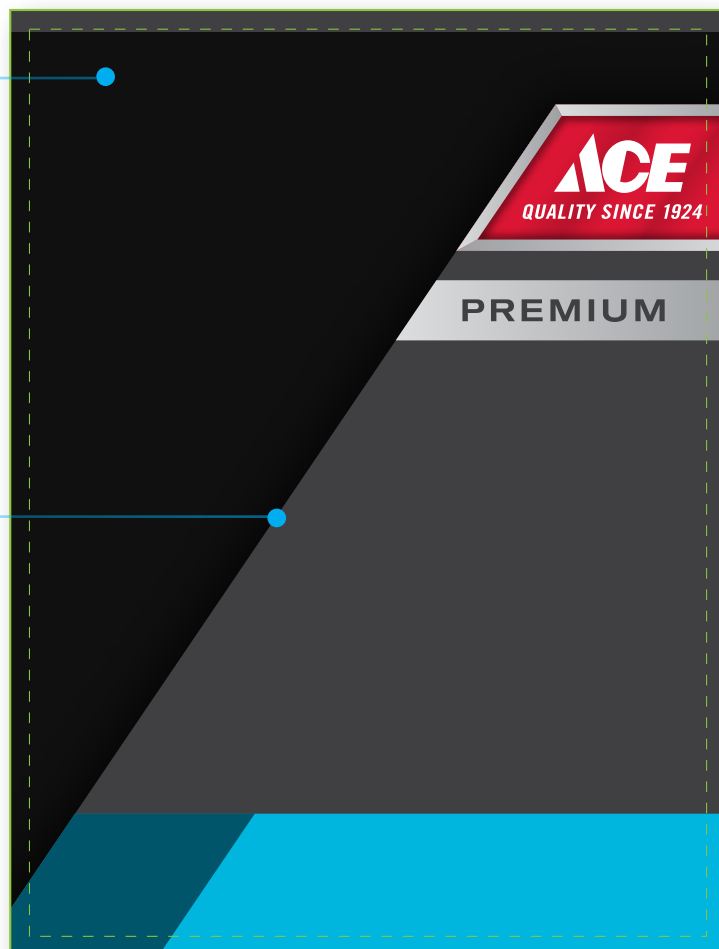
Drop Shadow Effect Build:

Mode: Multiply; Opacity: 65%; Color: 100% black;

X/Y offset=35% of “A” space

(e.g. “A” space=0.2 in.; X/Y offset=0.07 in.)

Blur=200% of the X/Y offset size

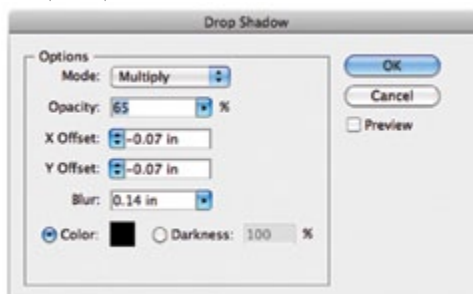


NOTES:

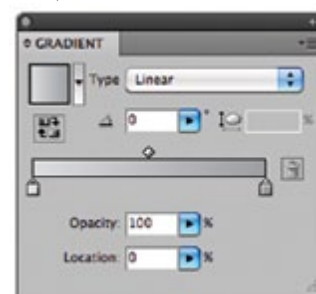
On premium packaging that requires a face blister, the metallic ink (PMS 10391) should not be present wherever the plastic blister is adhered. Replace color within the portion of the package covered by the plastic blister with 100% black.

On front panels with a sombrero or diecut that does not allow the 10% panel height clear space above the Ace logo, see [Packaging Variation Examples](#) section.

Example: Drop Shadow Build



Example: Gradient Color Build





Premium Panel Build Guide

Step 4

Premium Graphic (preferred)

The premium graphic should always be present below the Ace logo on all premium packaging front panels. The left side of the premium graphic should be flush with the shadow background graphic following the “A” angle while the right sides should bleed. There should be a minimum one “A” space of clear space around the premium graphic at all times and in all instances on a panel.

Premium Graphic (alternate)

The alternate premium graphic should be used when package dieline does not provide adequate space due to cutouts or product placement. The alternate premium graphic follows the same rules as the preferred premium graphic but is rotated 90°.

Premium Graphic Color

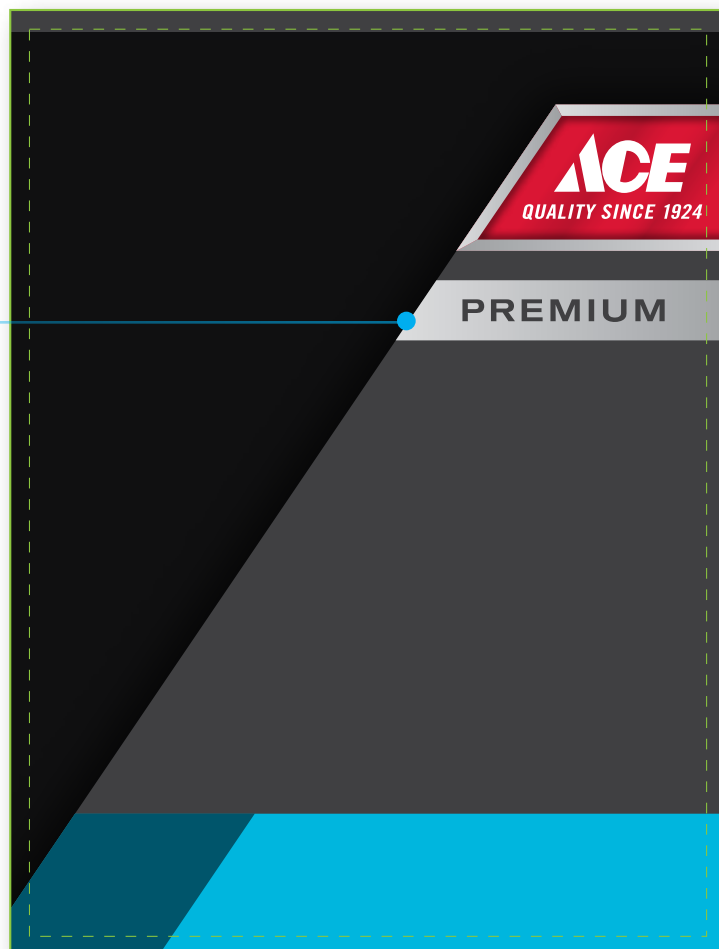
Type: Linear

Angle: 0°

Gradient Color Build:

15% black, Opacity: 100%, Location 0

45% black, Opacity: 100%, Location 100



Example: Premium Front Panel Architecture with Face Blister; Alternate Premium Graphic

Premium Panel Build Guide

Step 5

Versioning Color Bar and Size/Weight Descriptor Tab (when applicable)

The versioning color bar is placed at the bottom of the front panel. On package fronts where the versioning color bar and the shadow background texture intersect, the versioning color bar should be flush with the shadow background texture following the “A” angle (shown). On package fronts where they do not intersect, the versioning color bar should continue left and bleed off the panel (see: [ACE_Premium_Sizing_Templates.ai](#)).

Versioning Color Bar Height: The versioning color bar should cover 15% of the total panel height. See below for exceptions.

Versioning Color Bar Height Variation: This variation is used when an exact height of the versioning color bar is necessary for overall visual consistency or when the package height exceeds 10 inches. The height is predetermined within a range of package heights. Your Ace team will work with you to determine if this variation is appropriate for your packaging. For more information see: [Color-Coding Subsystem Build Guide](#) section (page 57).

The size/weight descriptor tab (when applicable) should overlay the versioning color bar and always appear on the left side. The height should be flush with the versioning color bar while width is determined by copy placed within (see: [Step 11](#)). On packaging front panels where the descriptor tab is not used the versioning color bar will continue left in its place.

Versioning Color Bar

Color: The versioning color bar is used to differentiate products within the same category; therefore, different colors are used to help the consumer quickly notice the difference between similar products in the same category. For more information see: [Category Color Differentiation](#) section.

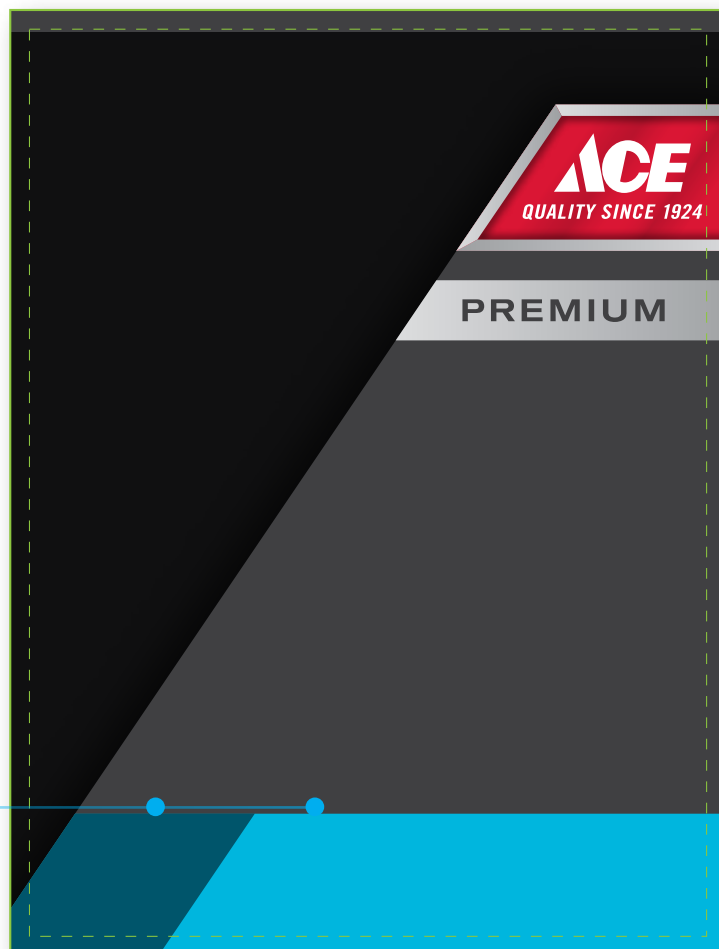
Descriptor Tab

Color: 100% black

Transparency: Multiply; Opacity: 65%

NOTE:

On horizontal panels, the versioning color bar is positioned on the right side of the panel and should cover 20% of the total panel width (see: [ACE_Premium_Sizing_Templates.ai](#)).





Premium Panel Build Guide

Step 6

SKU Number

The SKU number should be placed in the upper left corner positioned 0.125 inch from the top and one “A” space from the left crop with a minimum of 0.125 inch. The preferred point size of the SKU number is 12 pt. Minimum point size of SKU number is 10 pt.

SKU Number

Size: Minimum 10 point

Font: Akzidenz-Grotesk BQ Condensed

Color: 100% white

Tracking: 10

Step 7

Product Title

Ace product titles are concise descriptions of the product. Product titles are bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Logo and Product Title Lockup

The product title should be placed in the upper left side of the front panel, matching the top alignment of the brand logo. Product title is always left justified one “A” space from the left crop with a minimum of 0.125 inch.

Product Title

All Caps

Size: Cap height=165% of “A” space

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Spanish=Akzidenz-Grotesk BQ Condensed

Color: English=100% white, Spanish=35% PMS 10391

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English title point size (e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10





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Premium Panel Build Guide

Step 8

Feature Segmentation Copy (optional)

The feature segmentation copy is used to highlight a standout product feature. It is always placed two “A” spaces below the product title. Copy should remain left justified to the product title. When the feature requires a benefit description, apply the feature benefit copy as described below.

Feature Benefit Copy (when applicable)

The feature benefit copy is always placed ½ “A” space below the optional feature segmentation copy and is left justified with the feature segmentation copy above. When the feature segmentation copy is not present and feature benefit copy is necessary, the feature benefit copy is positioned two “A” spaces below the product title.

Feature segmentation and feature benefit copy are bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Feature Segmentation Copy

All Caps

Size: Cap height=50% of product title

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Spanish=Akzidenz-Grotesk BQ Condensed

Color: English=100% white, Spanish=35% PMS 10391

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5%

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

Feature Benefit Copy

Sentence Cap

Size: Cap height=50% of product title

Font: Akzidenz-Grotesk BQ Bold Condensed

Color: English=100% white, Spanish=35% PMS 10391

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 10%

(e.g. font size=12 pt.; space above Spanish=1.2 pt.)

Tracking: 10





Premium Panel Build Guide

Step 9

Bullet Copy

The bullet copy should be placed right justified above the versioning color bar with space equal to one “A” space on all sides of each bullet point, with a minimum of 0.125 inch.

The bullet copy should always be placed within the shadow background texture and never exceed this space. When bullet copy does not fit within these limits, individual bullets can be moved (not duplicated) to the back panel until clear space has been established. In extreme space-challenged scenarios bullet copy can be reduced no more than one increment of 90.91%. Bullet copy is bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

Sentence Cap

Size: Cap height=50% of product title

Font: Akzidenz-Grotesk BQ Bold Condensed

Color: English=100% white, Spanish=35% PMS 10391

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 10%

(e.g. font size=12 pt.; space above Spanish=1.2 pt.)

Tracking: 10





Premium Panel Build Guide

Step 10

Versioning Copy

The versioning copy is always placed within the versioning color bar. Placement is right justified flush with the bullet copy above and centered vertically. Versioning copy is bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

All Caps

Size: Cap height=70% of product title

Font: English: Akzidenz-Grotesk BQ Bold Condensed

Spanish: Akzidenz-Grotesk BQ Condensed

Color: English=100% black, Spanish=25% black (see Note)

Alternate Color: English=100% white, Spanish=100% white; Opacity 75%

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English product title point size

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

Step 11

Size/Weight Descriptor Copy (when applicable)

The descriptor copy is always placed within the descriptor tab. Placement is centered vertically with one “A” space on right and left side of copy within the descriptor tab. Descriptor copy should always appear in two measurements, Standard and Metric. Metric is 60% the size of Standard and should appear in the following order: Standard, Metric.

Size: Cap height=70% of product title

Font: Standard=Akzidenz-Grotesk BQ Bold Condensed

Metric=Akzidenz-Grotesk BQ Condensed

Color: Standard=100% white,

Metric=100% white; Opacity 75%

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 5% of English product title point size

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

NOTE:

On package fronts where the versioning color bar is PMS 348 (green), PMS 287 (blue), PMS 520 (purple), PMS Black, and PMS 10391 (Metallic Gray) use Alternate Color.





Premium Flexo Panel Build Guide

Flexography is a method of printing commonly used to print polybags, plastic tubs and other surfaces that are difficult to run through an offset press. The Ace Premium Flexo Panel was developed to ensure the quality of the Ace premium design for flexo printing.

Step 1

Determining the Proper Panel Template

See [Premium Sizing Template](#) section on page 25.

Step 2

Background Color

Flood Base Color: 100% PMS 10391

Step 3

Shadow Background Texture and Logo Lockup

Using the premium flexo logo (see [Ace Logo](#) section), the Ace logo always occupies the upper right corner of the panel face with 10% of the panel height clear space above the Ace brand logo.

On all premium packaging, the shadow background texture is always present below the Ace logo and should continue down to the versioning color bar (see: [Step 5](#)). The shadow background texture should always follow the “A” angle and the build consists of one element.

Shadow Top Layer:

Color: 100% black;

Transparency: Multiply; Opacity 25%

Step 4

Premium Graphic

Refer to [Step 4](#) of the [Premium Panel Build Guide](#) section on page 27 with one color exception.

Color: 30% black





Premium Flexo Panel Build Guide

Step 5

Versioning Color Bar and Size/Weight Descriptor Tab (when applicable)

Refer to **Step 5** of the **Premium Panel Build Guide** section on page 28 with one color exception.

Descriptor Tab

Color: The descriptor tab color is based on the Pantone color chosen within the versioning color bar. A secondary Pantone color has been paired with the versioning color hierarchy palette for use on panels printing in flexo (see: **Colors** section).

Steps 6-11

Copy Colors

Refer to **Steps 6-11** of the **Premium Panel Build Guide** section on pages 29-32 with two color exceptions.

1. All Spanish Copy

The Spanish should never be a screen of any color. On all panels printing in flexo, Spanish copy should match the solid black or white copy color guides as described for all English copy.

2. Bullet Copy Only

To ensure legibility of the bullet copy, the English and Spanish bullet copy requires a color trap when positioned on top of the striped background texture.

Trap: 2 point

Trap Color: 100% PMS 10391

NOTE:

The **ACE_Premium_Sizing_Template_Flexo.ai** document contains vertical and horizontal templates.





Lawn and Garden Panel Build Guide

Core

The Lawn and Garden core line uses the core panel design like other packages. Reference the step-by-step build process as described in the [Core Sizing Template](#) and [Core Panel Build Guide](#) sections on pages 15-24 with one color change.

Lawn and Garden Green:

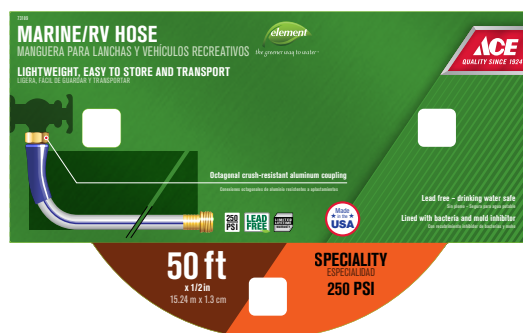
In order to differentiate the Lawn and Garden line, the background color, stripes and all copy should never appear in core red (PMS 1807), but is replaced with lawn and garden green (PMS 363).

Premium

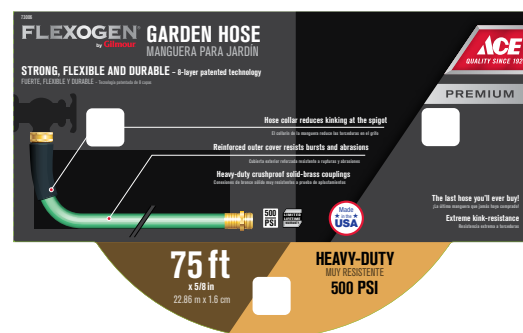
The Lawn and Garden premium line uses the premium panel design like other packages. Reference the step-by-step build process as described in the [Premium Sizing Template](#) and [Premium Panel Build Guide](#) sections on pages 25-34 with no changes.



Example: Lawn and Garden Core



Example: Lawn and Garden Premium



Building the Back Panel

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Back Panel Build Guide

Step 1

SKU Number

The SKU number should be placed in the upper left corner positioned 0.125 inch from the top and one “A” space from the left crop with a minimum of 0.125 inch. The preferred point size of the SKU number is 12 pt. Minimum point size of SKU number is 10 pt

Step 2

Product Title

Back panel product title is 80% of the front panel product title. Copy is bilingual. Spanish translations are 60% the size of the English copy and always appear in the following order: English, Spanish.

The product title should be placed in the upper left side of the front panel, matching the top alignment from the front panel. Product title is always left justified one “A” space from the left crop with a minimum of 0.125 inch.

SKU Number

Size: Minimum 10 point

Font: Akzidenz-Grotesk BQ Condensed

Color: 100% black

Tracking: 10

Product Title

All Caps

Size: Cap height=165% of “A” space

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Spanish=Akzidenz-Grotesk BQ Condensed

Color: English=100% black, Spanish=75% black

Leading: 85% (e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 20%

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

NOTE:

The [ACE_Icon_Logo_Sheet.ai](#) document contains the “MADE IN THE USA” icon in vector art format.


000000

PRODUCT TITLE HERE
 SPANISH PRODUCT TITLE HERE

Additional bullet copy here
 Spanish additional bullet copy here


Additional bullet copy here
 Spanish additional bullet copy here

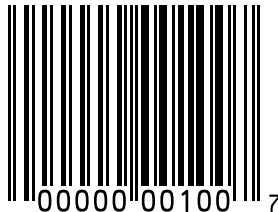
Additional bullet copy here
 Spanish additional bullet copy here



The Ace® Promise
 If this Ace product when used for its intended purpose, fails to give you complete satisfaction, return the item to the Ace Hardware store where you purchased for free replacement of the same or similar item.

El Compromiso de Ace®
 Si este producto Ace, cuando se usa para los fines entendidos, no funciona a su entera satisfacción, devuélvalo a la ferretería de Ace Hardware donde lo compró para que se lo reemplacen sin costo por uno igual o similar.

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 Ace Hardware Corp.
 Oak Brook, Illinois 60523
 USA ©2012
www.acehardware.com




Back Panel Build Guide

Step 3

Bullet Copy

The bullet copy should be placed left justified below the product title with clear space above the first bullet point equal to two “A” spaces while all additional spaces should be equal to one “A” space.

In extreme space-challenged scenarios bullet copy can be reduced no more than one increment of 90.91%. Bullet copy should always appear in the following order: English, Spanish.

Sentence Cap

Size: Cap height=50% of product title

Font: English=Akzidenz-Grotesk BQ Bold Condensed

Color: English=100% black, Spanish=75% black

Leading: 85%

(e.g. font size=12 pt.; leading=10.2 pt.)

Paragraph Spacing: 20%

(e.g. font size=12 pt.; space above Spanish=0.6 pt.)

Tracking: 10

Step 4

The Ace® Promise

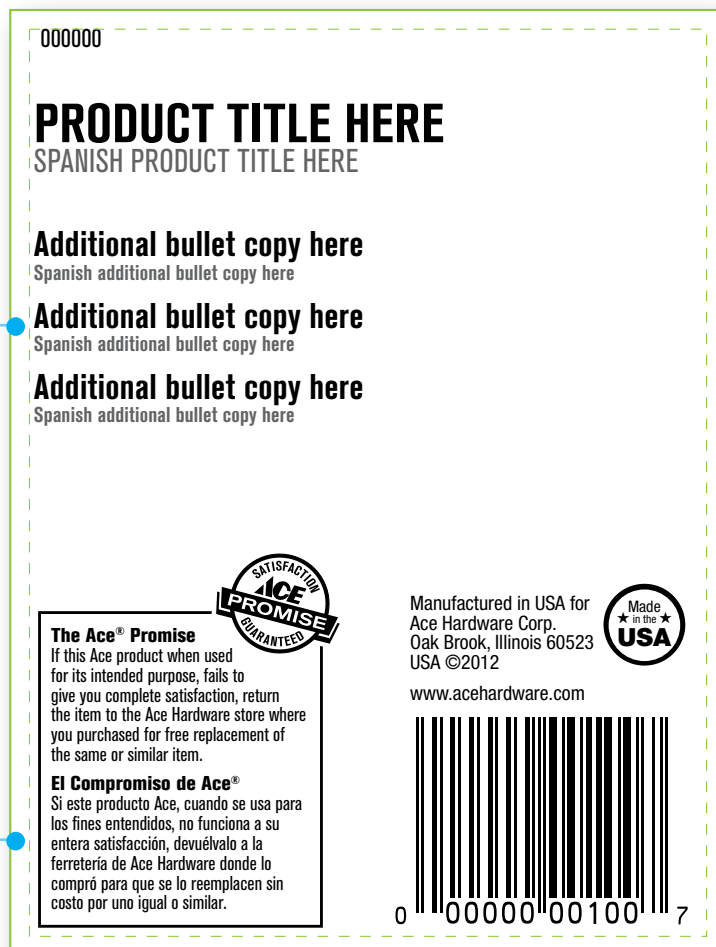
The Ace Promise must be present on all Ace packaging. The Ace Promise is bilingual. Spanish translations are equal emphasis (50/50) to the English copy and always appear in the following order: English, Spanish.

The Ace Promise can be repositioned due to space restrictions and/or the size of the package. In extreme space-challenged scenarios the text can be removed and only the Ace Promise logo can be used (see: Example: Small Back Panel).

The Ace Promise badge is supplied in vector art format; when only the Ace Promise logo is shown, it can be scaled up as large as necessary and down to a minimum size of 0.25 inch H.

NOTE:

The [ACE_Icon_Logo_Sheet.ai](#) document contains the Ace Promise in vector art format.



Example: Small Back Panel

Back Panel Build Guide

Step 5

Legal Copy

There should be only one set of legal copy on each package, and it should NOT appear on the front panel. The Country of Origin, address and website are not translated. One line space should appear between address and website. When product is assembled in the USA only legal copy should appear. When product is Manufactured in USA, both legal copy and Made in the USA icon should be present (see: **Made in the USA** section). The preferred point size of legal copy is 8 pt. In extreme space-challenged scenarios the text can be reduced to a minimum of 5 pt.

Size: 8 pt.

Font: Helvetica Neue 57 Condensed

Color: 100% black

Leading: 9 pt.

Tracking: 0

Step 6

UPC Code

The UPC code should always appear on the same panel as legal copy and should be placed no farther than 3 inches from the legal copy with a minimum of 0.125 inch safety around the UPC code. The preferred size of the UPC code is created at 100%; for fit exceptions the UPC code may be created at 80% or truncated vertically.


000000

PRODUCT TITLE HERE
 SPANISH PRODUCT TITLE HERE

Additional bullet copy here
 Spanish additional bullet copy here

Additional bullet copy here
 Spanish additional bullet copy here


Additional bullet copy here
 Spanish additional bullet copy here

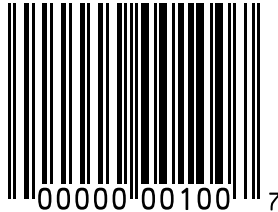


The Ace® Promise
 If this Ace product when used for its intended purpose, fails to give you complete satisfaction, return the item to the Ace Hardware store where you purchased for free replacement of the same or similar item.

El Compromiso de Ace®
 Si este producto Ace, cuando se usa para los fines entendidos, no funciona a su entera satisfacción, devuélvalo a la ferretería de Ace Hardware donde lo compró para que se lo reemplacen sin costo por uno igual o similar.

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Category Color Differentiation

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Overview

Occasionally different colors are used in the versioning color bar to help a consumer quickly notice the difference between similar products in the same category.

The versioning color bar runs along the bottom of the package and allows a common space where key information can be called out. Colors can represent different things from one category to the next. Use of color in the bar should be agreed upon ahead of time with consent of the Buyer and Ace Brand team.

In this section, we will look at the use of the versioning color bar for differentiation.



Versioning Color Hierarchy

When using different background colors to identify “subcategories” consisting of key information or applications in the versioning color bar, colors from the versioning color hierarchy palette must be used. The versioning color hierarchy palette consists of 10 approved Pantone colors (see: **Colors** section).

Only the approved Pantone colors can appear in the versioning color bar. The hierarchy of colors established must be followed in order of use, starting with PMS 638, moving from left to right

in order of the approved hierarchy.

No additional colors can be added or used beyond the 10 approved Pantone colors.











Not all colors in the hierarchy must be used within a category. For example, the glove category color hierarchy uses only the first 5 colors from the palette to differentiate subcategories (see: Example: Gloves). But all the colors of the color hierarchy palette are used in development of packaging in the painter's tools category (see: Example: Painter's Tools).

Use of color and information in the versioning color bar should be agreed upon ahead of time with consent of the Buyer and Ace Brand team, as well as any deviations away from standards set in the category color hierarchy palette.











NOTE:

The category color hierarchy palette is not only used on Ace packaging, the palette is also used throughout in-store signage.

Example: Gloves

									
PANTONE® 638 C	PANTONE® 7510 C	PANTONE® 368 C	PANTONE® 520 C	PANTONE® 179 C	PANTONE® 7406 C	PANTONE® 348 C	PANTONE® 422 C	PANTONE® Black C	PANTONE® 287 C
COLD WEATHER	WORK	YOUTH	HIGH PERFORMANCE	UTILITY	COLOR NOT USED	COLOR NOT USED	COLOR NOT USED	COLOR NOT USED	COLOR NOT USED

Example: Painter's Tools

									
PANTONE® 638 C	PANTONE® 7510 C	PANTONE® 368 C	PANTONE® 520 C	PANTONE® 179 C	PANTONE® 7406 C	PANTONE® 348 C	PANTONE® 422 C	PANTONE® Black C	PANTONE® 287 C
KNIVES & SCRAPER PAINT SHIELD FLEXIBLE	KNIVES & SCRAPER PAINT SHIELD STIFF	KNIVES & SCRAPER BENT EDGE	KNIVES & SCRAPER FLAT EDGE	WIRE BRUSHES & GLAZING TOOL CARBON STEEL	MINI BRUSHES BRASS	WIRE BRUSHES & MINI BRUSHES NYLON	MINI BRUSHES & PAINT SCRAPERS STAINLESS STEEL	PAINT SCRAPERS CARBIDE WIRE BRUSHES ASSORTED	PAINT SCRAPERS TEMPERED STEEL

Versioning Color Hierarchy

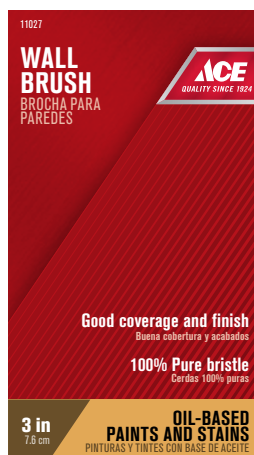
Example of color hierarchy applied to paint applicators.

NOTE:

For packaging that does not require category color differentiation, see [Packaging Without Category Color Differentiation](#) on the following page.



Example: Premium Supreme Wall Brush













Example: Core Wall Brush



Example: Core Roller Covers

Example: Paint Applicators

									
PANTONE® 638 C	PANTONE® 7510 C	PANTONE® 368 C	PANTONE® 520 C	PANTONE® 179 C	PANTONE® 7406 C	PANTONE® 348 C	PANTONE® 422 C	PANTONE® Black C	PANTONE® 287 C
ALL PAINTS AND STAINS	OIL-BASED PAINTS AND STAINS	• 3/8 in. NAP • SEMI-SMOOTH SURFACES ROLLER COVER	• 1/2 in. NAP • SEMI-ROUGH SURFACES ROLLER COVER • WALLS AND CEILINGS MINI ROLLER	• CABINETS AND DOORS MINI ROLLER	• 1/4 in. NAP • SMOOTH SURFACES ROLLER COVER • KITCHEN AND BATH MINI ROLLER	COLOR SKIPPED	• 1-1/4 in. NAP • EXTRA-ROUGH SURFACES ROLLER COVER	ALL STAINS	• 3/4 in. NAP • ROUGH SURFACES ROLLER COVER

Packaging Without Category Color Differentiation

In some cases, packaging won't require category color differentiation and so the versioning color bar is not necessary. In these cases there are two possible scenarios.

First, when the versioning color bar is not necessary but the product still needs descriptor copy (e.g. size or weight), the brushed aluminum background texture will replace the space typically reserved for the versioning color bar. The descriptor copy is then positioned within this space, left justified with clear space equal to one "A" space around all sides of the descriptor copy.

Second, when the versioning color bar is not necessary and the product has no descriptor copy, the striped background texture will continue down to the crop and bleed.



Example: Core Linoleum Knife



Example: Core 5-Pack Utility Knife Blades



Example: Core 100-Pack Single Edge Razor Blades



Example: Core Utility Scraper

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ACE
QUALITY SINCE 1924



Co-branding

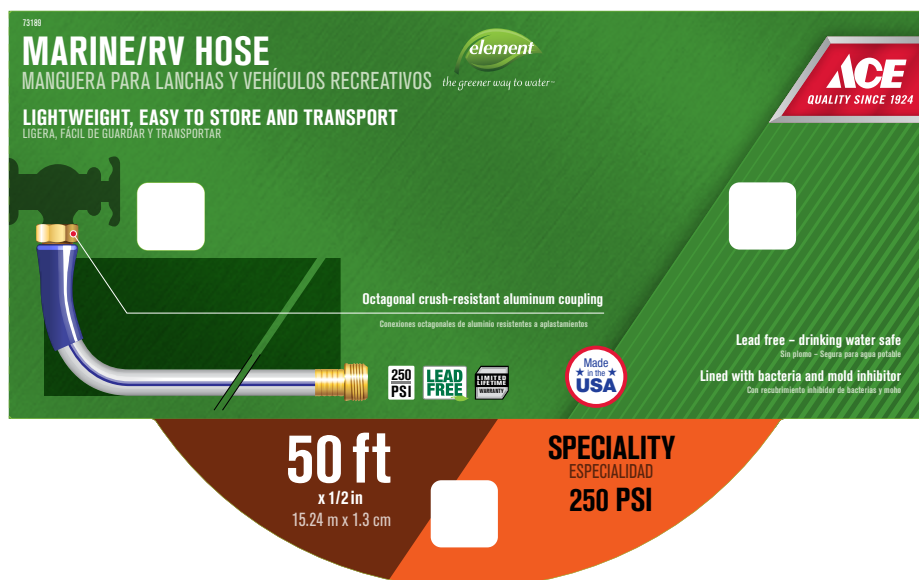
In some instances a co-brand may be used. This is appropriate if the co-brand is widely recognized by consumers. The addition of the co-brand should lend a positive association to the Ace brand product, potentially increasing the likelihood of purchase of the Ace product.

When a co-brand is used, the logo of the co-brand can be added to the package and, at most, should be equal sized, but never larger than the Ace brand. The placement of the logo may depend on the circumstance, but should never replace or affect the placement/position of the Ace logo.

NOTE:

Examples of co-branding can be found in garden hose with the addition of the Flexogen® and Element brands.

Example: Lawn and Garden Core Garden Hose; Element Co-brand



Example: Premium Garden Hose; Flexogen® by Gilmour® Co-brand



Ingredient Brands

An ingredient brand includes the addition of a callout or logo for a material or product part that is contained within the Ace product being sold. If this brand is recognizable to consumers, it may be beneficial to call out the ingredient brand, as it may add equity to the product.

Guidelines for incorporation of the ingredient brand may depend on specific legal requirements from the manufacturer of the product or material. These specific guidelines will need to be followed. This might dictate placement or specific language that must accompany the use of their trademarked brand. It may require that the ingredient brand logo be used. If an ingredient brand logo is used, it may be (if required) equal in size to the Ace logo, but should never exceed the size of the Ace logo.

NOTE:

DuPont™ Teflon® is an example of an ingredient brand incorporated into premium paint brushes. In this case, the DuPont™ requirements stated the logo be equal in size to the Ace logo.



Example: Premium Supreme Wall Brush; DuPont™ Teflon® Ingredient Brand



Example: Flexo Premium Supreme Roller Cover; DuPont™ Teflon® Ingredient Brand



Multi-pack

When a product is sold individually but is also offered as a single SKU with more than one quantity, a multi-pack icon indicating an increased quantity may be used to call out this unique circumstance.

The number in the multi-pack icon can be edited to reflect the quantity of a specific package. This icon may be placed under the product name and feature copy on the left or under the Ace logo on the right. The size, shape and amount of information on the package will determine best placement. However, once placement has been decided, it should remain consistent across all packaging within a product category.

Additionally when desired, a Value Pack call out can also be applied.

NOTE:

The [ACE_Icon_Logo_Sheet.pdf](#) document contains the multi-pack icons in vector art format.

The [ACE_Icon_CheatSheet.pdf](#) document contains reference for icon sizing and positioning requirements.



Example: Core Single Edge Razor Blades; 30 Pack



Example: Core Scraper Blades; 2 Pack



Example: Premium Supreme Trim Roller Covers; 2 Pack



Example: Core Solid Brass Padlock; Value Pack

Kits and Sets

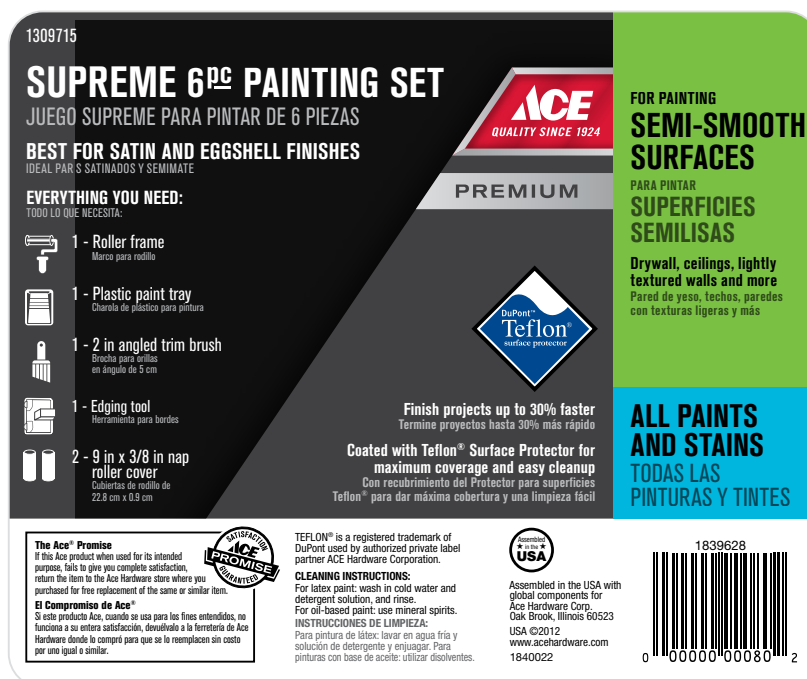
In instances where different types or sizes of products are packaged together as a kit or set, it is important to clearly call out the contents of the package on the front. Contents are listed under the product name and key feature (if applicable). Simple icons are used to visually support the contents and clearly differentiate this as a set. These icons are simple line drawings of the products that are filled in with a 100% white (see **Icons** section).

NOTE:

When product title calls out how many pieces are within a kit or set, use the alternate product title (shown).



Example: Core 3-Piece Mini Painting Set



Example: Premium Supreme 6-Piece Painting Set

Overview

The Ace brand label is one of the top US store brands, encompassing over 11,000 products produced by more than 250 vendors. This private label represents a key source of revenue for the Ace Hardware Corporation, generating almost \$1 billion in annual sales.

In order to ensure the continued growth and success of the Ace brand, it is important that the packaging for Ace brand products is developed along specific guidelines. With such a large number of products and vendors, these guidelines will help maintain a distinct brand image, ensure consistency across the product range and protect the brand name.

There are many different examples of packaging you will see throughout the Ace brand family, from boxes to blister packs, but all maintain a similar style and feel throughout.

This guide is intended to outline the design requirements and specifications for Ace brand packaging as well as highlight some exceptions to the established standards.

Ace brand products use a variation on the basic Core packaging and Premium packaging in order to communicate a higher level of quality (or “step-up”) within the brand:

Core

This is the basic style of packaging and the most commonly used.

Premium

For Ace brand products that meet a higher level of quality we created the Premium line. Designed to make an immediate impact on the consumer when compared with the Core product line, the Premium line stands out with a deeper metallic background color and the word “PREMIUM” boldly emblazoned below the Ace logo. This style is used when there are multiple products in a single line and the manufacturer wants to distinguish between better and best products.





Icons

Sometimes icons are added to the package front to aid selection and help differentiate products within a category. Some of these icons are product specific and reflect a unique feature of a product category, aiding in direct comparison of one product's features vs. another. Icon placement will depend on the product category. Examples of some of these icons and placements are shown here.

In garden hose, icons are used to indicate PSI, warranty and lead-free features. All placed near each other at the same size and in the same order on each of the packages, they can be used to quickly compare the performance and key features of one hose to another.

In some categories, such as builders hardware or padlocks, premium materials that are important features are called out with icons to help promote the feature and visually distinguish these products from other ones not made from those materials. In the case of builders hardware, because the subcategory color band is always used to call out material, these icons are placed within the band, rather than on the face of the package.

Size and Position of Icon

Icons should never command a greater presence on the package than the Ace logo. Guidelines for icon size and position on package front panels can be found on the [Ace Icon Cheat Sheet](#).

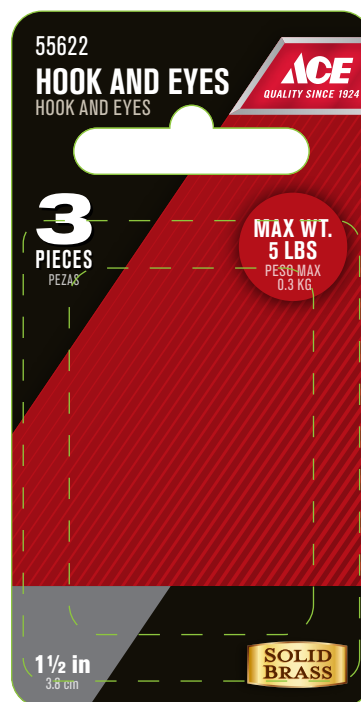
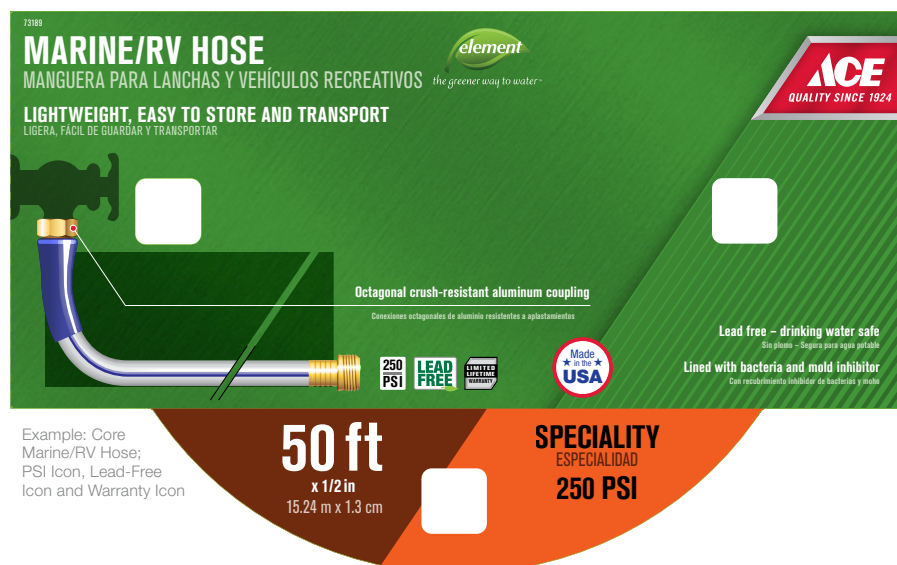
Made in the USA, Warranty and Max Weight Icons

Information about the "Made in the USA" icon, the Warranty icon with alternate icons and the Max Weight icon can be found on the following page.

NOTE:

The [ACE_Icon_Logo_Sheet.pdf](#) document contains the Ace brand icon library in vector art format.

The [ACE_Icon_CheatSheet.pdf](#) document contains reference for icon sizing and positioning requirements.





Made in the USA

Ace products that are made in the USA should use the “Made in the USA” badge. When space allows, this badge should always be used on the front panel. The badge can also be used or duplicated on the back panel.

To use the “Made in the USA” badge, 100% of the product must be manufactured in the USA.

When a portion of a product is made in the USA and the remaining product is imported from another country the “Made in the USA” badge should not be used (see: [Building the Back Panel](#) section).



Warranty

Occasionally manufacturers will offer a warranty on a specific product. Examples of warranty logo options are provided here. When possible, this should appear on the package front.



Max Weight

Occasionally specific important or warning information such as maximum weight can be identified on the package front panel using this icon.



NOTE:

The [ACE_Icon_Logo_Sheet.pdf](#) document contains the “Made in the USA”, Warranty and Max Weight icons in vector art format.

The [ACE_Icon_CheatSheet.pdf](#) document contains reference for icon sizing and positioning requirements.



Example: Premium Joint Knife; Lifetime Warranty Icon



Example: Lawn and Garden Core; Made in the USA Icon; 5-Year Warranty Icon



Example: Hook and Eyes; Max Weight Icon

Additional Logos and Icons

Additional product-specific logos (UL, NSF, OSHA, etc.) frequently appear on Ace brand packaging. Generally, these types of necessary logos should be placed near the lower right corner of the front panel and must be approved by the Ace Brand Manager. When using legally required logos, be sure to check on size requirements.

On the front panel, these logos should be white (except "Lead Free"). They normally sit one (1) "A" space left of the color differentiation band and one (1) "A" space from the bottom panel crop. If there is no color differentiation band, they sit against the right-hand side of the live area, one (1) "A" space from the bottom and right side panel crop .

When not required on the front panel, certain logos ("Be Smart Wear Goggles" for example) can be added to the back panel near the legal information.



Made to meet
OSHA
Specifications



NOTE:

The [ACE_Icon_Logo_Sheet.pdf](#) document contains the additional logos and icons in vector art format.

The [ACE_Icon_CheatSheet.pdf](#) document contains reference for icon sizing and positioning requirements.



Prop 65 Warning

The following warning language is standard on all products that require the Prop 65 Warning.

The warning is bilingual and should appear on the back panel near the legal information:

⚠ **WARNING:** This product contains one or more chemicals known to the State of California to cause cancer and birth defects or other reproductive harm. **Wash hands after handling.**

⚠ **ADVERTENCIA:** Este producto contiene uno o más químicos de los que el Estado de California sabe que ocasionan cáncer, defectos de nacimiento u otros daños al sistema reproductivo. **Lávese las manos después de usarlo.**

⚠ **WARNING:** This product contains one or more chemicals known to the State of California to cause cancer and birth defects or other reproductive harm. **Wash hands after handling.**

⚠ **ADVERTENCIA:** Este producto contiene uno o más químicos de los que el Estado de California sabe que ocasionan cáncer, defectos de nacimiento u otros daños al sistema reproductivo. **Lávese las manos después de usarlo.**

The Ace® Promise

If this Ace product when used for its intended purpose, fails to give you complete satisfaction, return the item to the Ace Hardware store where you purchased for free replacement of the same or similar item.

El Compromiso de Ace®

Si este producto Ace, cuando se usa para los fines entendidos, no funciona a su entera satisfacción, devuélvalo a la ferretería de Ace Hardware donde lo compró para que se lo reemplacen sin costo por uno igual o similar.



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Product Illustration

Product illustrations may be used on packaging to visually represent the product look if the product is covered completely by the packaging. Additionally, they may be used to highlight and call out specific features or provide support to installation steps.

Illustrations, whether on the front or back, may be an ideal option to present a product's features consistently from package to package.

NOTES:

Full-color (CMYK) illustrations were created for garden hose to prominently call out certain features.

Simple black and white illustrations were created to help explain installation steps on the back panel of tape products.



Example: Lawn and Garden Core; Product Illustration

Product Photography

Product photography may be used on packaging to visually represent the product look if the product is covered completely by the packaging. Additionally, they may be used to highlight and call out specific features or provide support to installation steps.

Photography, whether on the front or back, may be an ideal option to present a product's features consistently from package to package.

NOTE:

Photographs were used on high performance premium glove packaging to highlight important features.



Example: Core Tape; Back Panel; Installation Steps Illustration



Example: Premium Gloves; Photography

Color-Coding Subsystem

Packaging Variation with Extreme Color-Coding

55 Overview

56 Color-Coding Subsystem Build Guide



Overview

This packaging variation uses extreme color-coding to help distinguish distinct categories of products within a long set of Ace-branded products. When using this subsystem the category color is used to distinguish and segment only general or large categories of products across the set.

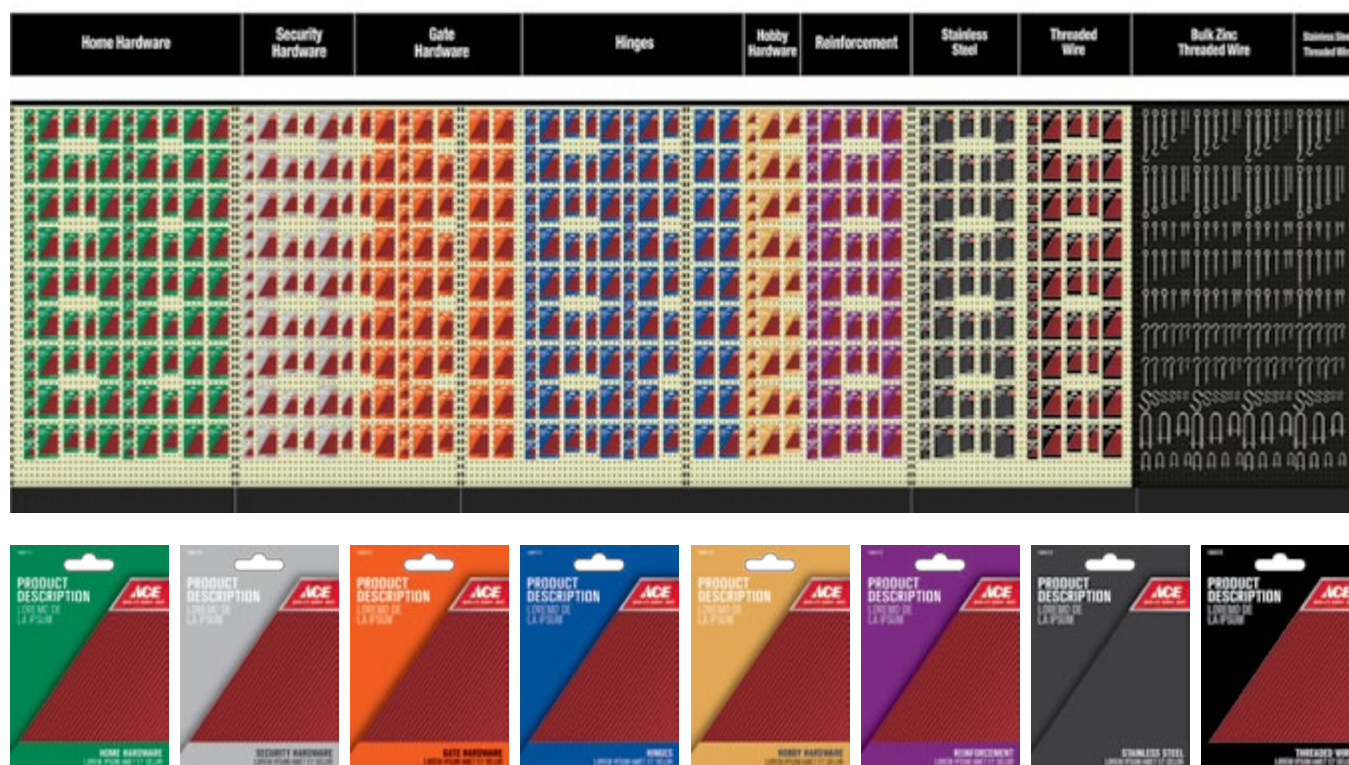
It is important to note that the use of color within the subsystem is handled differently than how color is used on the core packaging. For example, the versioning color bar on the core package is used to define a selection feature or subcategory within the same product type. An example of this would be wood filler, in which the versioning color bar is used to call out water-based vs. solvent-based options.

When using the color-coding subsystem, color is used to visually segment a broader set of products and the content/copy that is included in the versioning color bar at the bottom may then change across that color-coded product category. An example of a product set that this color-coding subsystem is appropriate for is builders hardware, where all products are Ace branded and color-coding is used to help orient the consumer to a category of products within the very large builders hardware set, such as home hardware, hinges or hobby.

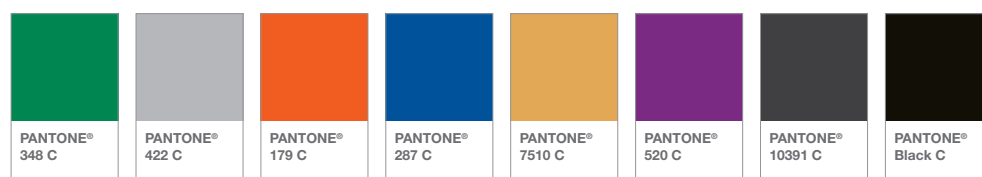
This subsystem is the exception to the rule and should be used only in key product sets.

Your Ace team will work with you to determine if this variation is appropriate for your packaging.

In general, this variation follows the core packaging architecture with only a few exceptions. These include the use of color and the size of the versioning color bar at the bottom. These details are included on the following pages. Please note that if you have a premium product within a set that will use this color-coding subsystem, the premium product layout should follow the premium packaging architecture and sizing template.



Color-Coding Subsystem Versioning Color Hierarchy Palette



Color-Coding Subsystem Build Guide

Core

Packaging using the color-coding subsystem uses the core panel design like other packages. Reference the step-by-step build process as described in the **Core Panel Build Guide** section; however, please note the following variations that will need to be made:

Variation 1

Brushed Aluminum Background Texture

When using the color-coding subsystem, each category color requires a unique build when combined with the brushed aluminum background texture. Each color will follow the same rules as described in **Step 2** of the **Core Panel Build Guide** with two exceptions:

1. Flood Base

The color-coding subsystem uses 8 of the approved Pantone colors as shown in the versioning color hierarchy palette, see: **Colors** section.

2. Photoshop Overlay

The opacity percentage within the Transparency setting of the Photoshop overlay will change for each color used.

Variation 2

Striped Background Texture

Each category color requires a unique drop shadow build when combined with the new brushed aluminum background texture build. Each color will follow the same rules as described in **Step 3** of the **Core Panel Build Guide** with one exception:

















1. Base

The opacity percentage within the effects dialogue box for the **Drop Shadow Build** will change for each color.

NOTE:

Pantone 10391 and Pantone Black do not use the brushed aluminum background texture but still require a variation on the striped background texture drop shadow build.

Color-Coding Subsystem: Background Build Chart

		Photoshop Overlay Transparency: Multiply; Opacity: 50% Drop Shadow Build Mode: Multiply; Opacity: 50%
		Photoshop Overlay Transparency: Multiply; Opacity: 45% Drop Shadow Build Mode: Multiply; Opacity: 30%
		Photoshop Overlay Transparency: Multiply; Opacity: 40% Drop Shadow Build Mode: Multiply; Opacity: 30%
		Photoshop Overlay Transparency: Multiply; Opacity: 100% Drop Shadow Build Mode: Multiply; Opacity: 65%
		Photoshop Overlay Transparency: Multiply; Opacity: 30% Drop Shadow Build Mode: Multiply; Opacity: 25%
		Photoshop Overlay Transparency: Multiply; Opacity: 70% Drop Shadow Build Mode: Multiply; Opacity: 50%
		Drop Shadow Build Mode: Multiply; Opacity: 50%
		Drop Shadow Build Mode: Multiply; Opacity: 30%

Color-Coding Subsystem Build Guide

Variation 3

Versioning Color Bar and Size/Weight Descriptor Tab (when applicable)

When using the color-coding subsystem, the height of the versioning color bar is predetermined within a range of package heights. The three versioning color bar heights are exact and should not be altered for overall visual consistency of color across the set.

Versioning Color Bar Height Chart:

- Package height = 0.5 inch to 10 inches:
Versioning color bar height = Exactly ½ inches high
- Package height = 10 inches to 20 inches:
Versioning color bar height = Exactly 1 ½ inches high
- Package height = 20 inches to 30 inches:
Versioning color bar height = Exactly 2 inches high

Color: The versioning color bar should match the background flood base Pantone color chosen for the category. The versioning color bar is solid color only and does not include the brushed aluminum background texture.

The size/weight descriptor tab (when applicable) should follow the same rules as described in [Step 4](#) of the [Core Panel Build Guide](#).

Descriptor Tab

Color: 100% black

Transparency: Multiply; Opacity: 65%

NOTE:

For reference of “exceptions” to the packaging standards, see [Packaging Variation Examples](#) section.

Example: Color is used to define the overall category.



Example: Copy within the color versioning bar is used to define a selection feature or type within a category.



Packaging Variation Examples

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- 61 Labels Without Backs
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Overview

Enter any Ace Hardware store and you will notice that there are many different “exceptions” to the packaging standards that need to be met in order to accommodate different sized and shaped packaging.

While there is no guideline that would accommodate every exception, this section attempts to provide a template for handling some of these exceptions while maintaining the Ace brand consistency.

Blisters, Clams and Cutouts

There are many current Ace products that require a blister, clam or cutout to showcase the product.

Depending on the card size and the sombrero placement, there may be a space restriction for the Ace logo and text. In these examples, we have deviated from the **Core Panel Build Guide** order to fit all required elements.

Ideally the logo is placed with clear space above the logo equal to 10% of the panel height. However, in some cases space is compromised on the packaging and there is little room for the logo. In this case, the logo position may change to accommodate packaging variations. If the logo must be moved, it should either align horizontally with the product name or the SKU number at the top if possible.

In cases where there is limited space to accommodate copy on the color versioning bar at the bottom of the package, the copy placement within the bar may be adjusted if needed for readability. In some cases this copy will fall underneath the clear portion of a blister. As long as the blister is clear and the copy remains readable, this placement is acceptable.

Additional examples on the following page.



Example: Small Screw Eyes;
Color-Coding Subsystem

Exceptions: Ace logo top aligned with the SKU number; product name reduced to fit



Example: Hook & Eyes;
Color-Coding Subsystem

Exceptions: Ace logo top aligned with the SKU number; descriptor copy paced below clear portion of blister where product will not violate descriptor copy



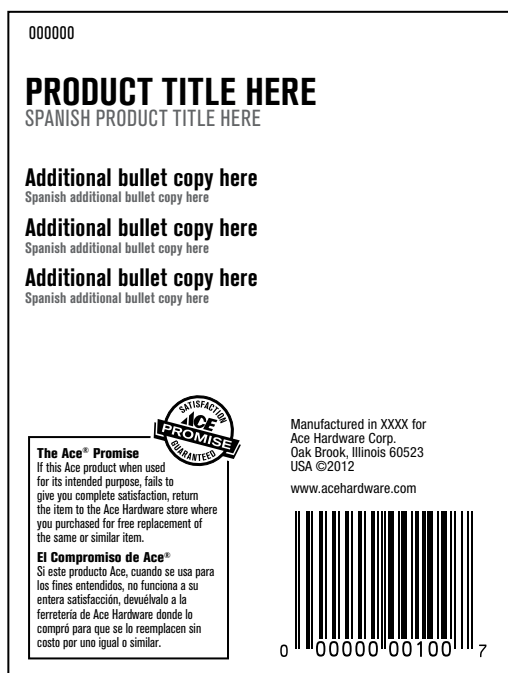
Essential Art Elements

This section provides an explanation of all the necessary components that make up Ace brand packaging.

Each component plays a vital role in communicating to the customer. The meaning of each should be thoroughly understood before proceeding. Details on the positioning and usage of each component will be discussed in the [Core Panel Build Guide](#) and the [Premium Panel Build Guide](#) sections.



Example: Core Front Panel Architecture

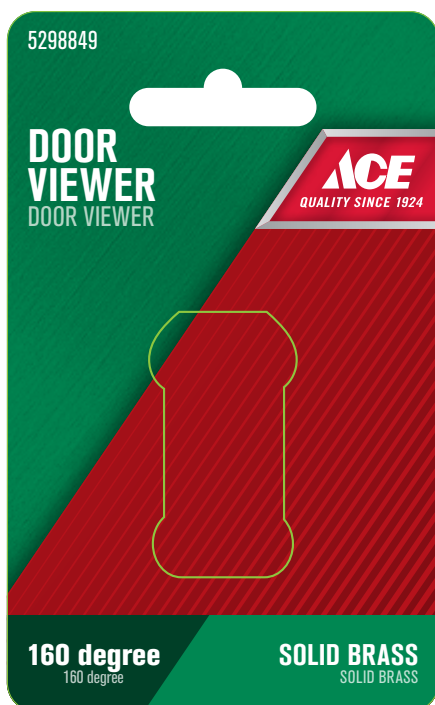


Example: Core and Premium Back Panel Architecture



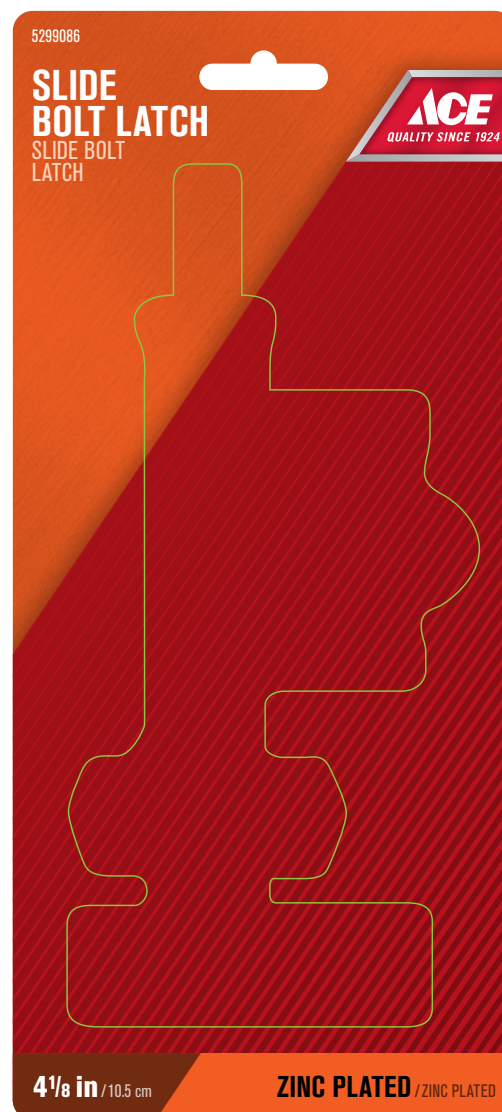
Example: Premium Front Panel Architecture

Blisters, Clams and Cutouts



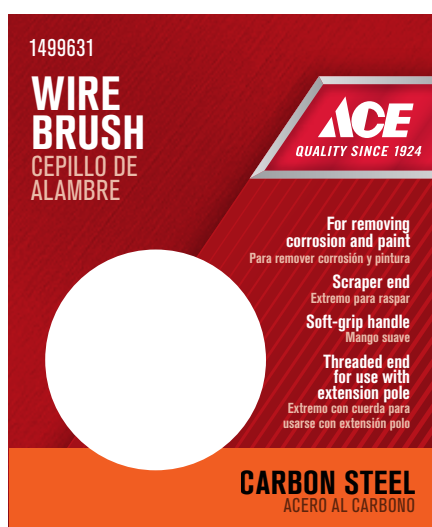
Example: Door Viewer; Color-Coding Subsystem

Exception: Ace logo and product name moved down to clear sombrero while both elements remain top aligned.



Example: Slide Bolt Latch; Color-Coding Subsystem

Exception: Copy within the versioning color bar was adjusted for better readability.



Example: Core Wire Brush

Exception: Bullet copy was reduced to clear cutout.



Labels Without Backs

When designing for labels or panels that don't have backs, all necessary information must fit on one side. The product's orientation will often determine whether the information should be placed on the side or on the bottom.

The shown examples have maintained the brand consistency while conforming to the size of the package die.



Example: Core Utility Shovel; Sticker



Example: Core Paint Shield; Sticker



Example: Core Wood Filler; Wrap Label



Narrow and Wide

The shown examples have maintained the brand consistency while conforming to the narrow and wide package dielines.



Example: Core Fabric Mini Roller; Header Card



Example: Core Wall Brush; Box Front Panel



Example: Premium Supreme Trim Brush; Box Front Panel



Example: Core Single Edge Razor Blades; Wrap Sticker



Abnormal Shapes

The shown examples have maintained the brand consistency while conforming to the abnormal shapes and sizes of the package die.



Example: Premium 6-in-1 Paint Tool



Example: Core Brush and Roller Cleaner



Example:
Core Paint Shield



Example: Core Self-Adhesive Drywall Joint Tape

Ace Brand Department Families

65 Designing with the Department in Mind



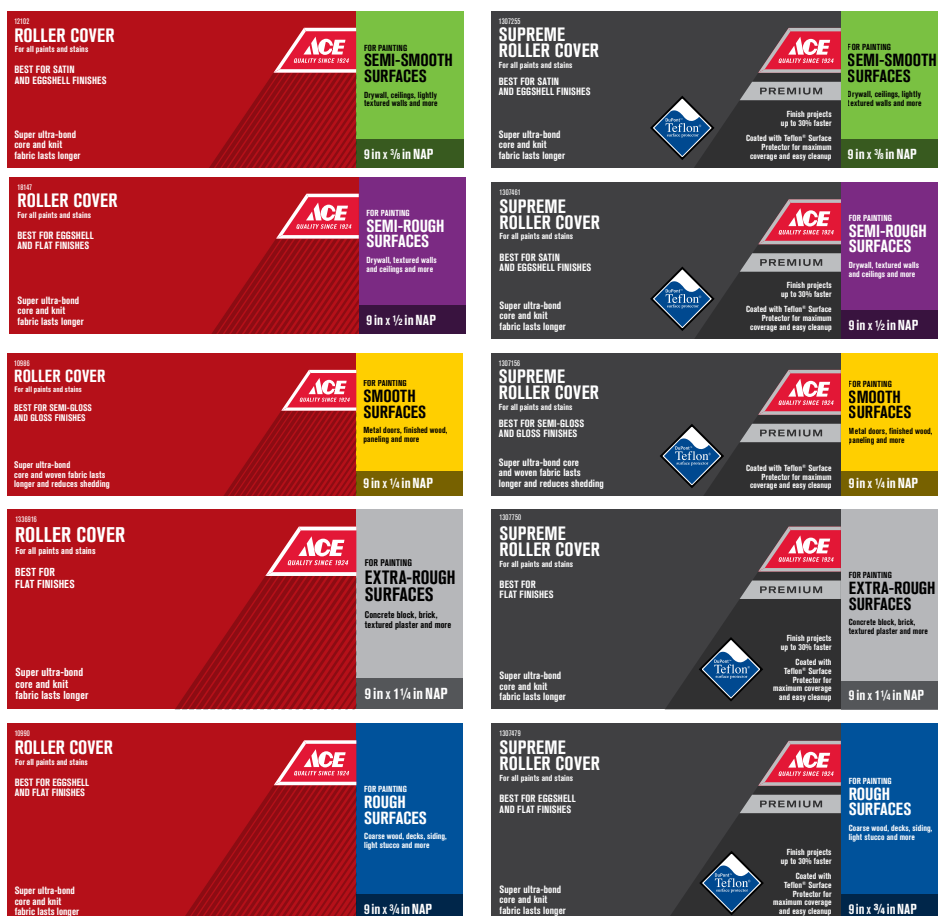


Designing with the Department in Mind

When designing packaging for a family or within a specific department, it is best to consider how the product will be marketed at the store. Elements must be consistent throughout, such as the type size or the positioning of artwork, so that a feeling of continuity exists. You should also look at your category of products as a whole and determine key points of difference for which the versioning color bar can help segment subcategories within your line of products and aid the selection process for the consumer at the shelf.

It will also be important that you correctly identify if there are products within your line that are premium and should use the premium package layout.

Both the use of colors within the versioning color bar and the determination of premium products should be agreed upon ahead of time with the consent of the buyer and the Ace Brand team.



Example: Core Roller Covers and Premium Supreme Roller Covers

In the examples above, the product title is the same at first glance, but the different colors used in the versioning color bar serve to clearly indicate the difference between the roller cover NAP. Additionally, the premium color and design quickly identifies the supreme roller covers as a premium product.

Supplying Artwork

- 67 Procedures and Requirements for Vendor-Produced Art
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- 68 Art Requirements
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- 69 Contact Information





Procedures and Requirements for Vendor-Produced Art

Vendors may wish to produce their own artwork that either they or an outside agency create for their packaging. The following is the general process that should occur for creating new SKUs:

- Digital files and/or hard-copy proofs are submitted directly to the Ace Brand Manager or the Graphic Specialist at RR Donnelley (see Art Requirements on following page), along with Vendor name, contact information, type of product and the date. These files can be sent on CD, posted to the FTP site, <ftp.rrdelgin.com> (see next page for log-in information) or emailed if size permits (see contact info on following page).
- The Ace Brand Team will review supplied art with an RR Donnelley Graphic Specialist and the Ace Hardware Buyer and contact the Vendor via email or phone requesting changes.
- Once artwork is approved, Ace Hardware will sign off on the proofs and tell the Vendor to move on to the next step. NOTE: Ace Hardware only signs off on artwork and design. The text, warnings, technical specifications are the responsibility of the Vendor.
- At this point, after approval of the proofs, the Vendor must provide the Ace Brand Team with two (2) sets of Match Prints or Press Proofs, in order to check color and design accuracy. The Ace Brand Team will communicate approval or changes with the Vendor to expedite the process. If changes are needed, Ace may request another set of Match Prints. When the Ace Brand Team approves the Match Prints, we will then send a signed and approved copy back to the Vendor.
- If proofs are approved with or without changes, the Printer moves forward with running all packaging. If more Match Prints are required, the Printer must create two sets of Match Prints or Press Proofs and overnight one set to Ace Hardware and one to the Vendor for final approval. This process continues until correct.
- The Vendor is responsible for communicating all changes to the Printer and checking color to be accurate to the signed and approved Match Print.

Whenever any change is to be made to any Ace brand packaging, the Vendor must communicate their intentions first with the Buyer and then with the Ace Brand Team. It is at the discretion of the Ace Brand Team and the Buyer to approve the changes with or without seeing a Match Print or Press Proof. This process is always evaluated on a case-by-case basis and is dependent upon a variety of factors.

If the Ace Brand Team and the Buyer do not require a Match Print or Press Proof, the Vendor can instruct their Printer to run the packaging.

If the Ace Brand Team and the Buyer do require a Match Print or Press Proof, the same steps are followed as in the Packaging Approval Process for a new SKU.

Procedures for Supplying Information for Ace-Designed Art

In situations where the Vendor wants Ace Hardware to produce the files and artwork for their product(s) packaging, these steps should be followed for supplying the correct information:

- Any available information on packaging size, dielines, layout, clams and blisters should be provided to Ace Hardware.

Art Requirements

- Adobe Illustrator (8.0 or above) EPS files of the packaging/artwork/dielines
- All fonts should be in the Akzidenz-Grotesk type family, legal copy in the Helvetica type family and can be outlined provided no changes need to be made
- All images must be 300 DPI
- It is preferable to have four or five different layers: Trim, Die, Art, Text and Background

FTP Site Log-in Information

Ace uses an RR Donnelley FTP site to transfer large files directly to the Ace Brand Art Department.

- If using an FTP client program such as Fetch or Cyberduck, type this in:

Address: [ftp.rrdelgin.com](ftp://rrdelgin.com)

User Name: acebrand

Password: hardware

- If using an Internet browser such as Safari or Internet Explorer, type this in:

<ftp://acebrand:hardware@ftp.rrdelgin.com>

All incoming artwork should be zipped and placed inside the "To_RRD" folder.



Contact Information

For inquiries regarding
branding and packaging strategies:

Cindy Basic
Ace Brand Manager
2222 Kensington Ct.
Oak Brook, IL 60523
cbras@acehardware.com
630-990-6698

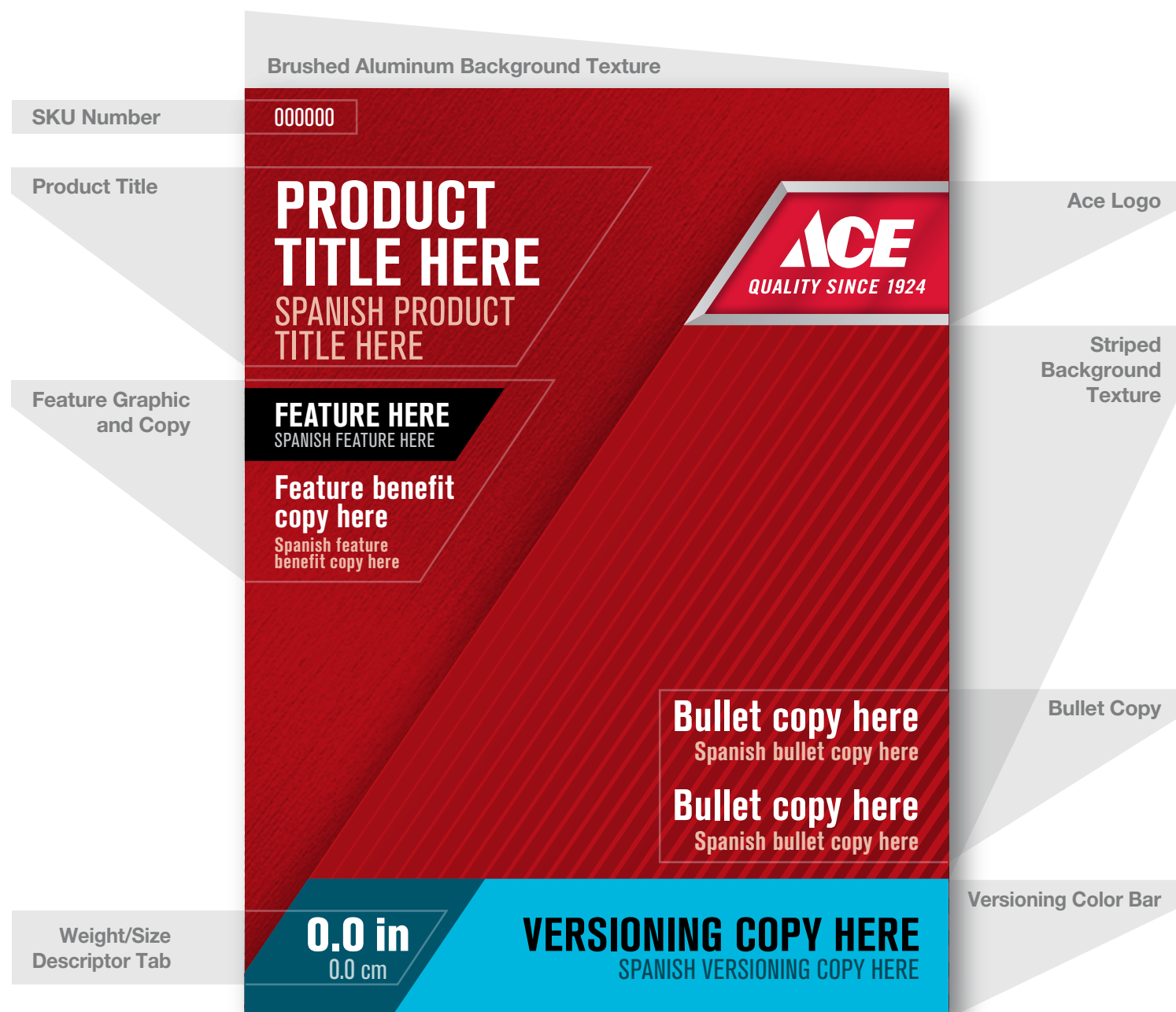
For inquiries regarding creative and/or
submitting artwork and style guidelines:

Ted Mielas
RR Donnelley
Graphic Specialist
2222 Kensington Ct.
Oak Brook, IL 60523
ted.mielas@rrd.com
630-990-8267



Essential Art Elements

The Core Front Panel Architecture



Quick Guides

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- 72 Premium Cheat Sheet
- 73 UPC and Legal Copy Cheat Sheet
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Core Cheat Sheet

The core cheat sheet outlines the specifications of the elements that define the Ace brand. The core cheat sheet is a quick reference guide.

Ace

CORE CHEAT SHEET | UPDATED 09/04/12



SKU #:
Font: Akzidenz-Grotesk BQ Condensed
Size: 12 pt. (minimum 10 pt.)
White

Product Title Top Aligns with Ace Logo

Product Title (all caps)
English:
Font: Akzidenz-Grotesk BQ Bold Condensed
Color: White
Spanish:
Font: Akzidenz-Grotesk BQ Condensed
25% PMS 1807

Brushed Aluminum Background Texture

Striped Background Texture

Bullet Copy (sentence caps)
Font: Akzidenz-Grotesk BQ Bold Condensed
English Color: White
Spanish Color: 25% PMS 1807

Descriptor Copy
Standard
Font: Akzidenz-Grotesk BQ Extra Bold Cond.
Color: White
Metric
Font: Akzidenz-Grotesk BQ Condensed
Transparency = 75% White

Versioning Color Bar Copy (all caps)
English:
Font: Akzidenz-Grotesk BQ Bold Condensed
Color: White
Spanish:
Font: Akzidenz-Grotesk BQ Condensed
75% Black

Product Title (all caps)
80% of front panel
English:
Font: Akzidenz-Grotesk BQ Bold Condensed
Color: White
Spanish:
Font: Akzidenz-Grotesk BQ Condensed
25% PMS 1807

CLEANING INSTRUCTIONS:
For latex paint: wash in cold water and detergent solution, scrub free.
For oil-based paint: use mineral spirits.

INSTRUCCIONES DE LIMPIEZA:
Para pintura de látex: lavar en agua fría y solución de detergente y cepillar.
Para pinturas con base de aceite: utilizar disolventes.

Ace Promise Badge
Font: Akzidenz-Grotesk BQ Extra Bold Condensed, Akzidenz-Grotesk BQ Cond.
Color: White
Stroke: 1 pt.; White

Ace Promise Icon
Color: Black & White

Legal Copy
Font: Helvetica Neue 57 Condensed
Color: White

UPC Code

Good coverage and finish
Buená cobertura y acabados

2.5 in
6.3 cm

ALL PAINTS AND STAINS
TODAS LAS PINTURAS Y TINTES

Versioning Color Bar
Height: 15% of the total panel height
Color: PMS 638 (TBD per SKU)

Descriptor Tab
Color: 65% Black; Multiply
Angle: 34.125° ("A" angle)

Deviations from format are made in 10% increments
(Up 110%, Down 90.91%)

LEGEND
Clear spaces defined in this document use the following color keys:

"A" space: Defined by the HEIGHT of the lower left triangular space of the "A" in ACE 1/2 "A" space =

"A" angle: Defined by the angle of the letter "A" in ACE

CORE PACKAGING DESIGN GUIDELINES
Example: Wall Brush; Keeper

LABEL MATERIAL
This label has been set up for printing on a bright white substrate.

COLOR USAGE
This label prints in PMS 186, PMS 1807, Process Black, PMS 638 (Category Color Differentiation) and an overall flood varnish.

PACKAGING LAYOUT
For all Ace packaging, the layout should be consistent (in color and format) and match the example shown. Note: The example shown prints full color on all sides; on 2-sided packaging the back panel should print 1-color black only.

BRAND LOGO
The brand logo should never be altered or translated in any way. When the Ace logo is on more than one panel the largest logo should be placed on the front panel. The logo should be made smaller on the back panel when space is limited. The Ace logo clear space should be no less than one "A" space, defined by the height of the lower left triangular space of the "A" in ACE.

PRODUCT NAME
The product name on all Ace packaging is bilingual: English and Spanish with the Spanish text set at 60% of the English point size. Copy on all packaging should always appear in the following order: English, Spanish.

BULLET COPY
The bullet detail copy should be short and concise, with only relevant information about use and features, limited to 2-3 bullets (preferred). The tone is straightforward, and descriptions concise. In addition, all bullet copy is bilingual: English and Spanish with the Spanish text set at 60% of the English point size. Copy on all packaging should always appear in the following order: English, Spanish.

PRODUCT DIMENSIONS HIERARCHY
Dimensions should appear in metric within the translated copy. The abbreviation "in" should replace the inch marks and the abbreviation "ft" should replace the foot marks. One space should appear between dimensions and "in", "ft" or "cm". Dimensions on all packaging should always appear in the following order: Standard, Metric.

SKU NUMBER
The SKU number should be located in the upper left-hand corner on all panels of the package. The preferred SKU number size is 12 pt., the minimum SKU number size is 10 pt. Clear space, equal to the "A" space, should be visible on all sides of SKU number.

UPC CODE
For all Ace packaging, the preferred placement of the UPC is located in lower right-hand corner on the back panel.

ADDRESS/LEGAL COPY
The Country of Origin, address and website are not translated. One line space should appear between address and website. When product is assembled in the USA, only legal copy should appear. When product is manufactured in the USA, both legal copy and "Made in the USA" icon should be present. The preferred point size of legal copy is 8 pt. In extreme space-challenged scenarios the text can be reduced to a minimum of 5 pt.

MSI

137409_Ace_Core_CheatSheet.ai | kail 09.04.2012

Example: Ace Core Cheat Sheet

Premium Cheat Sheet

The premium cheat sheet outlines the specifications of the elements that define the Ace brand. The premium cheat sheet is a quick reference guide.

Ace

PREMIUM CHEAT SHEET | UPDATED 09/04/12



SKU #:
Font: Akizdenz-Grotesk BQ Condensed
Size: 12 pt. (minimum 10 pt.)
Color: White

Product Title Top Aligns with Ace Logo

Product Title (all caps)
English: Akizdenz-Grotesk BQ Bold Condensed
Color: White
Spanish: Akizdenz-Grotesk BQ Condensed
25% PMS 10391

Cleaning Instructions
Font: Akizdenz-Grotesk BQ Bold Condensed, Akizdenz-Grotesk BQ Cond.
English Color: White
Spanish Color: 35% PMS 1807

Ace Promise Badge
Font: Akizdenz-Grotesk BQ Extra Bold Condensed, Akizdenz-Grotesk BQ Cond.
Color: White
Stroke: 1 pt.; White

Ace Promise Icon
Color: Black & White

Ingredient Brand
DuPont™ Teflon®

Legal Copy
Font: Helvetica Neue 57 Condensed
Color: White

UPC Code

Deviations from format are made in 10% increments (Up 110%, Down 90.91%)

LEGEND
Clear spaces defined in this document use the following color keys:
"A" space: Defined by the HEIGHT of the lower left triangular space of the "A" in ACE
"A" angle: Defined by the angle of the letter "A" in ACE

PREMIUM PACKAGING DESIGN GUIDELINES
Example: Supreme Wall Brush; Keeper

LABEL MATERIAL
This label has been set up for printing on a bright white substrate.

COLOR USAGE
This label prints in PMS 186, PMS 10391, Process Black, PMS 280, PMS 638 (Category Color Differentiation) and an overall flood varnish.

PACKAGING LAYOUT
For all Ace packaging, the layout should be consistent (in color and format) and match the example shown. Note: The example shown prints full color on all sides; on 2-sided packaging the back panel should print 1-color black only.

BRAND LOGO
The brand logo should never be altered or translated in any way. When the Ace logo is on more than one panel the largest logo should be placed on the front panel. The logo should be made smaller on the back panel when space is limited. The Ace logo clear space should be no less than one "A" space, defined by the height of the lower left triangular space of the "A" in ACE.

PRODUCT NAME
The product name on all Ace packaging is bilingual: English and Spanish with the Spanish text set at 60% of the English point size. Copy on all packaging should always appear in the following order: English, Spanish.

BULLET COPY
The bullet detail copy should be short and concise, with only relevant information about use and features, limited to 2-3 bullets (preferred). The tone is straightforward, and descriptions concise. In addition, all bullet copy is bilingual: English and Spanish with the Spanish text set at 60% of the English point size. Copy on all packaging should always appear in the following order: English, Spanish.

PRODUCT DIMENSIONS HIERARCHY
Dimensions should appear in metric within the translated copy. The abbreviation "in" should replace the inch marks and the abbreviation "ft" should replace the foot marks. One space should appear between dimensions and "in", "ft" or "cm". Dimensions on all packaging should always appear in the following order: Standard, Metric.

SKU NUMBER
The SKU number should be located in the upper left-hand corner on all panels of the package. The preferred SKU number size is 12 pt., the minimum SKU number size is 10 pt. Clear space, equal to the "A" space, should be visible on all sides of SKU number.

UPC CODE
For all Ace packaging, the preferred placement of the UPC is located in lower right-hand corner on the back panel.

ADDRESS/LEGAL COPY
The Country of Origin, address and website are not translated. One line space should appear between address and website. When product is assembled in the USA, only legal copy should appear. When product is manufactured in the USA, both legal copy and "Made in the USA" icon should be present. The preferred point size of legal copy is 8 pt. In extreme space-challenged scenarios the text can be reduced to a minimum of 5 pt.

MSI

137409_ACE_Premium_CheatSheet.ai | kail 09.04.2012

Example: Ace Premium Cheat Sheet

UPC and Legal Copy Cheat Sheet

The UPC and legal copy cheat sheet outlines the specifications of the elements that define the Ace brand. The UPC and legal copy cheat sheet is a quick reference guide.

Ace UPC AND LEGAL COPY CHEAT SHEET UPDATED 10/08/12

Manufactured in XXXX for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com



LOCKUP A

Copy
English only
Helvetica Neue 57 Condensed
8 pt. (preferred)

UPC
Placed at 100%
May be truncated, minimum 0.25 in. high
May be placed at 80% in small panel scenarios
Minimum clear space around UPC on all sides is 0.125 in.



Manufactured in XXXX for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com

LOCKUP B

Copy
English only
Helvetica Neue 57 Condensed
8 pt. (preferred)

UPC
Placed at 100%
May be truncated, minimum 0.25 in. high
May be placed at 80% in small panel scenarios
Minimum clear space around UPC on all sides is 0.125 in.

Manufactured in U.S.A. for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com



LOCKUP C

Copy
English only
Helvetica Neue 57 Condensed
8 pt. (preferred)

UPC
Placed at 100%
May be truncated, minimum 0.25 in. high
May be placed at 80% in small panel scenarios
Minimum clear space around UPC on all sides is 0.125 in.



Manufactured in U.S.A. for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com

LOCKUP D

Copy
English only
Helvetica Neue 57 Condensed
8 pt. (preferred)

UPC
Placed at 100%
May be truncated, minimum 0.25 in. high
May be placed at 80% in small panel scenarios
Minimum clear space around UPC on all sides is 0.125 in.

LEGEND

Clear space =

TYPEFACES

All legal copy should appear in Helvetica Neue 57 Condensed.

ADDRESS/LEGAL COPY

The Country of Origin, address and website are not translated. One line space should appear between address and website. The preferred point size of legal copy is 8 pt. In extreme space-challenged scenarios the text can be reduced to a minimum of 5 pt.

COLOR USAGE

Legal copy and UPC print in black or white only.

PLACEMENT

There should be only one set of legal copy on each package and it should NOT appear on the front panel. The UPC code should always appear on the same panel as legal copy. The legal copy should be placed a minimum of 0.125 in. from the UPC, and no farther than 3 inches from the UPC code.

UPC CODE

For all Ace packaging, the UPC must be located in the lower right-hand corner on the back panel. Minimum clear space around the UPC is 0.125 in.

MADE IN THE USA ICON

Ace products that are made in the USA should use the "Made in the USA" icon. To use the "Made in the USA" icon, 100% of the product must be manufactured in the USA. When a portion of a product is made in the USA and the remaining product is imported from another country, the "Made in the USA" icon should not be used.

PROP 65 WARNING

The following warning language is standard on all products that require the Prop 65 Warning. The warning is bilingual and should appear on the back panel near the legal information:

⚠ **WARNING:** This product contains one or more chemicals known to the State of California to cause cancer and birth defects or other reproductive harm. Wash hands after handling.

PATENT NUMBER

When product requires one or two patent numbers, the patent number(s) should be positioned below the Ace website with one line space between the patent number and website. Patent number should then baseline with UPC code.

Manufactured in U.S.A. for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com
Pat. 00 0000,000

Manufactured in U.S.A. for
Ace Hardware Corp.
Oak Brook, Illinois 60523
USA ©2012
www.acehardware.com
Pat. US X000,000
US X000,000

MSI

137409_ACE_Legal_CheatSheet.ai | kelli 10.08.2012

Example: Ace UPC and Legal Copy Cheat Sheet

Icon Cheat Sheet

The icon cheat sheet outlines the sizing and positioning of icons on packaging front panels. The icon cheat sheet is a quick reference guide.

For a library of the Ace brand icons in vector art format see: [Icon Sheet](#) on the following page.

Ace ICON CHEAT SHEET | UPDATED 10/09/12



Deviations from format are made in 10% increments (Up 110%, Down 90.91%)

Icons should never command a greater presence on the package than the Ace logo.

LEGEND

Clear spaces and icon size defined in this document use the following color keys:

"A" space: Defined by the HEIGHT of the lower left triangular space of the "A" in ACE



ICON GUIDELINES

Example: Hook and Eyes; Clamshell

MULTI-PIECE ICON

The multi-piece icon consists of 2 elements, the number call out and the translated "pieces" copy below the number call out. Size of the number call out is equal to 200% of the product title point size, the "pieces" copy below is equal to 35% of the number call out and should be centered and justified to the number above. The multi-piece icon should be left justified and positioned two "A" spaces below the product title.

MAX WEIGHT ICON

The max weight icon is a lockup. Size of the English copy is equal to 70% of the English product title point size. The max weight icon lockup should be right justified and positioned two "A" spaces below the Ace logo.

FINISH ICON

The finish icon size is based on height and should be equal to the height of 3 "A" spaces. The finish icon should be right justified and positioned in the lower right corner of the package front panel.

MSI

137409_ACE_Icon_CheatSheet.ai | keli 10.09.2012

Example: Ace Icon Cheat Sheet




































Icon Sheet


The icon sheet is a library of the Ace brand icons in vector art format.

For the sizing and positioning of icons on packaging see: [Icon Cheat Sheet](#) on the previous page.

Ace

ICON SHEET | UPDATED 10/08/12

Warranty Icons   	Made in the USA  	Premium Materials Icons    																				
Additional Logos and Icons         																						
Ace Promise Badge  <div style="border: 1px solid black; padding: 5px; font-size: 0.8em;"> <p>The Ace® Promise If this Ace product when used for its intended purpose, fails to give you complete satisfaction, return the item to the Ace Hardware store where you purchased for free replacement of the same or similar item.</p> <p>El Compromiso de Ace® Si este producto Ace, cuando se usa para los fines entendidos, no funciona a su entera satisfacción, devuélvalo a la tienda de Ace Hardware donde lo compró para que se lo reemplacen sin costo por uno igual o similar.</p> </div>		Additional Ace Logo  <p>Additional Ace logo appears on back of certain Ace packages to retain copyright. Ace brand team will confirm if this logo is required.</p>																				
Multi-pack / Multi-piece Icons <table border="0"> <tr> <td>2 PACK PAQUETE</td> <td>3 PACK PAQUETE</td> <td>4 PACK PAQUETE</td> <td>5 PACK PAQUETE</td> <td>6 PACK PAQUETE</td> <td>10 PACK PAQUETE</td> <td>12 PACK PAQUETE</td> <td>30 PACK PAQUETE</td> <td>50 PACK PAQUETE</td> <td>100 PACK PAQUETE</td> </tr> <tr> <td>2 PIECES PEZAS</td> <td>3 PIECES PEZAS</td> <td>4 PIECES PEZAS</td> <td>5 PIECES PEZAS</td> <td>6 PIECES PEZAS</td> <td>10 PIECES PEZAS</td> <td>12 PIECES PEZAS</td> <td>30 PIECES PEZAS</td> <td>50 PIECES PEZAS</td> <td>100 PIECES PEZAS</td> </tr> </table>			2 PACK PAQUETE	3 PACK PAQUETE	4 PACK PAQUETE	5 PACK PAQUETE	6 PACK PAQUETE	10 PACK PAQUETE	12 PACK PAQUETE	30 PACK PAQUETE	50 PACK PAQUETE	100 PACK PAQUETE	2 PIECES PEZAS	3 PIECES PEZAS	4 PIECES PEZAS	5 PIECES PEZAS	6 PIECES PEZAS	10 PIECES PEZAS	12 PIECES PEZAS	30 PIECES PEZAS	50 PIECES PEZAS	100 PIECES PEZAS
2 PACK PAQUETE	3 PACK PAQUETE	4 PACK PAQUETE	5 PACK PAQUETE	6 PACK PAQUETE	10 PACK PAQUETE	12 PACK PAQUETE	30 PACK PAQUETE	50 PACK PAQUETE	100 PACK PAQUETE													
2 PIECES PEZAS	3 PIECES PEZAS	4 PIECES PEZAS	5 PIECES PEZAS	6 PIECES PEZAS	10 PIECES PEZAS	12 PIECES PEZAS	30 PIECES PEZAS	50 PIECES PEZAS	100 PIECES PEZAS													
Kit and Set Icons             							Weather Resistant Icons   Weather resistant Extreme weather and corrosion resistant															

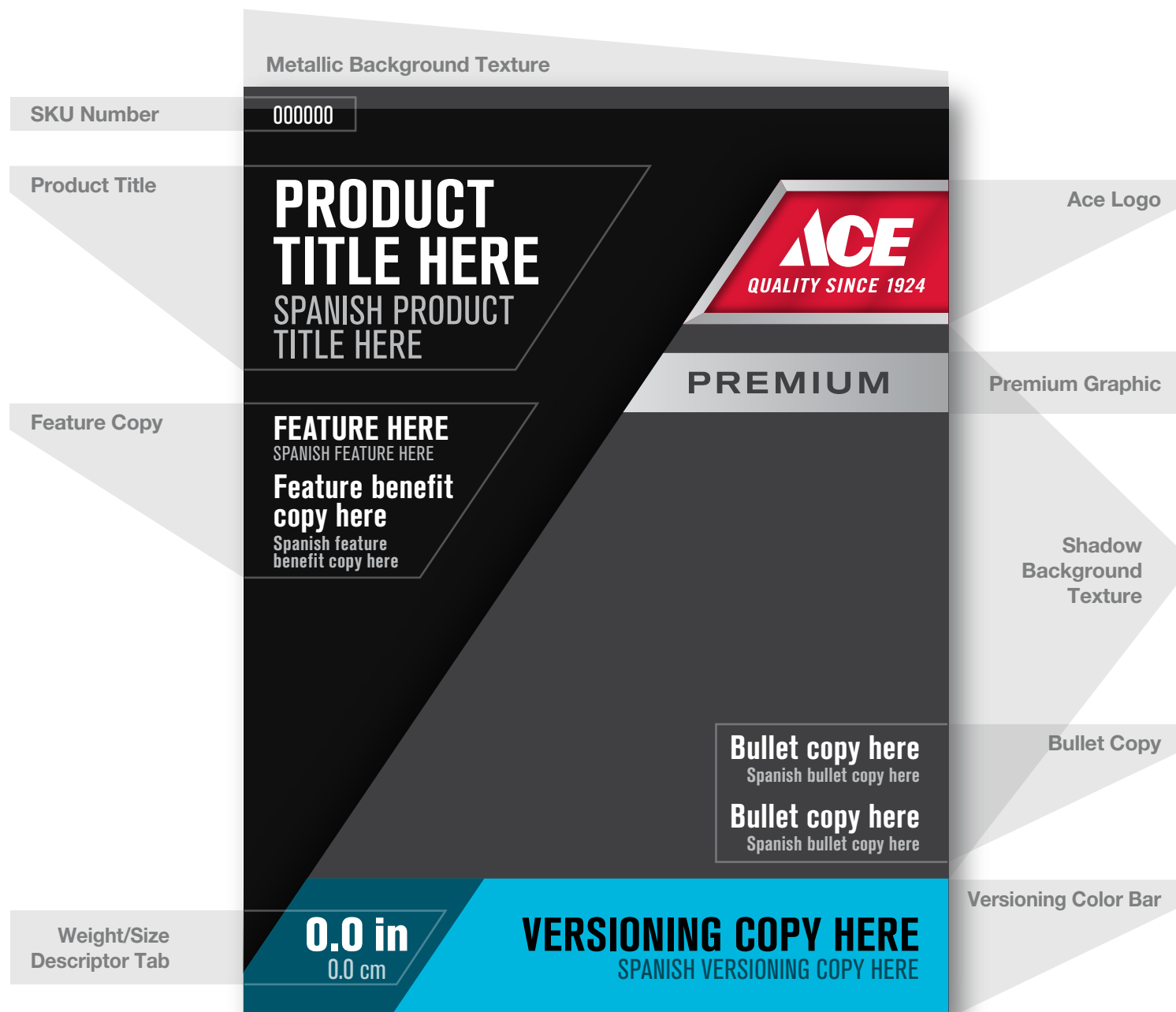

137409_ACE_Icon_Sheet.ai | kelli 10.08.2012

Example: Ace Icon Sheet



Essential Art Elements

The Premium Front Panel Architecture





Essential Art Elements

The Core and Premium Back Panel Architecture

SKU Number	000000
Product Title	PRODUCT TITLE HERE SPANISH PRODUCT TITLE HERE
Additional Bullet Copy	Additional bullet copy here Spanish additional bullet copy here Additional bullet copy here Spanish additional bullet copy here Additional bullet copy here Spanish additional bullet copy here
Ace Promise	<div>The Ace® Promise If this Ace product when used for its intended purpose, fails to give you complete satisfaction, return the item to the Ace Hardware store where you purchased for free replacement of the same or similar item. El Compromiso de Ace® Si este producto Ace, cuando se usa para los fines entendidos, no funciona a su entera satisfacción, devuélvalo a la ferretería de Ace Hardware donde lo compró para que se lo reemplacen sin costo por uno igual o similar.</div> <div>Manufactured in XXXX for Ace Hardware Corp. Oak Brook, Illinois 60523 USA ©2012 www.acehardware.com</div> <div> 0 00000 00100 7</div>
Legal Copy	
UPC Code	

Colors

These are the spot colors as used on the Ace logo and the Ace Brand Core, Premium, and Lawn and Garden packaging. No other color combinations are acceptable.

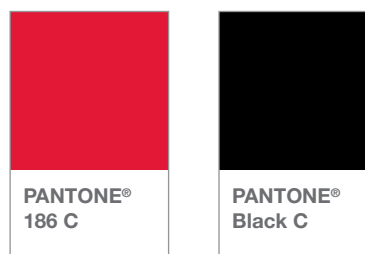
These colors should never print in 4-color process (CMYK). When printing packages with 4-color photos, the print job would consist of 7 colors: 4-color process plus the Ace logo spot color (PMS 186), the packaging spot color and the category color differentiation spot color. If the package does not require a category color differentiation then the package will consist of 6 colors.

The versioning color hierarchy was designed to differentiate items within the same category (see: [Category Color Differentiation](#) section).

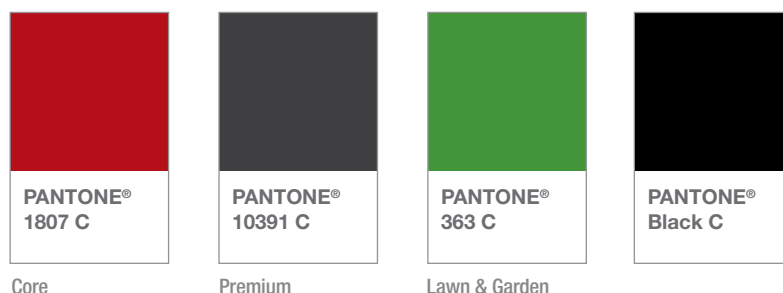
NOTE:

The versioning color hierarchy secondary palette is provided for use of color within the descriptor tab on flexography printing only. All other printing methods should refer to the preferred descriptor tab build rules as described in the [Core Panel Build Guide](#) and [Premium Panel Build Guide](#).

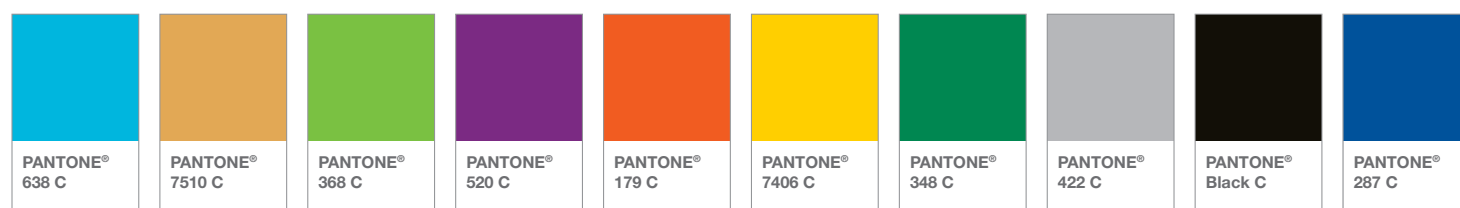
Ace Logo



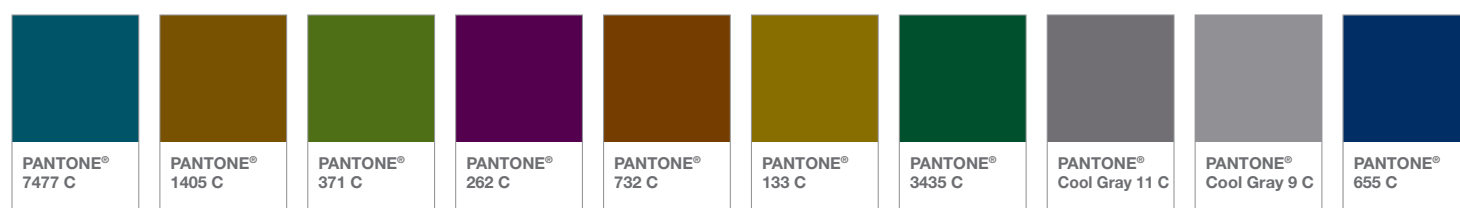
Packaging



Versioning Color Hierarchy Palette



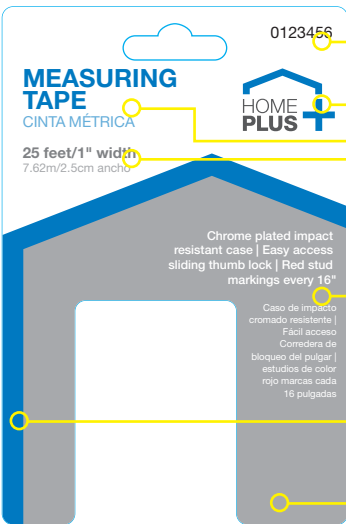
Versioning Color Hierarchy Secondary Palette (for flexo descriptor tabs only)



IMPORTANT: All print jobs should be set up a 2-color jobs, using PMS 300 C and various screens of Black.



HOMEPLUS+ LOGO
2 colors: PMS 300 C, 80% K



VERTICAL CARD EXAMPLE

Ace # should be 12 pt. minimum. Helvetica Neue 55 Roman*. Color: 100% K

Logo appears on upper right corner. Approximate size is 1/4 the width of a vertically-oriented card.

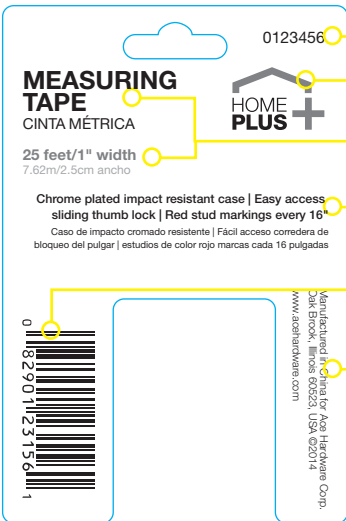
Product name positioned on left side (horizontally-aligned with right edge of vertical house graphic and vertically-aligned with top of HomePlus logo.)
Font: Helvetica Neue 75 Bold*
English Product name size: 130% the height of the "H" in HomePlus logo. Color: PMS 300 C
Spanish Product name size: 60% of English. Hevetica Neue 55 Roman. Color: 60% PMS 300C

Post-describer text (positioned on left side under product name)
English Post-describer size: 60% of the Product name. Color: 40% K; Font: Helvetica Neue 75 Bold*
Spanish Post-describer size: 80% of English Post Descriptor. Font: Helvetica Neue 55 Roman

Product features text positioned right justified. Features separated with a vertical line (pipe) " | "
English Font: Helvetica Neue 65 Medium*; size: 1–2 pts. less than English Post-Descriptor (min 7 pt.)
Spanish Font: Helvetica Neue 55 Roman; size: 1–2 pts. less than English Features (min 6 pt.)
NOTE: Spanish feature text should be kept grouped separate from English

House graphic sized so the left vertical wall runs down the left side of panel.
Peak of house should be close to the top of post-describer text (or equivalent location)

Fill color is 40% K



Ace # should be repeated on back panel

Grayscale logo. "HOMEPLUS" is 100% K; the roof and "+" sign are 60% K

Product name and post-describer can be repeated on back panel, if space allows

Product features repeated from front panel. May need to add additional features/ instructions.

Barcode/UPC Format: UPC-A. Scaled no less than 81.77%. Height may be truncated up to 60% of its height.

Country of origin statement
Font: Helvetica Neue 45 Light, Min. size: 6 pt.

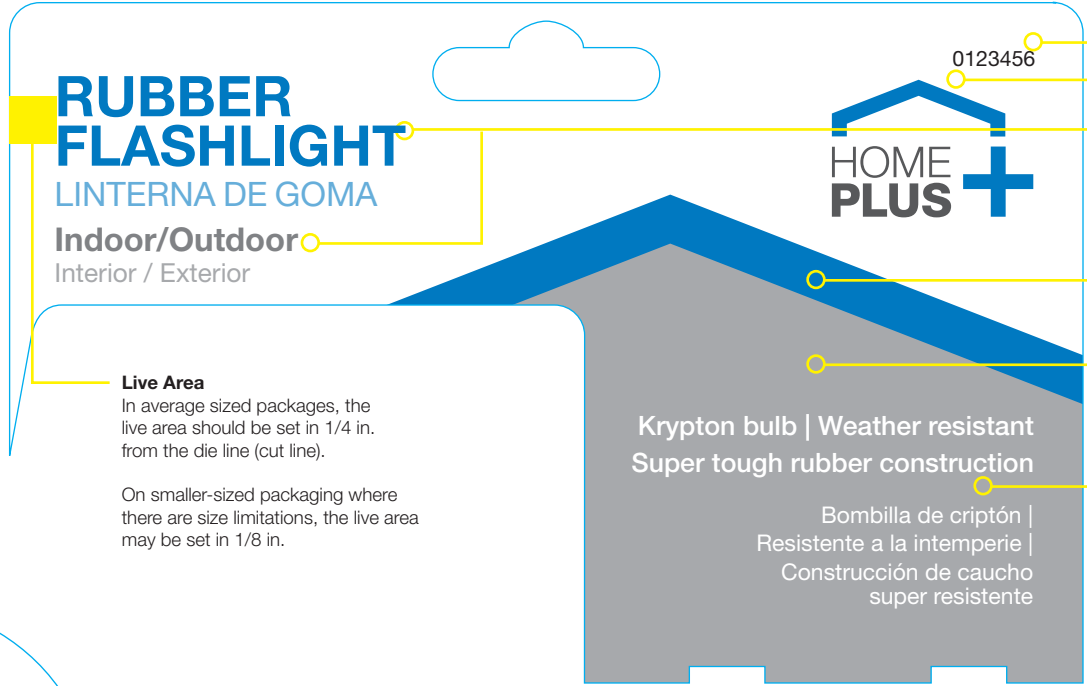
* All Helvetica Neue fonts may be substituted with the Linotype version (Helvetica Neue LT)



CIRCULAR STICKER



STICKER OR 1- SIDED LABEL EXAMPLE



HORIZONTAL CARD EXAMPLE

Ace # should be 12 pt. minimum. Helvetica Neue 55 Roman*. Color: 100% K

Logo appears on upper right corner. Approximate size is 1/5 the width of a horizontally-oriented card.

Product name and post-describer text positioned on left side and vertically aligned with HomePlus logo.

English Product name font: Helvetica Neue 75 Bold*
Font size: 130% the height of the "H" in HomePlus logo. Color: PMS 300 C
Spanish Product name size: 60% of English. Hevetica Neue 55 Roman. Color: 60% PMS 300C

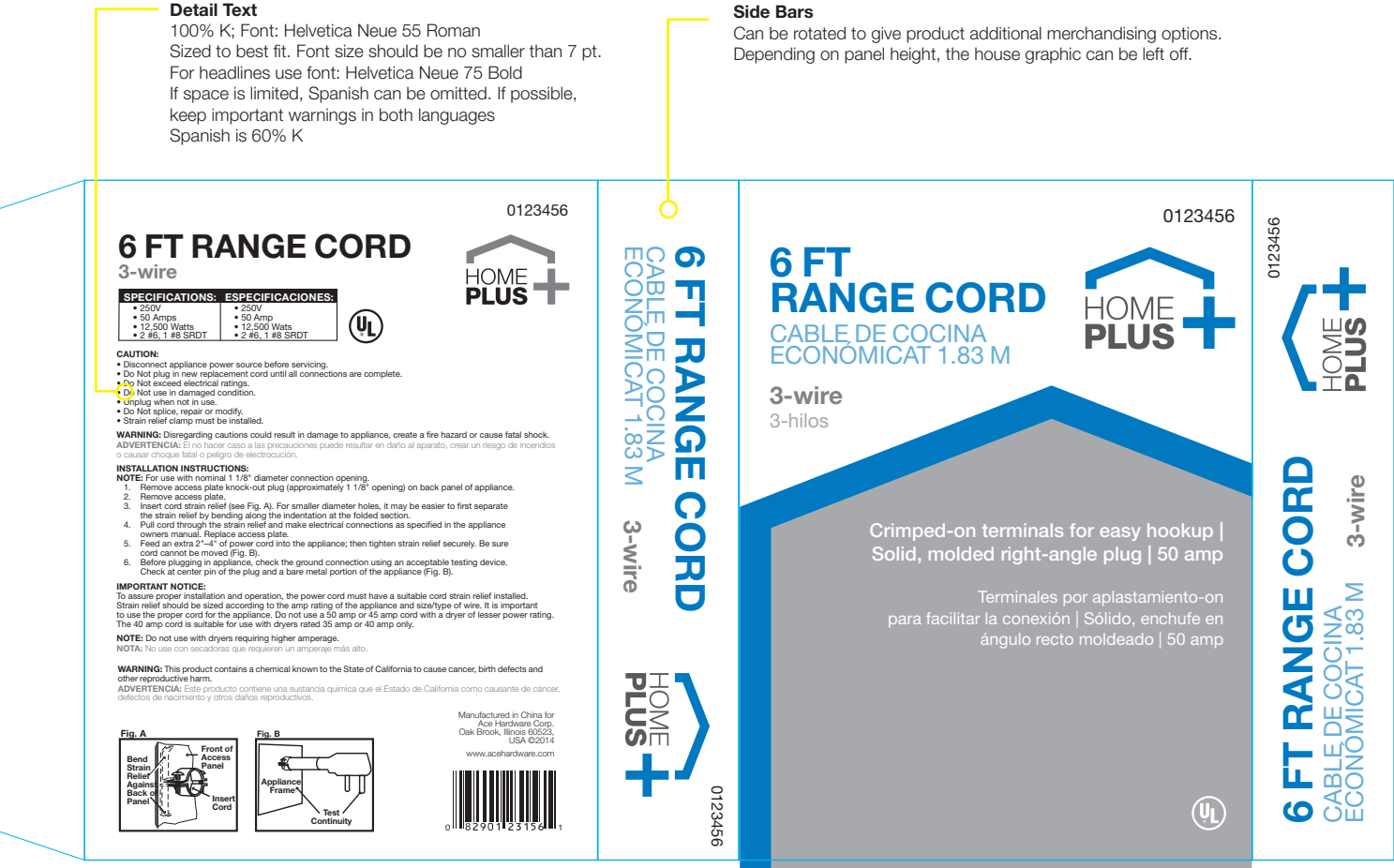
English Post-describer size: 60% of the Product name. Color: 40% K;
Font: Helvetica Neue 75 Bold*
Spanish Post-describer size: 80% of English Post Descriptor. Font: Helvetica Neue 55 Roman

House graphic sized so the left vertical wall runs down the left side of panel (in this instance it is cut off). Peak of house should be level with top of post-describer text (or equivalent location if no post-describer text is used)

Fill color is 40% K

Product features text positioned right justified. Features separated with a vertical line (pipe) " | "

English Font: Helvetica Neue 65 Medium*; size: 1–2 pts. less than English Post-Descriptor (min 7 pt.)
Spanish Font: Helvetica Neue 55 Roman; size: 1–2 pts. less than English Features (min 6 pt.)



BOX/WRAP EXAMPLE

IMPORTANT: All print jobs should be set up a using PMS 300 C and various screens of Black. If photography is used, the job should be set up as CMYK + PMS 300C (5-color).



COUNTER DISPLAY EXAMPLE

Placement of house graphic on front panel is moved up from normal location to show more of the graphic. All other graphic elements remain in proportion (as detailed in packaging style guidelines).



COUNTER GRAVITY FEED EXAMPLE

This example utilizes photography on the front panel, which may be requested by Ace if deemed important to help showcase the product. All other graphic elements remain in proportion (as detailed in packaging style guidelines).



DUMP BIN EXAMPLE

House graphic is increased vertically to fill box panel. All other graphic elements remain in proportion (as detailed in packaging style guidelines).

INSTRUCTION: This contract is to be executed by all Vendors engaged in Ace private label manufacturing.

PRIVATE LABEL AGREEMENT

This agreement is entered into on this ____ day of ____, 20__ by and between Ace Hardware Corporation (hereinafter “Ace”) and _____, a _____ (hereinafter, “Vendor”). The rights and obligations set forth in this Agreement shall be in addition to the rights and obligations set forth in the Ace Hardware Corporation Authorized Vendor Agreement (“Authorized Vendor Agreement”) and are not meant to, nor shall they replace any rights or obligations set forth in the Authorized Vendor Agreement. This Agreement is a part of and incorporated into the Authorized Vendor Agreement. To the extent there is any inconsistency between this Private Label Manufacturing Agreement and a provision of the Authorized Vendor Agreement, the terms and conditions of this Agreement shall apply.

Vendor is engaged in the business, among other things, of manufacturing, packaging and selling of products in the following areas (**CIRCLE ALL APPLICABLE**):

- | | |
|--------------------------------|------------------------|
| ▪ Paint & Cleaning Supplies | ▪ Lawn & Garden/Farm, |
| ▪ Hand Tools | ▪ Auto Supplies |
| ▪ Power Tools | ▪ Pet Supplies |
| ▪ Electrical Fixtures/Supplies | ▪ Sporting Goods, |
| ▪ Plumbing Fixtures/Supplies | ▪ Store&Office |
| ▪ Heating Equipment/Supplies | Fixtures/Supplies |
| ▪ Hardware | ▪ Holiday Items |
| ▪ Building Materials | ▪ OTHER (Please List): |
| ▪ Housewares | _____ |
| ▪ Household Appliances, | |

and Ace is engaged in the retail sale of such products. Ace desires that Vendor manufacture, package and sell to Ace certain products incorporating the Ace trademarks set forth in Schedule A attached hereto and made a part hereof (the “Ace Trademarks”) on the label and packaging of such products, and in certain situations on the product itself, in accordance with the terms and conditions of this Agreement, the Authorized Vendor Agreement and the Ace Brand Packaging Guidelines posted online at Vendor.com, a password for which has been delivered separately to Vendor, or a hard copy printout provided, receipt of which is hereby acknowledged.

1. **CONSIDERATION**

Vendor agrees to manufacture, package and sell solely to Ace and its designees and Ace agrees to purchase from Vendor on a non-exclusive basis, upon the terms and conditions set forth herein, certain products on the list set forth in Schedule B attached hereto and made a part hereof

Comment [AEF1]: INSERT VENDOR NAME HERE

Comment [AEF2]: INSERT FORM OF BUSINESS ENTITY AND STATE OF INCORPORATION, PARTNERSHIP OR SOLE PROPRIETORSHIP HERE

11.13.2006 – FINAL

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SCHEDULE B

INSERT THE MERCHANDISE CLASS GUIDE HERE

**INSTRUCTION TO BUYER: CHECK ALL APPLICABLE MERCHANDISE CLASSES OF
PRODUCTS TO BE PURCHASED FROM VENDOR UNDER THIS AGREEMENT**

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**ACE PRIVATE LABEL AGREEMENT
EXHIBIT A**

CERTIFICATE OF COMPLIANCE

I, the undersigned, _____, do hereby swear and certify as to the following:

1. I am [TITLE] of [VENDOR CORPORATE NAME] ("Vendor"), with authority to make the certification set forth in this Certificate of Compliance.
2. Vendor and Ace Hardware Corporation ("Ace") are parties to a Private Label Agreement dated _____, 20__ (the "Agreement"), under which Vendor manufactures, packages and sells to Ace certain products incorporating or bearing Ace's trademarks (the "Products").
3. Under the Agreement, Vendor must certify annually as to (a) the country(ies) of origin of the Products, (b) the Products' compliance with Ace's specifications and (c) Vendor's compliance with certain statutes and regulations relating to the Products.
4. On Vendor's behalf, I certify the following:
 - a) All Products conform to Ace's specifications for them;
 - b) All Products and their packaging are marked and labeled in accordance with U.S. laws and regulations, including but not limited to the country of origin marking requirements of Section 304 of the Tariff Act of 1930, as amended (19 U.S.C. 1304), and the marking/labeling requirements of the Federal Trade Commission, Department of Transportation, and Environmental Protection Agency; and
 - c) **CHECK (i) OR (ii) BELOW:**
 - (i) _____ There have been no changes in the Products, their packaging, the country of origin of such Products or Vendor's compliance with the terms and conditions of the Agreement since Vendor's prior Certificate of Compliance dated _____, 20__;

OR

- (ii) _____ The following changes have occurred in the packaging or other information with respect to the Products:
 - A. Each Product listed on the attached Schedule A has a different country of origin than the country of origin last reported to Ace in writing.

PLEASE NOTE: CHANGED COUNTRY OF ORIGIN MUST BE IMMEDIATELY REFLECTED ON PACKAGING. BY SIGNING THIS AFFIDAVIT, YOU ARE ATTESTING THAT CURRENT PACKAGING ACCURATELY REFLECTS SUCH COUNTRY OF ORIGIN.
 - B. Other Changes:
 - a. _____
 - b. _____
 - c. _____

I declare that the information provided in this affidavit is true and correct.

Date: _____

[Name]

[Title]

**ACE PRIVATE LABEL AGREEMENT
EXHIBIT A**

SCHEDULE A

**Changes to Product Countries of Origin
and
Details Regarding Other Changes Noted on Vendor's Certificate of Compliance
Dated _____, 20__**

(as amended from time to time to add or delete products) incorporating the Ace Trademarks on the labels and packaging, and in certain situations on the product itself, (the "Products").

2. MANUFACTURING; QUALITY STANDARDS

A. Vendor covenants, represents and warrants that the Products shall pass (i) all standard industry and standard Ace-approved vendor in-process and final quality control tests and inspections, and (ii) such tests by independent labs as may be required by Ace from time to time.

B. (i) Vendor shall notify Ace at least thirty (30) days prior to implementation of any changes in the manufacturing process, including, but not limited to change of manufacturing facility, product reformulation, manufacturing standards change or sourcing change.

(ii) In addition, on or about January 15th of each year that this Agreement is in effect, Vendor shall supply an affidavit to Ace in substantially the form attached as Exhibit A hereto, specifying the country of origin of the Product, that the Product continues to conform to all Ace specifications and is manufactured, packaged and labeled by Vendor in accordance with all applicable laws, regulations and ordinances of the United States.

C. Vendor represents and warrants to Ace that the Products: (i) will be manufactured, packaged and labeled in conformity with all applicable laws, rules and regulations of the United States; (ii) will meet all quality standards described in the Ace Brand Packaging Guidelines, (iii) will be without defect; (iv) will be good and merchantable for the particular purpose for which they are intended; and (v) will properly use and display the Ace Trademarks.

D. If Ace, in its sole discretion, determines that any batch of Products fails to comply with specifications and/or quality standards or the terms of this Agreement, or makes inappropriate use of an Ace trademark, then Ace shall notify Vendor and (i) Ace shall make no payment on account therefore, (ii) Vendor shall arrange for the return of such Products at Vendor's expense from all locations at which such Products are then located, and (iii) Vendor shall credit Ace for any payments previously made for such batch. If the batch has been delivered to Ace retail stores, Vendor shall arrange for a recall of such batch and restocking with conforming Product at Vendor's expense within thirty (30) days of written notification from Ace to Vendor. In the event that the non-conforming Product poses a threat to health or safety, such recall shall be executed immediately and Ace may remove such Products itself. All non-conforming Product shall be destroyed or, if the non-conforming aspect of the Product is solely based on an inappropriate use of the Ace Trademarks and Ace, in its sole discretion, agrees in writing, Vendor may instead entirely obliterate the Ace Trademarks on such non-conforming packaging, labels and Product such that neither the packaging, labels nor Product is identifiable as Ace merchandise. Ace shall have the sole and unequivocal right to determine if the obliteration is sufficient and, if Ace determines it is not sufficient, such packaging, labels and Product shall be immediately destroyed by Vendor. Vendor shall provide evidence of each instance of obliteration or destruction to Ace within thirty (30) days of a determination of non-conformance. The destruction and obliteration required by this provision shall be done at the sole cost and expense of Vendor. Ace personnel and designees shall have the right to perform site visits to Vendor's facilities (including third party facilities at which such merchandise may be

maintained) at any time during ordinary business hours throughout the course of this Agreement for the purpose of ascertaining compliance with the provisions of this paragraph. In addition, the parties agree that Ace's damages associated with non-conforming Product, packaging and labels will be difficult to ascertain and therefore agree that, as liquidated damages and not as a penalty, Vendor will pay Ace the amount of Ten Thousand Dollars (U.S. \$10,000.00) per non-conforming Product SKU which the parties agree reasonably represents such damages.

E. Vendor is prohibited from selling, donating or otherwise distributing any Product or packaging bearing an Ace Trademark in any manner other than to Ace or its designees as set forth in this Agreement.

3. PACKAGING

A. The Products will be packaged in containers bearing labels supplied by Vendor with Ace-provided or Ace-approved design. All Products shall be packaged and prepared for shipment to prevent damage or deterioration and in accordance with the specifications and all applicable laws, rules and regulations of the United States and shall include, without limitation, all text, warnings, cautions and technical information required by law, rule or regulation. Except where required for compliance with law, Vendor's name shall not appear on the Products or on any label or packaging for the Products. It is the sole responsibility of Vendor to ensure that the Products comply with the specifications and/or quality standards set forth in the Ace Brand Packaging Guidelines.

B. After obtaining Ace's approval, Vendor shall prepare all initial mechanical drawings, color comprehensions, final working negatives or positives, including the Ace Trademarks in respect of labels and packaging of the Products (hereinafter referred to as the "Artwork"). Vendor shall provide a proposed final PDF version of the packaging to Ace in the form of an Adobe Illustrator EPS file with die line, artwork and all supporting files for review by Ace. Vendor shall bear all costs related to the set-up of the Artwork and the costs of any future changes to the Artwork or label or packaging whether such changes are required by regulations or law, are changes agreed to by the parties, or are changes required by Ace. This PDF approval is an interim approval and is subject to the final approval by Ace of the Proof (as defined in paragraph C below) prior to final printing.

C. Subsequent to PDF approval and before initial printing, Vendor shall provide a press proof or match print ("Proof") of the proposed Artwork to Ace for Ace's final review. Vendor shall not affix the Artwork to the labels and packaging of the Products until Vendor has received Ace's final written approval of the Proof (the "Final Art"). No changes may be made to the Final Art by Vendor. Vendor shall ensure that the product packaging complies strictly with the Final Art, unless otherwise expressly authorized in writing by Ace. The review and approval by Ace of the Artwork shall not relieve Vendor of its obligations pursuant to Section 3.A. or of its indemnity obligations under this Agreement.

D. In the event that the final printed version of any aspect of the product packaging deviates from the Final Art, Vendor shall have sixty (60) days to supply Product with conforming packaging at Vendor's sole expense and shall, at Vendor's sole cost and expense (i) remove all Product in non-conforming packaging from all Ace warehouses and retail outlets, (ii)

destroy all non-conforming packaging and provide Ace with certificate of destruction in form and substance satisfactory to Ace, and (iii) restock all locations with Product in conforming packaging. In addition, the parties agree that Ace's damages associated with non-conforming packaging will be difficult to ascertain and therefore agree that, as liquidated damages and not as a penalty, Vendor will pay Ace the amount of Ten Thousand Dollars (U.S. \$10,000.00) per non-conforming Product SKU which the parties agree reasonably represents such damages.

4. ACE TRADEMARKS

A. Ace represents that the Ace Trademarks to be incorporated onto Products, Product labels and/or Product packaging are exclusively owned by Ace in the jurisdictions in which the Products will be sold by Ace. In the event that Vendor becomes aware of any unauthorized third party use of the Ace Trademarks or trade dress, Vendor shall promptly bring such unauthorized use to the attention of Ace and shall assist Ace in identifying an issues related to counterfeit goods. Ace shall have the sole right and discretion to bring infringement or unfair competition proceedings involving the Ace Trademarks and the Products' trade dress.

B. Vendor acknowledges that the Ace Trademarks are the sole and exclusive property of Ace, that Vendor shall not acquire a proprietary interest in the Ace Trademarks or any other product specific logos, slogans, and other intangibles relating to the Products, and that all use of the Ace Trademarks and trade dress by Vendor shall be for, and inure to the benefit of, Ace. Vendor agrees that it will not (i) dispute Ace's ownership of the Ace Trademarks, (ii) do anything inconsistent with Ace's ownership of the Ace Trademarks, or (iii) use any trademarks that are substantially similar to the Ace Trademarks for any of Vendor's products or services. Vendor will take no action that will or could reasonably be expected to jeopardize or affect the validity of the Ace Trademarks or trade dress or Ace's rights in the Ace Trademarks and trade dress. The provisions of this paragraph shall survive the expiration or earlier termination of this Agreement.

C. Upon receipt of a notice of termination of this Agreement, Vendor shall immediately discontinue the manufacture, packaging and labeling of the Products and immediately discontinue all use of the Ace Trademarks and trade dress and shall not substitute therefore or otherwise use any trademark confusingly similar thereto. Vendor shall hold all Products, packaging or other printed materials bearing the Ace Trademarks for Ace's instructions as to their disposition and shall not use the same for the benefit or account of Vendor or anyone other than Ace.

5. CONFIDENTIALITY

A. Any proprietary information and data obtained by or disclosed to Vendor from or by Ace or any Ace retailer, or their respective subsidiaries, affiliates, employees, agents or representatives, whether by written or non-written disclosure, shall be deemed confidential information and shall be maintained in confidence by Vendor and shall not be disclosed to third parties or used by Vendor except on Ace's behalf, or as may be required by law.

B. Any proprietary information and data obtained by or disclosed to Ace from or by Vendor relating exclusively to Vendor's business, whether by written or non-written disclosure,

shall be deemed confidential information and shall be maintained in confidence by Ace and shall not be used by Ace or disclosed to third parties except as may be required by law.

C. The obligations of confidentiality and non-use set forth at paragraphs A and B above shall not extend to any information or data which is already publicly available or which becomes publicly available without breach of this Agreement.

D. Neither party shall communicate with or release information to any form of media, including print or electronic media, regarding the other party, without prior written approval of the party.

6. INDEMNITY

A. Ace shall indemnify, hold harmless and defend Vendor, and its officers, directors, employees and agents, from and against any and all losses, damages, demands, claims, suits and other liabilities ("Claims"), including settlement amounts, reasonable legal fees and other expenses of litigation arising from third party allegations of infringement of any trademark, trade dress, copyright or other intellectual property right of any third party, based on the use of the Ace Trademarks in conjunction with the Products; provided, however that Ace shall have no liability hereunder in respect of any Claim to the extent that such Claim arises from the negligence or malfeasance of Vendor, its officers, employees, agents or contractors or any party acting by, though or on behalf of such persons.

B. Vendor shall indemnify, hold harmless and defend Ace, its retailers and their respective officers, directors, employees and agents from and against any and all Claims including settlement amounts, reasonable legal fees and other expenses of litigation arising out of third party allegations regarding (i) bodily injury or property damage caused by any use, possession, consumption or sale of the Products; (ii) the infringement or alleged infringement of any trademark, trade dress, copyright, trade secret or any other intellectual property right, provided such claims fall outside the scope of the Ace indemnity set forth at paragraph A above; (iii) Vendor's breach of third party contracts for goods and services whether related to the Products or otherwise; (iv) Vendor's breach of any obligation under this Agreement; and (v) Vendor's breach of any representations and warranties contained herein, including but not limited Vendor's representation that the Products be manufactured, packaged and labeled by Vendor in accordance with all applicable laws, regulations and ordinances of the United States.

C. The indemnifying party may choose counsel subject to the reasonable approval of the indemnified party. The indemnifying party's obligations under this Agreement are conditioned upon (i) the other party's giving prompt, written notice of a claim (but only to the extent that indemnifying party's rights have been prejudiced a delay in giving of notice); (ii) the indemnifying party having sole control of the defense and settlement of a claim except that the indemnifying party may not settle any claim in a manner that would adversely affect the indemnified party's rights, reputation or interests without the prior written consent of the indemnified party (which shall not be unreasonably withheld); and (iii) the indemnified party's cooperation with the indemnifying party, at the indemnifying party's expense, in the defense and settlement of the claim, as the indemnifying party may reasonably request.

The party seeking indemnification shall have the right to participate in the defense thereof with counsel of its choosing at its own expense and, in the case that the indemnifying party is not adequately or promptly defending the claim, or there is a conflict of interest between the indemnified and the indemnifying party, the indemnified party shall, after reasonable notice and opportunity for indemnifying party to cure such condition, have the right to assume the defense with counsel of its own choosing at the expense of the indemnifying party.

Notwithstanding anything herein to the contrary, Ace shall, upon written notice to Vendor have the right to assume the defense of any Vendor-indemnified claim that involves the Ace Trademarks or that, in Ace's sole judgment, affects the good will or reputation of Ace, with counsel of Ace's own choosing at Vendor's expense upon written notice to Vendor. In the event Ace assumes control of the defense, Vendor shall fully cooperate with Ace at Vendor's own expense.

Notwithstanding anything herein to the contrary, the provisions of this Section 6 shall survive the expiration or termination of this Agreement. The indemnity obligations contained in this Agreement shall be in addition to and shall supplement the indemnity obligations contained in other sections of the Authorized Vendor Agreement.

7. TERM AND TERMINATION

A. Unless earlier terminated as specified below, this Agreement shall commence on the date first above written (the "Effective Date") and shall continue for a period of five (5) years from the Effective Date, automatically renewing for successive one (1) year periods thereafter. This Agreement may be sooner terminated by either party (i) upon ninety (90) days prior written notice to the other party or (ii) immediately in the event of insolvency of the other party, or upon the appointment of any Receiver or Trustee to take possession of the property of the other party, (iii) immediately upon notice of change pursuant to Section 2.B. (i) above, or (iv) three (3) business days after notice by one party to the other of a material breach of any of the provisions hereof by the other party if such breach is not cured within such three (3) business day period. The expiration or termination of this Agreement for any reason whatsoever will not relieve either party from its obligations to perform in accordance with the terms and conditions of this Agreement pursuant to any orders or shipments received and accepted prior to the effective date of such termination or expiration.

B. Upon termination, Vendor shall discontinue use of Ace Trademarks and shall submit a report to Ace detailing remaining inventory of Ace branded Product and Ace-branded Product packaging in its possession. Ace shall, at its sole discretion, direct Vendor to either (i) destroy all such Product and packaging, which Vendor shall promptly do and supply Ace with a certificate of destruction with respect to same, or (ii) deliver such packaging to Ace for a sum to be negotiated in good faith for same. In no event will Ace purchase a supply of unused packaging or Product in excess of sixty (60) day inventory or unused packaging or Product which contains Vendor's name, street or e-mail address, telephone number or web site location.

8. REMEDIES

Ace reserves the right to pursue all remedies at law or in equity for any breach of this Agreement by Vendor.

9. ASSIGNMENT

Neither party hereto may assign, by operation of law or otherwise, its rights or delegate its obligations under this Agreement without the prior written approval of the other party. Any attempted assignment or delegation by either party without such approval shall be void and subject to immediate termination of this Agreement by the other party.

10. NOTICES. All notices and other communications required or permitted to be given or made pursuant to this Agreement will be in writing and will be effective when (i) personally given or made, or (ii) delivered by facsimile, or (iii) delivered by commercial overnight courier, or, if an e-mail address is provided in the addresses below or subsequently provided specifically for the purpose of giving notices under this Agreement, when (iv) delivered by e-mail with a delivery receipt to sender to the following address:

If to Vendor:

With a copy to:

If to Ace:

ACE HARDWARE CORPORATION
2200 Kensington Court
Oak Brook, IL 60523
Attn: _____

Comment [AEF3]: Insert Buyer by Product
Category OR Buyer Record for account

With a copy to:

ACE HARDWARE CORPORATION
Law Department
2200 Kensington Court
Oak Brook, IL 60523
Attn: General Counsel
Facsimile number (630) 990-6856

11. INDEPENDENT PARTIES

This Agreement shall not create an employer/employee or principal/agent relationship between the parties, who will operate as wholly independent companies. This Agreement shall not be

construed as binding the parties as partners or as creating any other form of legal association, which would impose liability upon one party for the act or failure to act of the other. The relationship of the parties shall at all times be that of buyer and seller and neither party shall have authority to make any commitment on behalf of the other party. Further, each party is solely responsible for the acts of its respective employees and agents, including without limitation, any negligent acts or breach of an obligation of confidentiality hereunder.

12. MISCELLANEOUS

This Agreement, along with its Schedules, Exhibits, the Ace Brand Packaging Guidelines and the Authorized Vendor Agreement, contains the entire agreement between the parties relating to the subject matter hereof and supersedes all prior or contemporaneous agreements or understandings, whether written or oral. This Agreement may not be amended except in writing and signed by the parties. A waiver of any default or covenant by a party hereunder shall not be deemed to be a continuing waiver or a waiver of any other covenant or default or any other term or condition, but shall apply solely to the instance to which the waiver is specifically directed. If any provision hereof is determined to be illegal, against public policy, or otherwise unenforceable, it shall not in any way invalidate or render unenforceable any other provision hereof, and each such provision shall at all times be considered separate and severable in this regard. The title of the Agreement and the headings of its sections are included for convenience, and shall not affect the interpretation or meaning of the Agreement or the applicable section. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois (without giving effect to the choice of law provisions thereof).

IN WITNESS WHEREFORE, the parties have executed this Agreement on the date first above written.

ACE HARDWARE CORPORATION

INSERT VENDOR'S NAME HERE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Schedule A

ACE TRADEMARKS

TO BE USED AS SPECIFIED IN THE ACE BRAND PACKAGING GUIDELINES
(POSTED ONLINE AT VENDOR.COM OR AS SPECIFIED BY WRITTEN MEMO
PROVIDED TO VENDOR)

Ace



INSERT OTHER TRADEMARKS AS RELEVANT TO SPECIFIC PRODUCT
BELOW

11.13.2006 – FINAL

J:\Doug Kurtz\Revised\2.14d - Ace Brand Private Label Agreement Form.doc

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SECTION: VENDOR PAYMENTS
SUBJECT: LETTERS OF CREDIT
POLICY & PROCEDURE NO: PY - 1

DATE: MAY 2014
PAGE: 1 OF 4
CANCELS: ALL PREVIOUS

PURPOSE:

To establish a policy and standard procedure that will clarify to our vendors the responsibilities of both parties when we agree to effect payment via Letter of Credit.

PROCEDURES:

ACE'S BANK:

All Letters of Credit being opened by Ace Hardware to any vendor with a U.S. address will be issued by our bank:

Bank of America Merrill Lynch Trade Operations
One Fleet Way, Second Floor
Mail Code PA6-580-02-30
Scranton, PA 18507
Telephone: 1.800.370.7519 and choose Trade product option
(for transactional inquiries only)
General Fax: 1. 570.330.4029
SWIFT Address: BOFAUS3N

The new Trade Operations contact will be:

Jonathan Stull
Telephone: 570-330-4975
FAX : 1-800-755-8740

All Letters of Credit being issued to an Asian address will be handled by the Hong Kong branch of our bank, as follows:

Bank of America - Hong Kong Branch
41st Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong
Fax: (852) 2847 6889
Contact: Novia Chan
Email: novia.chan@bankofamerica.com
Back-up Contact: Sandy Lui
Email: sandy.lui@bankofamerica.com

VENDOR'S BANK:

(1) Overseas vendors (non-Hong Kong): For Letters of Credit issued to overseas vendors, we will try whenever possible to use the vendor's requested advising bank. The only time when this will not be possible is if our bank does not have a "tested telex" relationship with the bank in question. (This is a relationship between banks in which they can send specially coded messages to each other, and is necessary in order for funds to be transferred electronically).

(2) Overseas vendors (Hong Kong): For Letters of Credit issued to Hong Kong, we recommend that our vendors deal directly with our bank, although our vendors will retain the option of choosing an additional advising bank of their choice. However, the advantage of dealing directly with our bank's branch offices is that our vendors will be paying advising fees to one bank only. Our bank welcomes our vendors' inquiries into their fees and services, and will endeavor to reach agreements that are satisfactory to both parties.

(3) U.S. vendors: For Letters of Credit issued to U.S. vendors, we will instruct our bank to send the L/C's directly to the vendor's address via airmail or Federal Express, without going through an advising bank, unless otherwise instructed by the vendor.

SEQUENCE TO OUR OPENING A LETTER OF CREDIT:

The sequence leading up to our opening an L/C will be as follows:

- (1) The buyer or inventory analyst will fax a Purchase Order to our vendor, and request the best shipping date. (In those cases where established lead times have been pre-arranged with our vendors, Ace will inform the vendor of our expected ship date).
- 2) Upon the vendor's confirmation of the terms of the order, and the Import Buyer's acceptance, an L/C application will be prepared for approval by the vendor. The L/C will stipulate if there are any special requirements, such as inspection certificates, textile certificates, fumigations, etc.
- 3) The vendor will have 24 hours to review the application and respond with any changes. If Ace does not hear back from the vendor within 24 hours, we will transmit the application to our bank and instruct them to open it. If the vendor requests any changes to the L/C once it has been opened, amendment charges will be for the vendor's account.

STANDARD REQUIREMENTS UNDER THE LETTER OF CREDIT:

In order to collect against the L/C, the vendor must submit the required documents to their bank (or, if no advising bank is being used, then directly to our bank) within the time frames specified in the Letter of Credit. The documents required are discussed in detail under Policy and Procedure#SI-1. Please refer to this section to make sure all of the documents are in order before submitting them for payment. A bank draft showing the L/C number and the amount being collected must accompany the shipping documents.

PAYMENTS AGAINST THE LETTER OF CREDIT:

Once the appropriate documents have been delivered to our bank, they will be checked for accuracy. Assuming that all of the terms and conditions of the L/C have been followed, payment will be released.

If there are any discrepancies, our bank will notify the Ace International Logistics Manager for approval of those discrepancies. As the L/C is an agreed upon contract between our vendor and Ace Hardware, we reserve the right to demand compensation, in the form of discounts off of the invoice value or any other means of compensation that we deem appropriate, in the event of major discrepancies against the L/C. Regarding late shipments, we will specify a standard late ship penalty of a 5% reduction of the invoice amount for every 10 days that a shipment is late; however, we reserve the right to deduct a penalty with no "grace period" at all or, in the event of delays that will have a substantial impact on our ability to serve our dealers, we reserve the right to require that the cargo be air shipped, with the increased transportation costs being borne by the vendor.

ACE PREFERRED PAYMENT OPTIONS:

Purchase Order to Pay (POP) is our hybrid open account option. POP looks and acts exactly like a Letter of Credit, with two exceptions: (a) it is not backed by the bank, so is not a negotiable instrument -- therefore, the factory cannot borrow against it or discount it to buy raw materials; and (b) because the bank has no financial liability, they are able to offer you lower fees. Specifically, you will not be charged a payment commission or a handling commission. You will still pay a fee for the issuance and you will still pay a discrepancy fee for any discrepancies.

The process to open a POP is the same as a Letter of Credit. We will create the document listing the terms and conditions and will fax it to you for review. You have 48 hours to advise of any changes. Any changes requested after that date will result in an amendment charge that will be for your account.

Your process to collect against a POP is also very similar to an L/C. You will send the required documents to the bank along with your draft. The bank will review the documents and note any discrepancies, then contact us to approve the payment.

Ace Backed "Private Label" LC We are pleased to advise that effective January 1, 2011, we will be introducing a new Private Label Letter of Credit (PLLC) program whereby all future LCs will be issued by Ace Hardware Corporation (Ace).

The PLLC program involves a familiar letter of credit (LC) instrument which is also governed by UCP 600 law, but the underlying payment obligation is from Ace Hardware Corporation.

To facilitate the process and ensure that you continue to receive efficient document clearing services we have appointed Bank of America Hong Kong as our processing bank. Their role is to process the entire transaction from issuance to final payment on behalf of Ace Hardware Corporation. It is envisaged that there should be no change to the general LC flow and the way you currently handle the LC transactions.

July 18, 2007

To: All Vendors

From: Ace Merchandising

Subject: Late Shipment Penalties

In order to efficiently manage direct import inventory and logistics throughout our entire direct import supply chain, it is essential that all shipments be made within our agreed upon ship date parameters. This provides for a focused management of inventory within our Retail Support Centers and efficient use of ocean and inland logistics to ensure that we meet our Retailers' expectations of delivery dates to their stores. To ensure we optimize our resources in meeting our Retailers' expectations, we will be implementing late shipment penalty provisions for all programs for the current season.

New item start sheets, which need to be prepared for all items you are quoting on for the season, contain a section related to production lead times. This information is mandatory, and will be a key consideration in vendor and item selections, as well as the basis for the latest ship date we will use for our Letters of Credit. Amendments to ship dates on Letters of Credit will not be made.

Late shipment penalty clauses will be written into all letters of credit issued to our vendors. Penalties will be progressive based on the number of days goods have shipped past the stated latest ship date, and will be deducted automatically from Letter of Credit payments.

The clause to be included in our Letters of Credit for progressive late shipment penalties is as follows:

Shipments made after the latest ship date will be assessed a five percent penalty for every ten days past the date.

For your information, ship dates are determined by the date on the transit document called for by the Letter of Credit. In general, Ace requires a Forwarder's Cargo Receipt in lieu of a Bill of Lading as the transit document; therefore the ship date will be determined by the date of the Forwarder's Cargo Receipt.

In the event that next year we have a peak season similar to this year, in which it becomes very difficult to get space during the peak shipping months of July through September, please be advised that we will not penalize a vendor for late shipment if the delay is caused by our inability to get equipment or space on a ship. However, this will only apply if the vendor followed our guidelines regarding making bookings at least three weeks in advance. As an example, if a vendor has a latest ship date of 8/31 and they request a container on 8/10 but are unable to get their cargo shipped in time due to space/equipment concerns, we will not penalize the vendor for late shipment. But if a vendor has a latest ship date of 8/31 and they request a container on 8/24 and are unable to get their cargo shipped in time, a late penalty would occur.

If you have any questions about this new policy, feel free to contact your Ace Merchant or Import Logistics Manager.

ACE HARDWARE CORPORATION
VENDOR COMPLIANCE PROCEDURES
SUBJECT: FACTORY AUDIT

PURPOSE:

To establish a policy and standard procedure to certify we are compliant with U.S. Customs' standards of security under the 'Customs-Trade Partnership Against Terrorism' (C-TPAT). The audit will also certify the factory capabilities in terms of quality control, safe working conditions, and that the local labor laws are being followed.

PROCEDURES:

Factory audits are **required** for all new Ace import vendors. Each factory that is producing product for Ace is required to have a factory audit completed. Ace will request the factory audit to be completed by our designated 3rd party audit company (UL). All initial factory audits are paid for by Ace. The factory must pass the audit in order to sell product to Ace on a direct import basis. In addition, any corrective action plans (CAPs) that are required after the initial audit must be completed as requested by the import merchant team and all CAPs must be approved by the import merchant team before the factory can sell products to Ace on a direct import basis. Additional factory audits beyond the initial audit will be done on a random basis or as needed based on the determination of the import merchant team.

Factories that have significant changes with management personnel or with manufacturing processes will require a second factory audit. Factories that have severely failed the initial factory audit or have performance issues after the initial audit will be required to have a re-audit completed at the vendor / factory's expense. If issues continue to exist after the second audit, the factory may not be able to continue selling products to Ace on a direct import basis.

Factories that are located in countries outside of China are required to have C-TPAT, security, and wage verification audits completed on an annual basis. Currently all countries outside of China are considered "security risk areas" and all factories in these locations need to complete this specific audit each year. These audits will be coordinated by the Ace import merchant team but scheduled and conducted through UL in the same manner as the full factory audit.

A sample of the factory audit is included.

**FACILITY AUDIT**

Audit Date:		Facility Name:	
Report No.:		Address:	
Audit ID #:			
Vendor:		Telephone:	
Vendor Rep:		Fax:	
<div>Reason for Audit : <input type="checkbox"/> Initial Audit <input type="checkbox"/> Follow-up - Facility Relocation <input type="checkbox"/> Follow-up - New Owner / Business Name <input type="checkbox"/> Follow-up - Failure of Previous Audit / Violations <input type="checkbox"/> Anniversary Audit Date of Last Audit : <input type="text"/></div> <div>Audit Type : <input type="checkbox"/> Quality & Capability <input type="checkbox"/> Wages & Labor Practices <input type="checkbox"/> Health & Safety <input type="checkbox"/> C-TPAT</div>			
<div>Overall Facility Rating: <input type="checkbox"/> Outstanding Over 95% <input type="checkbox"/> Excellent 90% - 95% <input type="checkbox"/> Very Good 85% - 89% <input type="checkbox"/> Good 80% - 84% <input type="checkbox"/> Average 70% - 79% <input type="checkbox"/> Needs Improvement 61% - 69% <input type="checkbox"/> Not Recommended Below 60%</div> <div>Facility Type Rating: <input type="checkbox"/> Quality & Capability <input type="checkbox"/> Wages & Labor <input type="checkbox"/> Health & Safety <input type="checkbox"/> C-TPAT</div> <div>Reason: _____</div> <div>Section(s) of Failure: _____</div>			
FACILITY AUDIT - LIMITATIONS			
<p>UL VS Inc. represents that it has exercised reasonable commercial effort to perform this Audit. In performing the Audit, however, UL VS Inc.'s auditors have been constrained by the following factors :</p> <ol style="list-style-type: none">1. The Facility Audit is based on what the auditors have personally seen, been told and upon the inspection of documents provided to them. The auditors have not made any additional investigation to verify the information provided to them.2. UL VS Inc. auditors have accepted as true what they have been told by management and employees of the facility.3. UL VS Inc. auditors cannot ascertain whether they have been given unlimited access to employees, or whether employees have been coached as to how to respond to questions.4. UL VS Inc. auditors have accepted as valid documentation provided to them by facility officials, and have made no independent investigation to determine the accuracy or completeness of the documentation. UL VS Inc. auditors do not know if material documentation has been withheld by facility officials.5. UL VS Inc. auditors cannot verify that they have been allowed access to all of the facility, ancillary buildings and grounds associated with the facility. <p>Customer acknowledges the foregoing limitations on the accuracy and completeness of the Facility Audit.</p>			
Facility Representative : _____		Auditor : _____	
(Signature) _____		(Signature) _____	
Date _____		Date _____	
General Manager _____			

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UL Quality Assurance LLC, 10 Water Street, Enfield, CT 06082-4899 USA

Phone: (860) 749-8371 | Fax: (860) 749-7533 or (860) 749-8234 | Email: info@strquality.com | Website: www.STRQuality.com



I. GENERAL INFORMATION - VENDOR			
Vendor Name:		Contact Name:	
EDI Vendor No:		Phone:	
Street:		Fax:	
City:			
State:		Zip:	
Country:			

II. FACTORY PROFILE			
Factory Name (Incorporated Name):		Business License #	
Factory Name (Assumed Name):		Expiration Date :	
Relationship of Factory to Vendor:		Apparel Industry Regn #:	
Year of Establishment / Operation:		Expiration Date:	
Total # of Employees:		EIN (US only):	
Person Interviewed:			
Personnel Name:			
Managing Director:		Engineering Manager:	
General Manager:		Production Manager:	
Marketing Manager:		Factory Manager:	
Technical Director:			
Q.C. / Q.A. Manager:			
Q.C. / Q.A. Manager Reports to:			
Does Q.A. / Q.C. Manager have responsibilities other than quality?			
Certificate of Quality License of Export Commodities:			
Date of Issue:	Issued per shipment.	Date of Expiration:	
Factory Size / Layout:			
Area:		Stories covering:	
# of Loading Docks:			
Years of experience manufacturing:			
Is the factory ISO 9000 registered?			

III. PRODUCT DESCRIPTION			
IV. MATERIAL DESCRIPTION			

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PRODUCT CATEGORY		
MAJOR MACHINES AND EQUIPMENT		
<input type="checkbox"/>	INJECTION MOLDING	<input type="checkbox"/>
<input type="checkbox"/>	ROTO-CAST MOLDING	<input type="checkbox"/>
<input type="checkbox"/>	BLOW MOLDING	<input type="checkbox"/>
<input type="checkbox"/>	SCRAPER	<input type="checkbox"/>
<input type="checkbox"/>	SEWING (MULTI NEEDLE)	<input type="checkbox"/>
<input type="checkbox"/>	DIE CUTTING PRESS	<input type="checkbox"/>
<input type="checkbox"/>	HEAT CUTTING	<input type="checkbox"/>
<input type="checkbox"/>	MATERIAL MIXER	<input type="checkbox"/>
<input type="checkbox"/>	SPRAYING BOOTH	<input type="checkbox"/>
<input type="checkbox"/>	PLOYBAG HEAT SEALER	<input type="checkbox"/>
<input type="checkbox"/>	HOT MELTING	<input type="checkbox"/>
<input type="checkbox"/>	SNAP/BUTTON	<input type="checkbox"/>
<input type="checkbox"/>	OVERLOCKING	<input type="checkbox"/>
<input type="checkbox"/>	SEWING (SINGLE NEEDLE)	<input type="checkbox"/>
<input type="checkbox"/>	HOT STAMPING	<input type="checkbox"/>
<input type="checkbox"/>	SONIC WELDING	<input type="checkbox"/>
<input type="checkbox"/>	TAMPO PRINTING	<input type="checkbox"/>
<input type="checkbox"/>	SILK SCREEN PRINTING	<input type="checkbox"/>
<input type="checkbox"/>	OVERLOCK	<input type="checkbox"/>
<input type="checkbox"/>	HAIR ROOTING	<input type="checkbox"/>
<input type="checkbox"/>	HEAT TRANSFER	<input type="checkbox"/>
<input type="checkbox"/>	POWER GENERATOR	<input type="checkbox"/>

OVERALL PERFORMANCE INDICATOR OF THE AUDITED FACTORY					
	GRADE	1	2	3	4
A.	FACILITY & MAINTENANCE				
B.	CLEANLINESS				
C.	SANITATION				
D.	PEST CONTROL				
E.	QUALITY MANAGEMENT				
F.	INCOMING MATERIAL INSPECTION				
G.	MANUFACTURING PROCESS				
H.	PAINT SPRAYING/APPLICATION				
I.	IN-LINE/ FINAL INSPECTION				
J.	NON-CONFORMING MATERIAL CONTROL				
K.	RECORD & DOCUMENTATION CONTROL				
L.	SHARP TOOL CONTROL				
M.	PACKAGING/WAREHOUSE				
N.	COMMUNICATIONS (refer to part 2 section S)				

KEY: GRADE 4 IS EXCELLENT; GRADE 3 IS GOOD; GRADE 2 IS AVERAGE; GRADE 1 IS POOR.

FAILURE OF ANY CRITICAL (*) ITEMS? ____ YES ____ NO

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A. FACILITY & MAINTENANCE	Interview Y / N / NA	Observation Y / N / NA
1*. Is there sufficient available equipment to manufacture client's products?		
2*. Does the factory have adequate capability to manufacture client's products without subcontracting major production work?		
3. Is there sufficient space/room available to store raw materials and finished package product?		
4. Is all equipment properly maintained and in good condition?		
5. Are maintenance records of machines and equipment documented?		
6. Does the factory have a maintenance team to give immediate response to a machinery breakdown or emergency that affects production?		
7. Are molds (injection, roto-cast, die-cut) and spray masks properly stored to avoid rust and damage?		
8. Are mechanical counters used to count the yardage shipped per roll of fabric?		
9. Are all mechanical counters used in working condition?		
TOTAL POINTS		

B. CLEANLINESS	Interview Y / N / NA	Observation Y / N / NA
1. Are the factory grounds and surrounding outside properties clean and free of debris and litter?		
2. Are floors of production areas and assembly lines clean? Are they free from obstructions?		
3. Are production, assembly, and/or packaging areas free of insects, birds, rodents, and pests?		
4*. Are production areas free of filth and contamination?		
5. Is work in progress products or finished products, free of dust or other filth/contamination?		
6. Is the packaging area tidy, clean, and free of contamination?		
7. Are there window nets in the packaging area to prevent contamination?		
8. Are foods and chewing gum prohibited in production, and packaging areas?		
9*. Is tobacco prohibited in production, and packaging areas?		
10. Does the facility utilize appropriate trash removal services?		
TOTAL POINTS		

C. SANITATION	Interview Y / N / NA	Observation Y / N / NA
1*. Is a master sanitation program established?		
2. Are cleaning chemicals and sanitizers approved by the appropriate regulatory agency, and data sheets available?		
3. Are cleaning equipment and chemicals properly stored?		
TOTAL POINTS		

D. PEST CONTROL	Interview Y / N / NA	Observation Y / N / NA
1*. Has a documented pest program been established?		
2. Are pesticides approved by the appropriate regulatory agency and are handling procedures and storage policies on file?		
3. Are PCO service reports, including usage logs, current and available for review?		
4*. Is there a pest activity trend report with corrective action identified?		
5. There is no evidence of pest activity?		
6. Are all pest control devices located in such a manner as to not contaminate product, packaging materials or equipment?		
7. Are the number and placement of traps and bait stations documented and effective?		
8. Are bait stations secure and tamper resistant?		
TOTAL POINTS		

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E. QUALITY MANAGEMENT	Interview Y / N / NA	Observation Y / N / NA
1. Is there a formal quality manual or related quality document in the factory? Is it effectively implemented?		
2*. Do the employees exhibit proficiency and experience in their job?		
3*. Are the factory's quality control personnel trained before they perform their job duties as outlined in the quality manual?		
4. Is there a developed quality control plan showing inspection procedures used during manufacturing?		
5. Is there an experienced Q.C. manager or supervisory level person to head the Q.C. team?		
6. Does the factory retain adequate and detailed quality control records to reflect product inspection before packaging?		
7. Does the factory have all relative international or national safety standards related to its business?		
8. Is the sampling size for internal inspection and testing adequate?		
9. Is there adequate quality control supervision on all work shifts?		
10. Are functions and job specifications defined for all personnel affecting quality?		
11. Are there routine Q.C. checks on products?		
TOTAL POINTS		

F. INCOMING MATERIAL INSPECTION	Interview Y / N / NA	Observation Y / N / NA
1. Are raw materials labeled, stored, and traceable?		
2. If raw materials need inspection prior to production, are they properly inspected and are records traceable?		
3*. Is the inspection sampling size adequate, and does the quality of raw materials and components meet all requirements?		
4. Are there traceable inspection records?		
5*. Are raw materials kept in controlled, segregated locations to prevent quality deterioration?		
6*. Are there efficient systematic controls on non-conforming raw materials? Is there appropriate documentation?		
TOTAL POINTS		

G. MANUFACTURING PROCESS	Interview Y / N / NA	Observation Y / N / NA
1. Is routing made for process flow?		
2. Is the scheduling system for products adequate?		
3. Are daily Q.C. records maintained on in-process materials and products?		
4. Are the Q.C. records adequate?		
5*. Are non-conforming products properly segregated and labeled?		
6. Is there a system for formulation/change or alternate raw material approval?		
7. Are manufactured products protected from contamination with machine oil, dirt, etc.?		
8. Are there approval samples attached to each working machine for reference?		
9. Does the factory perform mechanical tests on-line with production to ensure product's compliance to specification?		
TOTAL POINTS		

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H. PAINT SPRAYING/APPLICATION	Interview Y / N / NA	Observation Y / N / NA
1. Is the spray booth capacity adequate to complete the order on time?		
2. Does the quality of decoration on the components/parts from subcontractors meet client's standards?		
3. Are approval samples/parts attached to each work station for worker's reference?		
4. Are there replicates of limit setting samples or charts of acceptance/rejection criteria prominently attached to each work station?		
5. Is there an adequate training program for workers?		
6. Are painted parts properly stored?		
7. Are the sprayed components/parts inspected according to a schedule program?		
8. Are written inspection reports kept?		
9. Are quality approved components/parts segregated from non-conforming components/parts, and are all clearly labeled for identification?		
10*. Is the ventilation system adequate?		
TOTAL POINTS		
I. IN-LINE/FINAL INSPECTION & Q.A. TESTING	Interview Y / N / NA	Observation Y / N / NA
1*. Does the factory perform lot and in-line inspections on products?		
2*. Are formal written inspection reports used, and are they properly filed for traceability and quality review of products?		
3. Are lines monitored by quality control personnel to assure product quality compliance?		
4. Are there adequate, clearly written criteria/instructions available for inspectors to follow?		
5*. Does the factory perform internal final inspection on products before shipments?		
6*. Do records show rejected lots are well identified and segregated from acceptable lots for re-work?		
7. Do records reflect immediate disposition of rejected lots?		
8. Are corrective actions communicated to key departments?		
9. Is the inspection and test equipment reliable to verify specification conformance of the work in process or final products?		
10. Is testing equipment calibrated on a regular schedule with records and tags attached?		
11. Are there documented procedures to assure specified packaging and shipment of products? If not, are there enough controls to guarantee quality?		
12. Is formal documentation from management required to authorize mass production?		
13. Are there approved aesthetic samples attached to all work stations to let inspectors/workers check standards?		
14. Is the product sample size for final inspection adequate to meet client's standards?		
15. Are defects charted and analyzed to improve quality?		
16. Does the factory have basic mechanical testing equipment such as tension gauge, sharp point/edge, compression, bite tester, impact medium, and small parts cylinder?		
17*. Does the factory perform mechanical tests on-line with production to ensure product's compliance to specification?		
TOTAL POINTS		
J. NON-CONFORMING MATERIAL CONTROL	Interview Y / N / NA	Observation Y / N / NA
1. Is there a policy to control non-conforming materials?		
2*. Are non-conforming materials sufficiently identified with labels and tags for disposal?		
3*. Are there segregated areas to store non-conforming and conforming materials?		
4. Is the non conforming materials procedure satisfactory?		
5. Are there records of non conforming components or products?		
6. Can factory document and demonstrate procedures for how they handle non-conforming materials.		
7*. Does the factory have clear policy within its departments to delegate authority to stop production if the products are out of client specifications?		
8*. Can the factory demonstrate how non-conforming materials or products are segregated and kept out of production?		
TOTAL POINTS		

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K. RECORD AND DOCUMENT CONTROL	Interview Y / N / NA	Observation Y / N / NA
1*. Are customer or approved internal specifications properly filed and accessible?		
2*. Are documents on product changes or ingredient substitutions kept in a master control file for record?		
3. Are in-line and final inspection reports kept in master files?		
4. Where authorized subcontractors are employed, does the factory provide adequate supervision and guidance to ensure compliance with client's standards?		
5. Are internal inspection reports on components/parts provided by outside subcontractors?		
6*. Does the factory understand that all technical information relating to client's projects is confidential and confidentially is to be maintained?		
7. Is the quantity shipped information stated on the documents the same as the quantity counted on the digital counters?		
8. Is there a written procedure and policy in place to communicate total yardage of fabric rolled and shipped to the office responsible for creating documents?		
TOTAL POINTS		

L. SHARP TOOL CONTROL	Interview Y / N / NA	Observation Y / N / NA
1. Are sharp tools (razor blades, drills, scissors) tied on working benches?		
2. Is the razor blade a single piece of sharp tool (not consisting of break-away blades)?		
3*. Is the distribution of sharp tools to workers controlled by a single person or properly handled?		
4. Is there a record (log) book to register daily issuance and return of sharp tools?		
5. Is there a written procedure and policy to investigate missing sharp tools? If not, is the handling on the suspicious lots satisfactory?		
6. Is the metal detector checked to ensure that it's sensitivity and operation is normal, and are such conditions recorded in the log book?		
7. Are part(s) of the broken sewing needles attached onto the control log book for reference? (Only applicable in soft toys/premiums)		
TOTAL POINTS		

M. PACKAGING/WAREHOUSE STORAGE	Interview Y / N / NA	Observation Y / N / NA
1. Is the packaging area isolated from production and assembly areas?		
2. Are there controls to segregate products from other customers' products?		
3. Are there controls to prevent out of specification products from packing for shipment?		
4*. Are non-confirming products identified, rejected and segregated from the packaging area?		
5. Are components and work in process products kept out of the packaging area?		
6. Are products cleaned before shipped?		
7. Are poly bagged products passed through ultraviolet light before metal detection and packing?		
8. Are approved finished products packed immediately to avoid contamination, or are they properly stored and protected?		
9. Are poly bagged products passed through metal detectors before packing into master cartons? If products contain metal parts, are they properly controlled in the assembly stage?		
10. Are sharp tools absolutely restricted from the packaging area? If unavoidable, is control satisfactory?		
11. Are case count procedures accurate? If not, is the procedure acceptable to prevent product shortage?		
12. Are packed master cartons stored protected to avoid damage or contamination?		
13. Is there equipment used for stamping date code, lot and case numbers?		
14. Are master cartons stacked in good condition?		
15*. Is the warehouse locked?		
TOTAL POINTS		

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AUDIT SECTION	DESCRIPTION	Minimum Points Needed	Maximum Points Possible	Total Points Achieved
A.	FACILITY & MAINTENANCE	5		
B.	CLEANLINESS	5		
C.	SANITATION	2		
D.	PEST CONTROL	4		
E.	QUAILITY MANAGEMENT	6		
F.	INCOMING MATERIAL INSPECTION	3		
G.	MANUFACTURING PROCESS	5		
H.	PAINT SPRAYING/APPLICATION	5		
I.	IN-LINE/FINAL INSPECTION	9		
J.	NON-CONFORMING MATERIAL CONTROL	4		
K.	RECORD & DOCUMENTATION CONTROL	3		
L.	SHARP TOOL CONTROL	4		
M.	PACKAGING/WAREHOUSE	8		
%				
NOTE: CRITICAL QUESTIONS COUNT FOR 2 POINTS				
FAILURE OF CRITICAL ITEMS :				
Section	Line Item / Comments			
Please refer to Comment Sheets for details.				

All individual sub-groups must meet minimum points needed.

Overall rating must be no less than 70%.

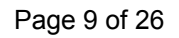
Failure of any critical (*) items? _____

(Items marked with a "*" are considered critical. Any "no" response requires immediate failure of the Factory Audit.)

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N. WAGES & HOURS INFORMATION									
1a. What is the minimum wage required by <u>local government law</u> for trained factory workers? Indicate if this is an hourly, weekly, or monthly rate.								Local Currency	
1b. What is the minimum wage required by <u>local government law</u> for untrained factory workers? Indicate if this is an hourly, weekly, or monthly rate.									
2a. What is the minimum wage paid to trained workers <u>in this factory</u> ? Indicate if this is an hourly, weekly, or monthly rate.									
2b. What is the minimum wage paid to untrained workers <u>in this factory</u> ? Indicate if this is an hourly, weekly, or monthly rate.									
2c* Are the minimum wages paid equal to, or higher than, the government standard?								Yes	No
3a. What is the maximum number of hours of work at regular pay allowed by <u>local government law</u> ?									
3b. What is the maximum number of hours of work at regular pay employees <u>at this factory</u> work?									
4. Wages at this factory are based on how many hours of work at regular pay?						Trained:		Untrained:	
5. Average number of overtime hours worked each week:						Trained:		Untrained:	
6. Maximum number of hours workers are asked to work in a given week:						Trained:		Untrained:	
								Interview Y / N / NA	Observation Y / N / NA
7. Are the scheduled work hours posted for the week and day?									
8. Are the overtime hours posted for the week and day?									
9. Deductions are not made because of low production or quality defects?									
10. What is the overtime rate of pay required by local government law? How is it determined?									
11. What is the overtime rate of pay received by workers at this factory? How is it determined?									
								Interview Y / N / NA	Observation Y / N / NA
12* Do workers receive an understandable wage statement every pay period?									
13* Do workers have the right to refuse overtime?									
14. Are all workers given equal opportunity to work overtime? If not, explain.									
15. Method of wage payment:						Cash	Check	Other	
16. Wages are paid: (if other, explain)						Per Hour	Piece Work Rate	Other	
17. Is time documented by timecard? If no, explain system.								Yes	No
18. How often are wages paid?						Daily	Weekly	Monthly	Other
19. Are wages paid on time? If no, explain.								Yes	No
								Interview Y / N / NA	Observation Y / N / NA
20. If a meal allowance is provided, it is not deducted from the worker's wages?									
21a. Is transportation provided?									
21b. If transportation is provided, it is not deducted from the worker's wages?									
22. Does the factory maintain a payroll register that proves proper payment of wages to each worker per hour, per day, per month or per piece?									

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23. Does the payroll register include regular working hours, overtime working hours, gross wages derived from pieces produced or working hours, applicable production bonuses, allowances, applicable deductions and net wages?		
24. Does the payroll register include piece rate and other supporting documentation?		
25. Is the payroll register maintained for 1 year or whatever is required by law?		
26. Do workers have at least one day off in seven?		
27. Do workers have time each day during the workday for a meal? How much?		
28. Do workers have time each day during the workday for rest periods other than meals?		
29. Does the factory maintain personnel files for each employee?		
30. Does each personnel file contain a copy of the best official age verification documentation available?		
31. Does each personnel file contain proof of hire date with signature of worker?		
32. Are employment contracts (where required by law) signed by the worker and the factory?		
33. Does each personnel file contain an application for employment with basic information on the worker, such as address, contact information, recommendations, experience and education?		
34. Does each personnel file contain a photo of the worker at the time of employment?		
35. Does each personnel file contain any disciplinary actions taken against the worker (where applicable) including the signature from the worker acknowledging receipt of the disciplinary action?		
36* Is this factory in compliance with all local government labor and wage laws?		
TOTAL POINTS		

O. LABOR PRACTICES	Interview Y / N / NA	Observation Y / N / NA
1a* Are workers able to exercise their legal rights of free association ?		
1b* Does the contractor recognize the worker's right of free association?		
2* Does management consider the employment practices of this factory fair and non-exploitative?		
3* Are all workers in this factory present voluntarily?		
4. Are there guards posted only for normal security reasons?		
5* Are employees free to leave once their daily work period ends?		
6* Is the factory free of any citations, penalties, license revocations, etc. that are in violation of local labor laws and regulations?		
7* Is this factory in full compliance with all labor laws, rules and regulations?		
8. If the factory recruits foreign contract workers, does the factory pay agency recruitment fees?		
9. The factory does not withhold ID papers or other practices that would be restrictive to workers?		
10. Is there a supervisor on the floor for each shift? How many supervisors per shift?		
11. What is the ratio of supervisors to employees at time of audit?		
12. What steps are taken when it becomes necessary to discipline workers? Describe method and note use of any mental / physical punishment.		
13. When disciplinary action is taken, is a witness present? If no, explain procedure.		

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14*. Are the rights of employees protected?		
15. There is no evidence of harassment, abuse mental or physical punishment of employees?		
16. There is no evidence of monetary deductions as a disciplinary action?		
17. Are claims of harassment, physical, mental or verbal abuse by a worker documented and kept in the workers personnel file?		
18. There is no evidence of lockout policies that result in a workers absence, leading to failure to receive wages?		
19. There are no bodily pat downs or strip searches?		
20. There is no mandatory pregnancy testing? (even if not restricted by host country law)		
21. There is no evidence of denial of employment due to pregnancy?		
TOTAL POINTS		

P. BENEFITS				
1. Which, if any of the following benefits are provided for workers? Give details if any portion of the cost is deducted from workers pay.	Legally Required	Voluntarily Provided	Deducted from Wages	Not Applicable
A. Leave Policy				
B. Medical Benefits (Not Workman's Comp)				
C. Housing				
D. Retirement				
E. Transportation				
F. Meals				
G. Clothing Allowance				
H. Child Care				
I. Vacation				
J. Holidays				
K. Cash Bonuses				
L. Others				
				Interview Y / N / NA
				Observation Y / N / NA
2. Are the benefits above given/paid on time?				
3*. Does this factory provide annual leave and holidays as required by law or which meets the local industry standard, whichever is greater?				
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Q. CHILD LABOR	Interview Y / N / NA	Observation Y / N / NA
1* Does this factory comply with all applicable child labor laws including those related to hiring, wages, hours worked, overtime, and working conditions?		
2. What is the legal age requirement for working in this country? What are the maximum number of hours allowed per week?		
3* Are all workers in this factory at least the legal working age or 14 years of age, whichever is greater? If yes, what is this age?		
4. In the country / region where this factory is located, is there an age below which a child must be in school. If "yes", what is the age?		
5. Are there any apprentice or work experience programs offered at this factory?		
6. Workers children are not allowed on the production floor?		
7*. Are all minor workers provided an annual medical check-up?		
TOTAL POINTS		

R. LEGAL ISSUES & LICENSES		
1* Is this factory free of any charges by any state, federal or other governmental authority regarding any violation of any applicable labor law, regulation, or statute? If no, please explain. (Attach copy)		
2. Does this factory have a business license? When was business license issued? Has it been verified by a government employee (Please give date:)		
3. Is there a local government office where records of violations are kept? If so, where?		
4* Is the named party operation from the same country as shown on documents, packages, or labels accompanying the merchandise?		
TOTAL POINTS		

S. COMMUNICATION		
1. Do factory's management and key staff understand English sufficiently to ensure communication with client? If no, what measures are taken to provide effective communication?		
2. Are both verbal and written instructions given to workers in their native language?		
3. Do all workers speak the language of this location?		
4. Is technical information clearly identified with adequate controls throughout?		
5. Does the communication system have international access?		
6. Are telephone, fax and e-mail available?		
TOTAL POINTS		

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AUDIT SECTION	DESCRIPTION	Minimum Points Needed	Maximum Points Possible	Total Points Achieved
N	Wages & Hours	19		
O	Labor practices	11		
P	Benefits	2		
Q	Child labor	4		
R	Legal issues and licenses	2		
S	Communication	3		
				%
NOTE: CRITICAL QUESTIONS COUNT FOR 2 POINTS				
FAILURE OF CRITICAL ITEMS :				
Section	Line Item / Comments			
Please refer to comment sheets for details.				

All individual sub-groups must meet minimum points needed.

Overall rating must be no less than 70%.

Failure of any critical (*) items? _____

(Items marked with a "*" are considered critical. Any "no" response requires immediate failure of the Factory Audit.)

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AUDIT COMMENT DETAIL SHEET

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T. HEALTH & SAFETY	Interview Y / N / NA	Observation Y / N / NA
1. Is there a medical facility within 30 kilometers? If no, what is the distance to the nearest medical facility or physician?		
2. What is the procedure in a medical emergency?		
3* In this factory are first aid supplies available on every factory floor or is there a separate first aid room used only for treating injured or sick workers?		
4. Are first aid stations posted with a sign?		
5*. Are the first aid kits inspected and restocked as needed?		
6. Are individuals trained in basic first aid on-site during all working hours?		
7. Are records maintained for employees seeking first aid?		
8. Are safety education/training programs offered (e.g. First Aid, etc.)? If yes, explain.		
9*. Is personal protective equipment available? If yes, what type (specify hand, eye, face, head, etc.)?		
10. Does factory have a written PPE policy?		
11. For high noise areas, is hearing protection available?		
12. Do employees with shoulder length or longer hair have hair pulled back and secured?		
13. Is footwear appropriate for working in this factory?		
14. Are guardrails present wherever an aisle of walkway surface is elevated at least 30" above any adjacent areas.		
15* Is there one extinguisher per clearly separated work area and one extinguisher per 25 employees, OR one extinguisher per 75 feet circumference?		
16. Are they tested annually for usefulness?		
17. Are employees trained to use the fire extinguishers?		
18*. Does the factory have the appropriate type of extinguishers for the materials present?		
19. Do the extinguishers have instructions in the local language?		
20. Are the extinguishers in an accessible location, at an accessible height?		
21. If hydrants are present, are they inspected regularly?		
22. Is the fire alarm audible throughout the entire factory?		
23. Is the fire alarm tested regularly?		
24. Is there a fire sprinkler system?		
25. Are there emergency eye wash stations and emergency showers easily accessible?		
26. Are there fire blankets?		
27* Is there sufficient ventilation?		
28. Are there hood and exhaust fans where appropriate?		
29. Does the factory have a minimum illumination of 80-foot candles (800 lux) in work areas?		

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30. Does factory have a minimum illumination of 50-foot candles (500 lux) in corridors used as emergency routes?		
31. Are there procedures in place for containment and cleanup of chemical spills?		
32. Does factory have a written policy on chemical usage including quantities stored, where stored, how handled?		
33. Does factory store chemicals in a separate area equipped with appropriate fire extinguishers, safety signs, ventilation, instructions on handling and disposal and PPE?		
34. Have all employees handling hazardous chemicals or materials undergone training on handling, emergency procedures and PPE?		
35. Are Material Safety Data Sheets (MSDS) available for all chemicals used in the factory?		
36* Is there a system for the evacuation of employees?		
37* Are practice evacuations conducted annually?		
38. Does evacuation plan illustrate "you are here" mark, location of extinguishers and hydrants in the local language?		
39*. Does the factory have at least 2 emergency exits per floor in buildings with less than 1,000 workers? 3 exits per floor with more 1,000 workers?		
40. Is the maximum travel distance to an emergency exit approximately 200 feet (60 meters) for a building lacking sprinklers?		
41. Are exit doors on opposite sides of the building?		
42. Do doors swing in the direction of exit travel?		
43*. Are all exit routes at least 44 inches (112cm) wide?		
44. Are emergency exit signs visible from 100 feet (30 meters), illuminated or brightly colored?		
45. Are electrical cords in good condition and properly encased to prevent shorting or fire?		
46. Are electrical devices properly grounded?		
47. Electrical cords are not found in damp areas or standing water?		
48. Are electrical panels covered?		
49. Is electrical wiring obstructing any aisles unless they are securely taped to the floor in a manner that does not create an additional hazard?		
50. Are annual medical checkups provided for employees?		
51* Do workers have access to fresh, clean water throughout the work day?		
52. Are employees provided separate drinking cups to prevent illness and contamination?		
53. Are water containers kept clean and adequately protected to avoid contamination?		
54. Does the factory provide at least 1 toilet for the first employees of a particular gender, with an additional toilet for each 40 persons of the same gender employed over 25 persons?		
55. Does the factory have a cleaning and maintenance schedule with adequate janitorial staff to ensure that the facilities are clean and working at all times?		
56. Does the factory provide adequate privacy (door with lock)?		
57. The factory does not restrict access to toilet facilities?		
58. Does the factory provide washbasins with cleaning agents or hand soap and hand towels or dryers and toilet paper as local customs dictate?		

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59. Has the factory been free of accidents and injuries in the past year? If no, please specify		
60*. Is this factory in compliance with all laws relating to health and safety?		
61. Does the factory maintain an OSHA 200 log? (US only)		
TOTAL POINTS		

U. CANTEEN (if applicable)	Interview Y / N / NA	Observation Y / N / NA
1. Does the canteen staff ensure that any spoiled, questionable or waste food is not utilized and properly disposed of?		
2. Are utensils, dishes and cookware properly sanitized after use?		
3. Does the factory have the necessary inspections from government health officials and do they maintain records of these inspections?		
4. Does the canteen staff have regular (annual) health checks and obtain health certificates?		
5. Food is not prepared or consumed on the production floor?		
6. Is raw food stored and prepared in a separate area from cooked food?		
7. Does the canteen staff wear hairnets?		
TOTAL POINTS		

V. BOILER OPERATION (if applicable)	Interview Y / N / NA	Observation Y / N / NA
1*. Does the steam boiler have an operation certificate endorsed by local labor authority or certified safety inspector?		
2. Is the operator of the boiler trained on its use with proper occupation certificate?		
3. Is the steam boiler placed in a separate, well-ventilated room?		
4. Is the safety check certificate posted on a wall in the boiler room?		
TOTAL POINTS		

W. DORMITORIES (if applicable)	Interview Y / N / NA	Observation Y / N / NA
PLEASE WRITE N/A IF THIS ENTIRE SECTION DOES NOT APPLY.		
1. Number of residents:		
2. How many square meters are provided in each room for each worker in this dormitory?		
3. What is the minimum number of square meters per worker in each dormitory room required by government / local regulations?		
4. How many workers per room?		
5* Do the dormitories meet government / local requirements? If no requirements, is there a minimum of 3.0 square meters per worker in each room.		
6* Is the dormitory clean, safe, and free of obvious insect / rodent infestation?		
7* Do dormitory facilities meet all applicable laws and regulations related to health and safety?		
8* Is potable water or facilities to boil water available?		
9. Does the exterior of the building appear structurally sound and well maintained?		
10. The dormitory is not located above a production or warehouse buildings?		
11. Are the common areas clean, safe, well lit, etc.?		

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12. Is the dormitory inspected and certified by a local health authority at least once a year?				
13. Does the factory retain written verification of inspection results?				
14* Are all dormitory areas free of hazardous or combustible materials?				
15* Are the sleeping quarters clean, safe, well lit, etc.?				
16* Are workers provided with their own individual mats or beds?				
17. Are workers provided with their own storage space for clothes and other personal possessions?				
18* Are dormitory facilities well ventilated?				
19. How many workers per bathroom / toilet?				
20* Are bathrooms / toilets clean and functional?				
21* Are toilet and shower facilities segregated by sex?				
22. Are kitchen or laundry facilities provided? If yes, where?				
23. Are common areas or recreational areas provided? If yes, please describe.				
24* Are there at least 2 fire exits per floor?				
25* Are exits clearly marked, unblocked and unlocked?				
26* On each floor, in clear view, is there a diagram showing the path to follow during an emergency evacuation and are instructions written in the native language of the workers?				
27* Are there at least 2 fire extinguishers located in different areas on each floor for all sleeping quarters? How many? Distance between units?				
28* Are evacuation drills conducted annually?				
29. Are dormitory residents free to come and go during their off-hours? If no, please explain.				
30* Are sleeping quarters segregated by sex?				
31. What, if any, security is at the worker's housing?				
32. Are the following required to be paid by the workers or deducted from worker's wages?	YES	NO	AMOUNT	N/A
Sleeping Quarters				
Meals				
Transportation				
Other (please list)				
TOTAL POINTS				

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X. ENVIRONMENT (if applicable)	Interview Y / N / NA	Observation Y / N / NA
1. Are there any local laws regarding the environment? If yes, explain what they cover.		
2. Is there government enforcement of these laws to ensure compliance?		
3.* Is this factory in compliance with all applicable environmental laws?		
4. Does the factory take measures to control pollution of land, water and air?		
5. Does this factory have procedures for notifying local community authorities in case of accidental discharge or release, or any other environmental emergency?		
6*. If hazardous substances exist, are precautions taken to ensure that employees are not harmed by these substances?		
7. If this is a finishing factory, is the water treated prior to discharge?		
8. Does the effluent meet or exceed local wastewater discharge		
9. Is wastewater monitored? By whom? Latest date checked? (Attach any documentation)		
10. Does this factory recycle or reuse materials? If yes, please explain the program.		
TOTAL POINTS		

AUDIT SECTION	DESCRIPTION	Minimum Points Needed	Maximum Points Possible	Total Points Achieved
T	Health & Safety	31		
U	Canteen	4		
V	Boiler Operation	2		
W	Dormitories	16		
				%
NOTE: CRITICAL QUESTIONS COUNT FOR 2 POINTS				
FAILURE OF CRITICAL () ITEMS:				
Section	Line Item / Comments			
Please refer to comment sheets for details.				

All individual sub-groups must meet minimum points needed.

Overall rating must be no less than 70%.

Failure of any critical (*) items? _____

(Items marked with a "*" are considered critical. Any "no" response requires immediate failure of the Factory Audit.)

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AUDIT COMMENT DETAIL SHEET

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Y. PHYSICAL ACCESS CONTROLS	Interview Y / N / NA	Observation Y / N / NA
<i>EMPLOYEES</i>		
1. Are employees required to wear identification badges?		
2. Is employee access restricted to specific areas of the premises? (associated with their job responsibilities)		
3. Are there documented procedures for the issuance, removal and changing of access devices (i.e. keys, cards, etc)?		
<i>VISITORS</i>		
1. Are visitor's records or logs kept?		
2. Are visitors, contractors/vendors required to provide proof of identification?		
3. Are visitors, contractors/vendors escorted and are they required to wear a temporary ID badge?		
<i>DELIVERIES (INCLUDING MAIL)</i>		
1. Are incoming mail and packages periodically inspected or screened before being distributed to ensure security?		
2. Does the facility inspect employees and their belongings before they enter the building?		
3. Does the facility restrict what belongings the employees are allowed to bring into the facility?		
<i>CHALLENGING and REMOVING UNAUTHORIZED PERSONS</i>		
1. Are there procedures for challenging unauthorized/unidentified persons?		
TOTAL POINTS		

Z. PERSONNEL SECURITY	Interview Y / N / NA	Observation Y / N / NA
<i>PRE-EMPLOYMENT VERIFICATION</i>		
1. Does the facility hiring process include verification of candidate employment history and references?		
2. Are copies of official identification maintained for all employees?		
<i>BACKGROUND CHECKS/INVESTIGATIONS</i>		
1. Does the hiring process include a background check?		
2. Are periodic checks/reinvestigations performed based on cause and/or sensitivity of employee position?		
<i>PERSONNEL TERMINATION PROCEDURES</i>		
1. Does the facility control the issuing of keys and are keys recovered when employees who have them resign or are terminated?		
2. Are locks changed when employees with keys resign or are terminated, or are the keys recovered?		
3. If an electronic alarm system is used is the alarm code reset after an employee with access to the system resigns or is terminated?		
TOTAL POINTS		

AA. PROCEDURAL SECURITY	Interview Y / N / NA	Observation Y / N / NA
<i>DOCUMENTATION PROCESSING</i>		
1. Is there a procedure in place to ensure that all information on the commercial documents is legible, complete and accurate?		
2. Is access to the document preparation area restricted to authorized employees to protect against the exchange, loss or introduction of erroneous information?		
<i>MANIFESTING PROCEDURES</i>		
1. Are employees trained on how to maintain data integrity on commercial documents?		
<i>SHIPPING AND RECEIVING</i>		
1. Are employees trained on how to maintain product integrity?		

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2. Are the marks, numbers, weights, and quantities of incoming cargo verified against the documents presented?		
3. Is there a container loading verification procedure (i.e. to prevent un-manifested containers and merchandise from being laden)?		
4. Is access to the shipping, loading, cargo, and hazardous materials storage areas restricted?		
5. Have employees been instructed on how to identify suspicious cargo?		
6. Is there a designated employee responsible to contact U.S. Customs/appropriate authority if illegal or suspicious activities are detected?		
CARGO DISCREPANCIES		
1. Are their procedures for detecting and reporting shortages and overages?		
2. Are daily security checks conducted which would identify signs of tampering with products or equipment?		
3. If illegal activities are detected or suspected, are law enforcement officials notified?		
TOTAL POINTS		

AB. PHYSICAL SECURITY	Interview Y / N / NA	Observation Y / N / NA
FENCING		
1. Is the perimeter surrounded by unbroken fencing?		
2. Is there fencing or another system in place to segregate and secure the all types of cargo located in the cargo handling area?		
3. Is all fencing inspected regularly for integrity and damage?		
GATES and GATE HOUSES		
1. Are gates and gatehouses which vehicles and/or personnel enter or exit manned and/or monitored?		
2. Are security personnel present at the entrances?		
3. Do security personnel patrol the facility grounds?		
PARKING		
1. Do parking areas have sufficient lighting?		
2. Is the area for parking private vehicles separate from the shipping and loading areas?		
BUILDING STRUCTURE		
1. Are the doors and doorframes adequate to prevent unauthorized entry?		
2. Are facility windows and window frames adequate to prevent unauthorized entry?		
3. Is the building well maintained and periodically inspected to identify necessary repairs?		
LOCKING DEVICES and KEY CONTROLS		
1. Are facility doors secure and equipped with appropriate locking devices?		
2. Are windows and window frames secure and equipped with appropriate locking devices?		
3. Does Security personnel control the issuance of all locks and keys?		
LIGHTING		
1. Do all internal and external facility areas have adequate lighting?		
2. Do all entrances and exits have adequate lighting?		
3. Is there adequate lighting in cargo handling and storage areas?		
4. Is there adequate lighting around all fence lines?		
ALARMS SYSTEMS and VIDEO SURVEILLANCE CAMERAS		
1. Is video surveillance used to monitor activity on the premises?		
2. Is access to cargo handling and storage areas monitored to prevent the unauthorized access to these areas?		
TOTAL POINTS		

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AC. CONTAINER SECURITY	Interview Y / N / NA	Observation Y / N / NA
CONTAINER INSPECTION		
1. Are both empty and full containers stored in a secure area within the facility premises?		
2. Is access restricted to authorized personnel only?		
3. Is a security officer designated to supervise the loading and unloading of cargo?		
4. Are closed containers sealed after loading is complete?		
5. Are delivery trucks monitored by the facility during loading and unloading?		
6. Are drivers delivering/receiving cargo required to provide identification prior to receiving or releasing cargo?		
7. Are containers monitored by the facility during loading?		
CONTAINER SEALS		
1. Is there a list of designated employees authorized to distribute seals?		
2. Are there written instructions available for how security seals are affixed to containers bound for the U.S.?		
3. Are seal numbers verified at time of loading?		
4. Are seal numbers verified at time of unloading?		
5. Is there a seal control system, record and procedure in place? (Must see records at least 60 days old)		
6. Is there a designated employee responsible to contact U.S. Customs/appropriate authority if a seal is found compromised?		
7. Do container seals meet or exceed PAS ISO 17712 standards		
CONTAINER STORAGE		
1. Are both empty and full containers stored in a secure area within the facility premises?		
2. Are containers inspected for damage and contamination before loading?		
3. Is access restricted to authorized personnel only?		
4. Is there a written procedure and reporting process in the event someone gains unauthorized entry into a container or the container storage area?		
TOTAL POINTS		

AD. SECURITY TRAINING AND THREAT AWARENESS	Interview Y / N / NA	Observation Y / N / NA
INTERNAL TRAINING		
1. Is there a written security policy at this facility?		
2. Does the facility conduct security-training sessions for employees?		
3. Are there documented procedures available that cover security policies and standards?		
4. Are employees trained on how to recognize internal conspiracies?		
5. Are employees trained on how to handle unauthorized access to secure areas?		
6. Is there someone responsible for contacting local police in an emergency situation?		
7. Are employees offered incentives for recognizing and reporting suspicious situations or situations where security has been compromised?		
TOTAL POINTS		

AE. INFORMATION TECHNOLOGY SECURITY	Interview Y / N / NA	Observation Y / N / NA
1. Do automated systems use individual assigned accounts that require periodic change of password?		
2. Are computers and/or file storage areas safeguarded to maintain integrity of information?		
3. Are systems in place to identify abuse of information, including access, tapering or altering business data, with disciplinary actions defined for violators?		
TOTAL POINTS		

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AUDIT SECTION	DESCRIPTION	Minimum Points Needed	Maximum Points Possible	Total Points Achieved
Y	Physical Access Controls	5		
Z	Personnel Security	4		
AA	Procedural Security	6		
AB	Physical Security	10		
AC	Container Security	9		
AD	Security Training and Threat Awareness	4		
AE	Information Technology Security	2		
				%
Section	Line Item / Comments			
	Please refer to comment sheets for details.			

All individual sub-groups must meet minimum points needed.
Overall rating must be no less than 70%.

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**FACILITY AUDIT**

Audit Date:		Facility Name:	
Report No.:		Address:.	
Audit ID #:			
Vendor:		Telephone:	
Vendor Rep:		Fax:	

Reason for Audit :	<input type="checkbox"/>	Initial Audit
	<input type="checkbox"/>	Follow-up - Facility Relocation
	<input type="checkbox"/>	Follow-up - New Owner / Business Name
	<input type="checkbox"/>	Follow-up - Failure of Previous Audit / Violations
	<input type="checkbox"/>	Anniversary Audit
		Date of Last Audit : <input type="text"/>
Audit Type :	<input type="checkbox"/>	Quality & Capability
	<input type="checkbox"/>	Wages & Labor Practices
	<input type="checkbox"/>	Health & Safety
	<input type="checkbox"/>	C-TPAT

Overall Facility Rating:	<input type="checkbox"/>	Outstanding Over 95%	Facility Type Rating:	<input type="checkbox"/>	Quality & Capability
	<input type="checkbox"/>	Excellent 90% - 95%		<input type="checkbox"/>	Wages & Labor
	<input type="checkbox"/>	Very Good 85% - 89%		<input type="checkbox"/>	Health & Safety
	<input type="checkbox"/>	Good 80% - 84%		<input type="checkbox"/>	C-TPAT
	<input type="checkbox"/>	Average 70% - 79%			
	<input type="checkbox"/>	Needs Improvement 61% - 69%			
	<input type="checkbox"/>	Not Recommended Below 60%			

Reason: I employees.

Section(s) of Failure: No failure section

FACILITY AUDIT - LIMITATIONS

UL VS Inc. represents that it has exercised reasonable commercial effort to perform this Audit. In performing the Audit, however, UL VS Inc.'s auditors have been constrained by the following factors :

1. The Facility Audit is based on what the auditors have personally seen, been told and upon the inspection of documents provided to them. The auditors have not made any additional investigation to verify the information provided to them.
2. UL VS Inc. auditors have accepted as true what they have been told by management and employees of the facility.
3. UL VS Inc. auditors cannot ascertain whether they have been given unlimited access to employees, or whether employees have been coached as to how to respond to questions.
4. UL VS Inc. auditors have accepted as valid documentation provided to them by facility officials, and have made no independent investigation to determine the accuracy or completeness of the documentation. UL VS Inc. auditors do not know if material documentation has been withheld by facility officials.
5. UL VS Inc. auditors cannot verify that they have been allowed access to all of the facility, ancillary buildings and grounds associated with the facility.

Customer acknowledges the foregoing limitations on the accuracy and completeness of the Facility Audit.

Facility Representative :		Auditor :	
	(Signature) Date		(Signature) Date



I. GENERAL INFORMATION - VENDOR			
Vendor Name:		Contact Name:	
EDI Vendor No:		Phone:	
Street:		Fax:	
City:			
State:		Zip:	
Country:			

II. FACTORY PROFILE			
Factory Name (Incorporated Name):		Business License #	
Factory Name (Assumed Name):		Expiration Date :	
Relationship of Factory to Vendor:		Apparel Industry Regn #:	
Year of Establishment / Operation:		Expiration Date:	
Total # of Employees:		EIN (US only):	
Person Interviewed:			
Personnel Name:			
Managing Director:		Engineering Manager:	
General Manager:		Production Manager:	
Marketing Manager:		Factory Manager:	
Technical Director:			
Q.C. / Q.A. Manager:			
Q.C. / Q.A. Manager Reports to:			
Does Q.A. / Q.C. Manager have responsibilities other than quality?			
Certificate of Quality License of Export Commodities:			
Date of Issue:	Issued per shipment.	Date of Expiration:	
Factory Size / Layout:			
Area:		Stories covering:	
# of Loading Docks:			
Years of experience manufacturing:			
Is the factory ISO 9000 registered?			

III. PRODUCT DESCRIPTION			
IV. MATERIAL DESCRIPTION			

Y. PHYSICAL ACCESS CONTROLS	Interview Y / N / NA	Observation Y / N / NA
EMPLOYEES		
1. Are employees required to wear identification badges?		

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2. Is employee access restricted to specific areas of the premises? (associated with their job responsibilities)		
3. Are there documented procedures for the issuance, removal and changing of access devices (i.e. keys, cards, etc)?		
VISITORS		
1. Are visitor's records or logs kept?		
2. Are visitors, contractors/vendors required to provide proof of identification?		
3. Are visitors, contractors/vendors escorted and are they required to wear a temporary ID badge?		
DELIVERIES (INCLUDING MAIL)		
1. Are incoming mail and packages periodically inspected or screened before being distributed to ensure security?		
2. Does the facility inspect employees and their belongings before they enter the building?		
3. Does the facility restrict what belongings the employees are allowed to bring into the facility?		
CHALLENGING and REMOVING UNAUTHORIZED PERSONS		
1. Are there procedures for challenging unauthorized/unidentified persons?		
TOTAL POINTS		

Z. PERSONNEL SECURITY	Interview Y / N / NA	Observation Y / N / NA
PRE-EMPLOYMENT VERIFICATION		
1. Does the facility hiring process include verification of candidate employment history and references?		
2. Are copies of official identification maintained for all employees?		
BACKGROUND CHECKS/INVESTIGATIONS		
1. Does the hiring process include a background check?		
2. Are periodic checks/reinvestigations performed based on cause and/or sensitivity of employee position?		
PERSONNEL TERMINATION PROCEDURES		
1. Does the facility control the issuing of keys and are keys recovered when employees who have them resign or are terminated?		
2. Are locks changed when employees with keys resign or are terminated, or are the keys recovered?		
3. If an electronic alarm system is used is the alarm code reset after an employee with access to the system resigns or is terminated?		
TOTAL POINTS		

AA. PROCEDURAL SECURITY	Interview Y / N / NA	Observation Y / N / NA
DOCUMENTATION PROCESSING		
1. Is there a procedure in place to ensure that all information on the commercial documents is legible, complete and accurate?		
2. Is access to the document preparation area restricted to authorized employees to protect against the exchange, loss or introduction of erroneous information?		
MANIFESTING PROCEDURES		
1. Are employees trained on how to maintain data integrity on commercial documents?		
SHIPPING AND RECEIVING		
1. Are employees trained on how to maintain product integrity?		
2. Are the marks, numbers, weights, and quantities of incoming cargo verified against the documents presented?		
3. Is there a container loading verification procedure (i.e. to prevent un-manifested containers and merchandise from being laden)?		

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4. Is access to the shipping, loading, cargo, and hazardous materials storage areas restricted?		
5. Have employees been instructed on how to identify suspicious cargo?		
6. Is there a designated employee responsible to contact U.S. Customs/appropriate authority if illegal or suspicious activities are detected?		
<i>CARGO DISCREPANCIES</i>		
1. Are their procedures for detecting and reporting shortages and overages?		
2. Are daily security checks conducted which would identify signs of tampering with products or equipment?		
3. If illegal activities are detected or suspected, are law enforcement officials notified?		
TOTAL POINTS		

AB. PHYSICAL SECURITY	Interview Y / N / NA	Observation Y / N / NA
<i>FENCING</i>		
1. Is the perimeter surrounded by unbroken fencing?		
2. Is there fencing or another system in place to segregate and secure the all types of cargo located in the cargo handling area?		
3. Is all fencing inspected regularly for integrity and damage?		
<i>GATES and GATE HOUSES</i>		
1. Are gates and gatehouses which vehicles and/or personnel enter or exit manned and/or monitored?		
2. Are security personnel present at the entrances?		
3. Do security personnel patrol the facility grounds?		
<i>PARKING</i>		
1. Do parking areas have sufficient lighting?		
2. Is the area for parking private vehicles separate from the shipping and loading areas?		
<i>BUILDING STRUCTURE</i>		
1. Are the doors and doorframes adequate to prevent unauthorized entry?		
2. Are facility windows and window frames adequate to prevent unauthorized entry?		
3. Is the building well maintained and periodically inspected to identify necessary repairs?		
<i>LOCKING DEVICES and KEY CONTROLS</i>		
1. Are facility doors secure and equipped with appropriate locking devices?		
2. Are windows and window frames secure and equipped with appropriate locking devices?		
3. Does Security personnel control the issuance of all locks and keys?		
<i>LIGHTING</i>		
1. Do all internal and external facility areas have adequate lighting?		
2. Do all entrances and exits have adequate lighting?		
3. Is there adequate lighting in cargo handling and storage areas?		
4. Is there adequate lighting around all fence lines?		
<i>ALARMS SYSTEMS and VIDEO SURVEILLANCE CAMERAS</i>		
1. Is video surveillance used to monitor activity on the premises?		
2. Is access to cargo handling and storage areas monitored to prevent the unauthorized access to these areas?		
TOTAL POINTS		
AC. CONTAINER SECURITY	Interview Y / N / NA	Observation Y / N / NA
<i>CONTAINER INSPECTION</i>		
1. Are both empty and full containers stored in a secure area within the facility premises?		

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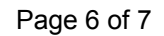


2. Is access restricted to authorized personnel only?		
3. Is a security officer designated to supervise the loading and unloading of cargo?		
4. Are closed containers sealed after loading is complete?		
5. Are delivery trucks monitored by the facility during loading and unloading?		
6. Are drivers delivering/receiving cargo required to provide identification prior to receiving or releasing cargo?		
7. Are containers monitored by the facility during loading?		
CONTAINER SEALS		
1. Is there a list of designated employees authorized to distribute seals?		
2. Are there written instructions available for how security seals are affixed to containers bound for the U.S.?		
3. Are seal numbers verified at time of loading?		
4. Are seal numbers verified at time of unloading?		
5. Is there a seal control system, record and procedure in place? (Must see records at least 60 days old)		
6. Is there a designated employee responsible to contact U.S. Customs/appropriate authority if a seal is found compromised?		
7. Do container seals meet or exceed PAS ISO 17712 standards		
CONTAINER STORAGE		
1. Are both empty and full containers stored in a secure area within the facility premises?		
2. Are containers inspected for damage and contamination before loading?		
3. Is access restricted to authorized personnel only?		
4. Is there a written procedure and reporting process in the event someone gains unauthorized entry into a container or the container storage area?		
TOTAL POINTS		

AD. SECURITY TRAINING AND THREAT AWARENESS	Interview Y / N / NA	Observation Y / N / NA
INTERNAL TRAINING		
1. Is there a written security policy at this facility?		
2. Does the facility conduct security-training sessions for employees?		
3. Are there documented procedures available that cover security policies and standards?		
4. Are employees trained on how to recognize internal conspiracies?		
5. Are employees trained on how to handle unauthorized access to secure areas?		
6. Is there someone responsible for contacting local police in an emergency situation?		
7. Are employees offered incentives for recognizing and reporting suspicious situations or situations where security has been compromised?		
TOTAL POINTS		

AE. INFORMATION TECHNOLOGY SECURITY	Interview Y / N / NA	Observation Y / N / NA
1. Do automated systems use individual assigned accounts that require periodic change of password?		
2. Are computers and/or file storage areas safeguarded to maintain integrity of information?		
3. Are systems in place to identify abuse of information, including access, tapering or altering business data, with disciplinary actions defined for violators?		
TOTAL POINTS		

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All individual sub-groups must meet minimum points needed.
Overall rating must be no less than 70%.

[illegible]

UL Verification Services, Inc., 1559 King Street, Enfield, CT 06082-4899 USA



Age Verification	Interview Y / N / NA	Observation Y / N / NA
1* Does this factory comply with all applicable child labor laws including those related to hiring, wages, hours worked, overtime, and working conditions?		
2. What is the legal age requirement for working in this country? What are the maximum number of hours allowed per week?		
3* Are all workers in this factory at least the legal working age or 14 years of age, whichever is greater? If yes, what is this age?		
4. In the country / region where this factory is located, is there an age below which a child must be in school. If "yes", what is the age?		

AUDIT COMMENT DETAIL SHEET

SECTION	COMMENTS FROM INTERVIEW/AUDITOR OBSERVATIONS

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CORRECTIVE ACTION PLAN

Client: ACE HARDWARE Vendor: _____
Report Ref.: _____ Date: _____
Factory Name: _____
Factory Address: _____

Seq. #	Report Clause #	Audit Findings	Corrective Action Required	Supplier's Corrective Action Plan
		Quality		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				

Seq. #	Report Clause #	Audit Findings	Corrective Action Required	Supplier's Corrective Action Plan
12				
13				
14				
		Wages & Labor		
15				
16				
17				
18				
19				
20				
21				
		Health & Safety:		
22				
23				
24				
25				

Seq. #	Report Clause #	Audit Findings	Corrective Action Required	Supplier's Corrective Action Plan
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
		C-TPAT		
39				

Seq. #	Report Clause #	Audit Findings	Corrective Action Required	Supplier's Corrective Action Plan
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				

Seq. #	Report Clause #	Audit Findings	Corrective Action Required	Supplier's Corrective Action Plan
55				
56				
57				

Prepared by: _____
(UL VS Inc. Auditor)

Signed by: _____
Factory Representative)

**CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT)
SECURITY CRITERIA FOR IMPORTERS
IMPLEMENTATION PLAN**

Since October 2004, CBP and the trade community have work collaboratively to develop minimum-security criteria for importers either already enrolled in the C-TPAT program, or wishing to join this voluntary, incentives-based supply chain security program. These new minimum-security criteria help solidify membership expectations, and more clearly define and establish the baseline level of security measures, which must be employed by member importers. These security criteria are effective as of March 25, 2005.

FOR NEW IMPORTERS WISHING TO JOIN C-TPAT: Importers wishing to join the C-TPAT program on or after March 25, 2005, will need to meet or exceed the security criteria before they will be ‘certified’ and eligible for benefits. Applications for new membership will only be accepted electronically, via the C-TPAT web-based online application for importers, http://cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/importers/application_importer.xml, with the submission of a completed, comprehensive security profile that will also be required at time of application.

FOR EXISTING C-TPAT MEMBER IMPORTERS: For importers who are already a member of the C-TPAT program, having completed and received the memorandum of agreement signed by CBP, a gradual, phased implementation approach will be followed which provides existing members more time to address the security measures outlined in the criteria. The components outlined in the security criteria document have been segmented into three distinct phases, each with their own timeline.

- **PHASE 1 – HARDENING OF THE PHYSICAL SUPPLY CHAIN:** Under the first phase, existing member importers will have 60 days from the March 25 effective date to address the following three security criteria:
 1. **Container Security** (seals, inspections, storage).
 2. **Physical Security** (fencing, lighting, parking, building structure, locking devices and key controls, lighting, alarm systems, video surveillance cameras).
 3. **Physical Access Controls** (employees, visitors, deliveries, challenging and removing unauthorized persons).
- **PHASE 2 – INTERNAL SUPPLY CHAIN MANAGEMENT PRACTICES:** Within 120 days of the March 25 effective date, existing member importers will review and enhance the more internal or procedural security elements:
 1. **Personnel Security** (pre-employment verifications, background checks, personnel termination procedures).
 2. **Procedural Security** (documentation processing, manifest procedures, shipping and receiving, cargo discrepancies).
 3. **Information Technology Security** (password protection, accountability).
 4. **Security Training and Threat Awareness.**
- **PHASE 3 – BUSINESS PARTNER REQUIREMENTS:** During the final phase, existing member importers will be afforded 180 days from the March 25 effective date to address the Business Partner Requirement elements. Importers must have written and verifiable processes for the selection of business partners including manufacturers, product suppliers, and vendors, and documentation substantiating that business partners throughout their supply chain are meeting C-TPAT security criteria, or equivalent supply chain security program criteria administered by a foreign Customs administration.

CERTIFICATIONS: Existing C-TPAT member importers will not be required to provide a written certification that the security criteria have been met, nor will previously submitted and accepted security profiles need to be resubmitted. It will be understood that importers must meet or exceed these baseline security criteria by the end of each implementation phase. CBP will continue to use validations to gauge whether or not importers have adopted these security criteria. Those importers found to be deficient may have benefits suspended, or removed from the program entirely.

To assist in the implementation of these security criteria, a Frequently Asked Questions (FAQs) document has been provided, and the trade is encouraged to submit questions to the C-TPAT Industry Partnership email address at Industry.Partnership@dhs.gov. Periodic updates to the FAQs will be provided.

In closing, as a voluntary, incentive based supply chain security program, the new C-TPAT security criteria for importers are risk based, flexible, and designed to help CBP achieve it's twin goals of security and facilitation. CBP will continue to work with members who demonstrate a commitment towards strengthening their entire supply chain and benefits will be provided accordingly.

March 25, 2005

C-TPAT Security Criteria Importers

Importers must conduct a comprehensive assessment of their international supply chains based upon the following C-TPAT security criteria. Where an importer outsources or contracts elements of their supply chain, such as a foreign facility, conveyance, domestic warehouse, or other elements, the importer must work with these business partners to ensure that pertinent security measures are in place and adhered to throughout their supply chain. The supply chain for C-TPAT purposes is defined from point of origin (manufacturer/supplier/vendor) through to point of distribution – and recognizes the diverse business models C-TPAT members employ.

C-TPAT recognizes the complexity of international supply chains and endorses the application and implementation of security measures based upon risk analysis. Therefore, the program allows for flexibility and the customization of security plans based on the member's business model.

Appropriate security measures, as listed throughout this document, must be implemented and maintained throughout the importer's supply chains - based on risk.

Business Partner Requirement

Importers must have written and verifiable processes for the selection of business partners including manufacturers, product suppliers and vendors.

Security procedures

For those business partners eligible for C-TPAT certification (carriers, ports, terminals, brokers, consolidators, etc.) the importer must have documentation (e.g., C-TPAT certificate, SVI number, etc.) indicating whether these business partners are or are not C-TPAT certified.

For those business partners not eligible for C-TPAT certification, importers must require their business partners to demonstrate that they are meeting C-TPAT security criteria via written/electronic confirmation (e.g., contractual obligations; via a letter from a senior business partner officer attesting to compliance; a written statement from the business partner demonstrating their compliance with C-TPAT security criteria or an equivalent WCO accredited security program administered by a foreign customs authority; or, by providing a completed importer security questionnaire). Based upon a documented risk assessment process, non-C-TPAT eligible business partners must be subject to verification of compliance with C-TPAT security criteria by the importer.

Point of Origin

Importers must ensure business partners develop security processes and procedures consistent with the C-TPAT security criteria to enhance the integrity of the shipment at point of origin. Periodic reviews of business partners' processes and facilities should be conducted based on risk, and should maintain the security standards required by the importer.

Participation / Certification in Foreign Customs Administrations Supply Chain Security Programs

Current or prospective business partners who have obtained a certification in a supply chain security program being administered by foreign Customs Administration should be required to indicate their status of participation to the importer.

Other Internal criteria for selection

Internal requirements, such as financial soundness, capability of meeting contractual security requirements, and the ability to identify and correct security deficiencies as needed, should be addressed by the importer. Internal requirements should be assessed against a risk-based process as determined by an internal management team.

Container Security

Container integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers. A high security seal must be affixed to all loaded containers bound for the U.S. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals.

Container Inspection

Procedures must be in place to verify the physical integrity of the container structure prior to stuffing, to include the reliability of the locking mechanisms of the doors. A seven-point inspection process is recommended for all containers:

- Front wall
- Left side
- Right side
- Floor
- Ceiling/Roof
- Inside/outside doors
- Outside/Undercarriage

Container Seals

Written procedures must stipulate how seals are to be controlled and affixed to loaded containers - to include procedures for recognizing and reporting compromised seals and/or containers to US Customs and Border Protection or the appropriate foreign authority. Only designated employees should distribute container seals for integrity purposes.



Container Storage

Containers must be stored in a secure area to prevent unauthorized access and/or manipulation. Procedures must be in place for reporting and neutralizing unauthorized entry into containers or container storage areas.

Physical Access Controls

Access controls prevent unauthorized entry to facilities, maintain control of employees and visitors, and protect company assets. Access controls must include the positive identification of all employees, visitors, and vendors at all points of entry.

Employees

An employee identification system must be in place for positive identification and access control purposes. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.

Visitors

Visitors must present photo identification for documentation purposes upon arrival. All visitors should be escorted and visibly display temporary identification.

Deliveries (including mail)

Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Arriving packages and mail should be periodically screened before being disseminated.

Challenging and Removing Unauthorized Persons

Procedures must be in place to identify, challenge and address unauthorized/unidentified persons.

Personnel Security

Processes must be in place to screen prospective employees and to periodically check current employees.

Pre-Employment Verification

Application information, such as employment history and references must be verified prior to employment.

Background checks / investigations

Consistent with foreign, federal, state, and local regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.

Personnel Termination Procedures

Companies must have procedures in place to remove identification, facility, and system access for terminated employees.

Procedural Security

Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.

Documentation Processing

Procedures must be in place to ensure that all information used in the clearing of merchandise/cargo, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Documentation control must include safeguarding computer access and information.

Manifesting Procedures

To help ensure the integrity of cargo received from abroad, procedures must be in place to ensure that information received from business partners is reported accurately and timely.

Shipping & Receiving

Arriving cargo should be reconciled against information on the cargo manifest. The cargo should be accurately described, and the weights, labels, marks and piece count indicated and verified. Departing cargo should be verified against purchase or delivery orders. Drivers delivering or receiving cargo must be positively identified before cargo is received or released.

Cargo Discrepancies

All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. Customs and/or other appropriate law enforcement agencies must be notified if illegal or suspicious activities are detected - as appropriate.

Security Training and Threat Awareness

A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail.

Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

Physical Security

Cargo handling and storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access. Importers should incorporate the following C-TPAT physical security criteria throughout their supply chains as applicable.

Fencing

Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.

Gates and Gate Houses

Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.

Parking

Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

Building Structure

Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

Locking Devices and Key Controls

All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

Lighting

Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.

Alarms Systems & Video Surveillance Cameras

Alarm systems and video surveillance cameras should be utilized to monitor premises and prevent unauthorized access to cargo handling and storage areas.

Information Technology Security**Password Protection**

Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards must be in place and provided to employees in the form of training.

Accountability

A system must be in place to identify the abuse of IT including improper access, tampering or the altering of business data. All system violators must be subject to appropriate disciplinary actions for abuse.

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SECTION: SHIPPING INSTRUCTIONS
SUBJECT: PO INSPECTIONS

DATE: MAY 2014
PAGE: 1 OF 2

PURPOSE:

To establish a policy and standard procedure that will clarify to our vendors when and how to schedule a purchase order inspection.

PROCEDURES:

The letter of credit will indicate if a purchase order inspection is required. Not all purchase orders will require an inspection. Ace currently utilizes two inspection companies. Below you will find each company's contact and procedure information:

Cancellation Fees:

If the inspector arrives at the factory on the date you have booked for an inspection and the goods are found not 100% completed for inspection, you will be charged a Missed Inspection fee of 100% of the applicable inspection rate plus the travel expenses incurred.

UL - ASIA CONTACT

Please complete the Inspection Request Form and send it to:

Wister Lok

VS Client Services Supervisor

UL Verification Services Hong Kong Limited

16-17/F., Tower B, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, N.T., Hong Kong

Phone: 852.2943.4605

Fax: 852.2480.5436

E-mail: wister.lok@ul.com

UL - UNITED STATES CONTACT

Janet Mueller

Client Service Specialist

Consumer Business Unit

UL Verification Services, Inc.

1559 King Street

Enfield, CT 06082 USA

Phone: (860) 835-2063

Fax: (860) 745-7458

E-Mail : Janet.E.Mueller@ul.com

SGS – ASIA CONTACTS

Susan Guo

Phone: +86 (0574) 87767006-112 or 86 (0574) 89070112

Fax: +86 (0574) 87768122

Susan.Guo@sgs.com

Lyndi Wang

Phone: 0755-2532 8888 ext. 8309

Lyndi.Wang@sgs.com

Also, you must send a final production sample of each item that is on the purchase order to the appropriate inspection company at least two weeks prior to the scheduled inspection. Below you will find the address that the samples should be shipped to and the 'Production Sample Information for Future PO Inspections' form that must accompany each sample. You only need to send a sample one time if the item is an Ace stocked item.

UL - ASIA CONTACT

Wister Lok

VS Client Services Supervisor

UL Verification Services Hong Kong Limited

16-17/F., Tower B, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, N.T., Hong Kong

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Lyndi.Wang@sgs.com



DOCUMENT NO. : IDN001
 ISSUED DATE :
 REVISED DATE :
 REVISION NO. :
 PAGE : 1 of 2

TO : Wing Kwan
 (HARDLINES DEPT.)

INSPECTION REQUEST FORM

STR Project No. : _____ Application date (申請日期) : _____

Applicant (申請人) : _____ Contact Person (聯絡人) : _____
 Address (地址) : _____

Tel No. (電話) : _____ Fax no. (傳真號碼) : _____

E-Mail Address : _____

Name of Buyer (客戶名稱) : _____ Requested (驗貨日期)
 Inspection Date : _____

Product description (產品名稱) : _____ Shipping marks & carton no. : (Vendor code : _____)
 箱嘜

P.O. No. (訂單號碼) : _____

Model No. (型號) : _____

Total quantity : _____

Shipment No. (數量) : _____ / ()th Shipment

Ship date/ (船期) / : _____

Destination 目的地) : _____ / Sample : 0 FTY SAMPLE, 0 CLIENT SAMPLE

Inspection location (驗貨地點) :

(Both English and Chinese and please attach copy of simple map, if possible) (請用中文及英文填寫, 並連同地圖一同呈交。)

Factory name (廠名) : _____ Contact person (聯絡人) : _____

Tel no. (電話) : _____ Fax no. (傳真號碼) : _____

E-Mail Address : _____ Map Attached (地圖) : YES / 是 ☐ NO / 否 ☐

Address (地址) : _____

Type of inspection (驗貨類別) :

- ☐ Final random inspection ☐ During-production inspection ☐ Initial production inspection
☐ Intervention (No. :) ☐ Loading inspection ☐ Factory Audit
☐ Re-inspection (Prev. rpt. #) ☐ Others :

Special Instructions (特別指示) : FOR OFFICE USE ONLY

Inspection standard (驗貨標準)

* Sampling plan: ANSI / ASQZ1.4, AQL LEVEL (II), Others _____ AQL: MA _____ MI _____
 * Other special instructions attached (請參看附上的其他特別指示) YES / 是 ☐ NO / 否 ☐
 *

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The report or certificate does not relieve seller/suppliers from their contractual responsibility with regards, to quality/quantity of this delivery nor does it prejudice client's right to claim towards seller/suppliers for compensation for any apparent and/or hidden defects not detected during our random inspection or testing.



DOCUMENT NO. : IDN001
ISSUED DATE :
REVISED DATE :
REVISION NO. :
PAGE : 2 of 2

Remarks (備注) :

- ⇒ If there is any special specification for inspection, please write down on a separate sheet and attach to this form.
(若有其他驗貨上的特別指示, 請另加白紙注明, 並連同本表格一同呈交。)
- ⇒ 5 Working days notice prior to inspection date must be given for inspection arrangement, and STR will try the best to meet vendor's schedule.
(所有驗貨申請必須在驗貨日期前五個工作天提出, 本司將盡力安排配合。)
- ⇒ For cancellation of inspection arrangement, at least 1 working day notice in advance should be given, otherwise, manufacturer/vendor is responsible for all the lot inspection charges plus out-of-pocket expenses.
(若要取消驗貨, 需最少於一個工作天前提出, 否則廠方需負責那次驗貨的所有開支。)

Authorized signature and Company chop :
(申請人簽名及公司蓋章)

FOR OFFICE USE ONLY

Assigned Inspector: _____

Prepared by: _____

Checked by: _____

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HARDLINES INSPECTION Request Form

Client Information

Date: _____

Client: _____ Contact: _____

Address: _____ Phone: _____ Fax: _____

City: _____ Email: _____

State: _____ Zip: _____ Country: _____

Vendor Information

Vendor: _____ Contact: _____

Address: _____ Phone: _____ Fax: _____

City: _____ Email: _____

State: _____ Zip: _____ Country: _____

Factory Information

Vendor: _____ Contact: _____

Address: _____ Phone: _____ Fax: _____

City: _____ Email: _____

State: _____ Zip: _____ Country: _____

Inspection Services & Requirements

UL is authorized to conduct the following inspection:

☐ Pre Production ☐ In Process Quality Control ☐ Loading ☐ Final

☐ Reinspection (Previous Report Number): _____

ANSI/ASQ Z1.4-2008, General Level II: AQL (Acceptance Quality Limit): Critical: _____ Major: _____ Minor: _____

Production Start Date: _____ Scheduled Ship Date: _____ Order Shipment Quantity: _____

Sample Information

Item Description: _____	Item Description: _____
PO Number: _____	PO Number: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____

Sample Information - Additional

Item Description: _____	Item Description: _____
PO Number: _____	PO Number: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____
Model/SKU: _____ Quantity: _____	Model/SKU: _____ Quantity: _____



HARDLINES INSPECTION Request Form

Sample Information - Additional

Control Samples Provided by Client: ☐ Yes ☐ No If No, when will samples be sent? _____

Use Factory Approved Samples: ☐ Yes ☐ No

Inspection Instructions Provided by Client: ☐ Yes ☐ No Attached: ☐ Yes ☐ No

Measurement Specifications Provided by Client: ☐ Yes ☐ No Attached: ☐ Yes ☐ No

Packaging Requirements Provided by Client: ☐ Yes ☐ No Attached: ☐ Yes ☐ No

Tag or Label Requirements Provided by Client: ☐ Yes ☐ No Attached: ☐ Yes ☐ No

Carton Markings Provided by Client: ☐ Yes ☐ No Attached: ☐ Yes ☐ No

Copy of Draft Report Must be Left at Factory: ☐ Yes ☐ No

Defect Samples Must be Forwarded to Client: ☐ Yes ☐ No

Take Defect Samples and Hold for Instructions?: ☐ Yes ☐ No

Special Instructions: _____

Send Final Reports To: ☐ Client ☐ Vendor ☐ Factory

Authorized Signature

Under this program, invoices should be sent to, and will be paid by the ☐ Client ☐ Vendor ☐ Factory

Reset Form

Print Form

Signature: _____ Title: _____ Date: _____

Print Name: _____ Company: _____

The above signature, by an authorized company representative, confirms that the company is responsible for all payments to UL for services described herein. This signature also acknowledges that the UL Standard Terms and Conditions apply to these services unless they are covered under a separate agreement. UL Standard Terms and Conditions can be located on our web site: ul.com/VS-terms



SERVICE REQUEST FORM-Audits & Inspections

Client Requesting SGS Service	
Company Name:	PO # for SGS: (Please Be Sure to Send a Copy of the Purchase Order as well)
Bill To Address (Invoice):	Ship To Address (Report): <input type="checkbox"/> same as billing address
Contact Name:	Contact Name:
Telephone:	Telephone:
Fax:	Fax:
E-Mail:	E-mail:

Service Location Information	
Supplier Name:	Manufacturer/Agent (if applicable):
Service Location (For Approval & Access):	Service Location (For Approval & Access):
Contact Name:	Contact Name:
Telephone:	Telephone:
Fax:	Fax:
Email:	Email:

Service/Product Information			
Buyer PO# / Date:	Total Value: \$	Service Date Requested:	Quantity:
Product Description:			
No. Shipments:	Lot Number:	Last Shipment Date:	

SGS Service(s) Required (Please check the appropriate Box)	
<input type="checkbox"/> Final Random Inspection <input type="checkbox"/> Initial Production Check <input type="checkbox"/> During Production Check <input type="checkbox"/> Loading Supervision <input type="checkbox"/> Fabric Inspection <input type="checkbox"/> 4 point <input type="checkbox"/> 10 point <input type="checkbox"/> Animal Welfare <input type="checkbox"/> Code of Conduct Assessment: <input type="checkbox"/> SA8000 <input type="checkbox"/> WRAP <input type="checkbox"/> Corporate Standard	<input type="checkbox"/> Security Assessment (FSA) <input type="checkbox"/> Green Audit (RoHS) <input type="checkbox"/> HACCP <input type="checkbox"/> British Retail Consortium (BRC) <input type="checkbox"/> Eurepgap <input type="checkbox"/> GMP <input type="checkbox"/> Safe Quality Food Certification (SQF) <input type="checkbox"/> SQF 1000 <input type="checkbox"/> SQF 2000

Documents Enclosed	
<input type="checkbox"/> Written Authorization to enter premises <input type="checkbox"/> Reporting Templates <input type="checkbox"/> Audit Form/Checklist <input type="checkbox"/> Audit Guidelines <input type="checkbox"/> Corporate Policy (ies)	<input type="checkbox"/> Authorization To Release Report To Other Parties <input type="checkbox"/> Inspection Guidelines, Defect Classifications <input type="checkbox"/> Letter of Credit <input type="checkbox"/> Other:

SGS Contact:

SGS Salesperson:

Client Confirmation: We confirm that the above information is complete and agree to SGS terms and conditions (attached).

Authorized Signature: _____

Date: _____



ACE HARDWARE INSPECTION REPORT

Project #		Tracking #:		Report Date:		Page 1 of 9
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Prepared for:	ACE Hardware – 2200 Kensington Court, Oak Brook, ILL. 60523			Inspection Date:	
Attention:	Joe Furlane	Buyer:		Dupro <input type="checkbox"/>	Final <input type="checkbox"/> Re-inspection <input type="checkbox"/>
PO#:	Vendor:			Inspector(s):	
ACE Item #:				Purchase Order Quantity	
Description:				Qty. Completed but not yet packaged	
Manufacturer's Model #:				Qty. Completed & Packaged Product	
Color(s):				Estimated production rate (if available)	
Country of Origin:				Control/Reference Sample Available: Yes <input type="checkbox"/> No <input type="checkbox"/>	
Name/address of Inspection Location:				Style Matches Reference Sample Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/> (if no, describe in comments)	
Inspection environment, including lighting, is acceptable to conduct this inspection:				Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/> (if no, describe in comments)	
Samples Sent To Client: Yes <input type="checkbox"/> No <input type="checkbox"/>		Courier:		AWB:	

IR-G 02/13, Rev. 19

	Accepted	Rejected	On Hold	Not Ready
INSPECTION RESULT				

Carton Numbers Sampled

Listing of all components/accessories/inserts/coupons/warranties that compose the Ace Hardware item

QA Comments:

EXECUTIVE SUMMARY:

The merchandise identified above was inspected for the client for quality, workmanship / construction and appearance.

This signature confirms that the UL VS Inc. inspector has discussed the results of this inspection with me and that I am an authorized factory representative:

Signature: _____ Print Name: _____

Inspector Signature
UL VS Inc.

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ACE HARDWARE INSPECTION REPORT

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SHIPPING MARK VALIDATION

SHIPPING MARK VALIDATION RESULTS	ACCEPT	REJECT
SHIPPING MARK ARE MARKED WITH COUNTRY OF ORIGIN.		
SHIPPING MARK HAVE SCC CODE IN BOTH LARGER SIDE AND SHORTER SIDE		
SHIPPING MARK ARE MARKED WITH DESTINATION		
SHIPPING MARK ARE MARKED WITH PO & ACE ITEM NUMBER		
SHIPPING MARK (SHORTER SIDE) ARE MARKED WITH QUANTITY AND CARTON NUMBER		

*DEFECTS	DEFECT DESCRIPTION	DEFECT DETAILS
	ITEM BARCODE LABEL CANNOT BE SCANNED	
	ITEM BARCODE LABEL MISSING/INCORRECT	
	MASTER CARTON MARKINGS MISSING/INCORRECT	
	MASTER CARTON LABEL (EAN/UCC-14) FORMAT INCORRECT	
	MASTER CARTON LABEL (EAN/UCC-14) IMPROPERLY PLACED	
	MASTER CARTON LABEL (EAN/UCC-14) INFORMATION IS IN-CORRECT	
	MASTER CARTON LABEL (EAN/UCC-14) MISSING	
	MIXED MASTER CARTONS	

SHIPPING MARK PHOTOS

MASTER CARTON MARKINGS	MASTER CARTON UCC-128 LABEL	UNIT CARTON MARKINGS
UNIT CARTON BARCODE LABEL	DEFECTS	DEFECTS

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ACE HARDWARE INSPECTION REPORT

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VISUAL INSPECTION

INSPECTION STANDARD: ANSI/ASQ Z1.4 - 2008, GENERAL LEVEL (II), SINGLE NORMAL							
Sample Size:	/	AQL: (0) CRITICAL	AC: 0/0	RE: 1/1	RESULT	CRITICAL	/
		AQL: (2.5) MAJOR	AC: /	RE: /		MAJOR	/
		AQL: (4.0) MINOR	AC: /	RE: /		MINOR	/

*Photographs depicting product defects must be attached.

*DEFECTS			DEFECTS FOUND	DEFECT DETAILS
Critical	Major	Minor		
			Color incorrect/not as specified	COLOR
			Configuration does not conform to specifications	PACKAGING
			Missing item/component	COMPONENTS
			Brand label missing/illegible	PRODUCT LABELING
			Child Suffocation Hazard Warning missing	PACKAGING
			Country of origin illegible, missing or incorrect	PACKAGING LABELING
			Directions for use/assembly information missing	COMPONENTS
			Fiber content missing or not as specified	PRODUCT LABELING
			Incorrect insert	COMPONENTS
			Ingredient listing missing	COMPONENTS
			Lot Number/Expiration Date missing/illegible	PACKAGING LABELING
			Missing other required caution/warning labels or language	PACKAGING
			Missing other required labeling information	PRODUCT LABELING
			Nutrition Facts missing/incorrect/incomplete	PRODUCT LABELING
			Printed Insert/Romance card missing or incorrect	COMPONENTS
			Size label missing/illegible	PRODUCT LABELING
			Supplement Facts Missing/incorrect/incomplete	PRODUCT LABELING
			Warranty missing	COMPONENTS
			Washing instructions missing or not as specified	PRODUCT LABELING
			Other-Labeling	
			Batteries not packaged separately/missing activation strip	COMPONENTS
			Damp product and/or packaging	QUALITY
			Dirty box or packaging	PACKAGING
			Inappropriate packing material used	PACKAGING
			Item not polybagged	PACKAGING
			Items loose in packaging	PACKAGING
			Leaking containers	QUALITY
			Missing anti-tarnish paper	PACKAGING
			Missing child-proof cap	QUALITY
			Product leak/tamper seal missing, broken or inadequate	QUALITY
			Electric cords frayed/not secured	QUALITY
			Product expired	QUALITY
			Sharp edges	QUALITY
			Break in pattern or poor print registration/dye	APPEARANCE/QUALITY
			Broken buttons, chains or Trim Items	QUALITY
			Broken stitch, needle cuts, open seams, fraying, dropped stitches	QUALITY
			Bugs / moths	QUALITY
			Buttonhole poorly made, too big or too small	QUALITY
			Buttons not secure or missing, buttons out of alignment	QUALITY
			Buttons or trim on items not as specified	QUALITY
			Cracks, Chips, Breakage, etc.	QUALITY
			Crooked label	PRODUCT LABELING
			Defective Zippers or Snaps	QUALITY
			Dirt/soil/stains on item	APPEARANCE/QUALITY
			Discoloration or fading	APPEARANCE/QUALITY

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ACE HARDWARE INSPECTION REPORT

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		Drill holes uncovered	QUALITY
		Dye spots or misprints	APPEARANCE/QUALITY
		Excess flash	APPEARANCE/QUALITY
		Excessive glue	APPEARANCE/QUALITY
		Flaws	QUALITY
		Flaws that could develop into holes	QUALITY
		Fusing - Poor Appearance	APPEARANCE/QUALITY
		Holes	QUALITY
		Improper attachment of embellishment	QUALITY
		Improper label placement (obscures vital information)	PRODUCT LABELING
		Inadequate material repair	QUALITY
		Incompatible components	COMPONENTS
		Incorrect Thread Count	APPEARANCE/QUALITY
		Indentations and pin holes	QUALITY
		Irregular color, print, pattern	APPEARANCE/QUALITY
		Item does not match master sample	QUALITY
		Label marred/illegible	PRODUCT LABELING
		Mismatched color	COLOR
		Monofilament thread	QUALITY
		Needle damage (holes, cuts)	QUALITY
		Nicks and Scratches	QUALITY
		Open seams or raw edges	QUALITY
		Poor workmanship	QUALITY
		Product container over filled	PACKAGING
		Product container under filled	PACKAGING
		Product parts missing	COMPONENTS
		Raw edges or fraying	QUALITY
		Repair poorly made	QUALITY
		Roping hem or binding	APPEARANCE/QUALITY
		Seam grin, puckered, pleated	APPEARANCE/QUALITY
		Shading (within an item)	COLOR
		Shading due to nap (different directions)	COLOR
		Shading incorrect	COLOR
		Shading (item to item)	COLOR
		Shoulder pad placement/appearance	APPEARANCE/QUALITY
		Slubs or flaws of distinguishable size or in obvious area	QUALITY
		Snags or Runs	QUALITY
		Stitches broken or skipped	QUALITY
		Surface defects- dings, dents, scratches, pitting, etc.	QUALITY
		Zippers or Snaps that do not work	QUALITY
		Other-Workmanship	QUALITY

Visual Inspection Comments/Observations

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PACKAGING INTEGRITY-DROP TEST

INSPECTION STANDARD: ANSI/ASQ Z1.4 - 2008, SPECIAL LEVEL (I), SINGLE NORMAL							
ISTA 2A Drop Test Height Used (inches)			Packaging verified against test data				
Sample Size:	/	AQL: (0) CRITICAL	AC: 0/0	RE: 1/1	RESULT	CRITICAL	/
		AQL: (2.5) MAJOR	AC: /	RE: /		MAJOR	/
		AQL: (4.0) MINOR	AC: /	RE: /		MINOR	/

Scale Available for Product Weight?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Unit Carton Weight (lbs):		Unit Weight: (lbs):	
Does Scale have Current Calibration Sticker?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is Calibration Traceable to N.I.S.T.?		<input type="checkbox"/> Yes <input type="checkbox"/> No (calibration sticker should state)	

Packing Description	
---------------------	--

*Photographs depicting product packaging and product damage as a result of the ISTA 2A Drop Test must be attached.

DEFECTS			DEFECTS FOUND	DEFECT DETAILS
Critical	Major	Minor		
			Inadequate packing material used	
			Failed drop-test	
			Broken/damaged box or packaging	
			Containers, Jars, Tubes damaged or squashed	
			Product container damaged	
			Other-Packaging	

Packaging Integrity-Drop Test Inspection Comments/Observations

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ACE HARDWARE INSPECTION REPORT

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PACKAGING INTEGRITY PHOTOS

UNIT PACKAGE	UNIT PACKAGE	UNIT PACKAGE

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ACE HARDWARE INSPECTION REPORT

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FUNCTIONAL EVALUATION

INSPECTION STANDARD: ANSI/ASQ Z1.4 - 2008, SPECIAL LEVEL (I), SINGLE NORMAL							
Sample Size:	/	AQL: (0) CRITICAL	AC: 0/0	RE: 1/1	RESULT	CRITICAL	/
		AQL: (2.5) MAJOR	AC: /	RE: /		MAJOR	/
		AQL: (4.0) MINOR	AC: /	RE: /		MINOR	/

DEFECTS			DEFECTS FOUND	DEFECT DETAILS
Critical	Major	Minor		
			Measurement Outside Tolerance	
			Other – Measurement	
			Emulsion failure - liquid/cream/lotion separated	
			Improper line voltage outlet plug type or rating	
			Product failed Hi-Pot (current leakage) Testing	
			Product is rancid/moldy or contains debris	
			Uneven burn/flammable inclusions	
			Component inadequate type, size, or fit	
			Current draw (Amps) out of tolerance	
			Lids or covers insecure, poorly fitting	
			Power (Watts) out of tolerance	
			Product does not assemble according to instructions	
			Product features/functions do not work according to the instructions.	
			Other-Functionality	

FUNCTIONAL TESTING PERFORMED (All Products)	Yes		No		NA	
Product assembled according to instructions						
Assembled product dimensions (in inches)	L		W		H	
Product powered up for the duration of the inspection period.						
Product features and functions tested according to the instructions.						

PRODUCT MEASUREMENTS				
COMPONENT	LENGTH (in)	WIDTH (in)	HEIGHT (in)	DIAMETER (in)

FUNCTIONAL TESTING RESULTS (Electrical Products)								
Hi Pot (Pass/Fail)								
Power (Watts)								
Function at 90V/135V (Yes/No)								
Current Draw (Amps)								

* IF EQUIPMENT AVAILABLE FOR TESTING, PLEASE COMMENT IF EQUIPMENT HAS CURRENT CALIBRATION STICKER AND IF TRACEABLE TO N.I.S.T.

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ACE HARDWARE INSPECTION REPORT

Project #		Tracking #:		Report Date:		Page 8 of 9
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Functional Testing Comments/Observations

Care Label Information (when applicable)

PHOTOS

UNIT & ACCESSORIES	UNIT & ACCESSORIES	UNIT & ACCESSORIES
UL/ETL/CSA RATING LABEL		

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ACE HARDWARE INSPECTION REPORT

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UL Verification Services, Inc., 1559 King Street, Enfield, CT 06082-4899 USA

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SUBJECT: CARTON MARKINGS

SECTION: SHIPPING INSTRUCTIONS
POLICY & PROCEDURE NO: SI - 2

DATE: May 2014
PAGE: 1 OF 1

PURPOSE:

To establish a policy and standard procedure that will educate our vendors as to our requirements for the marking of all import cartons, unless otherwise specified by the Import Buyer or Manager of International Logistics.

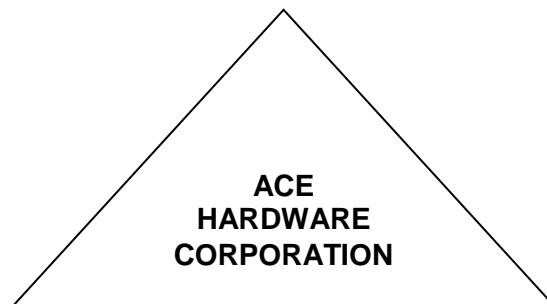
PROCEDURES:

Ace's standard carton markings are as follow:

DIAMOND

OR

TRIANGLE



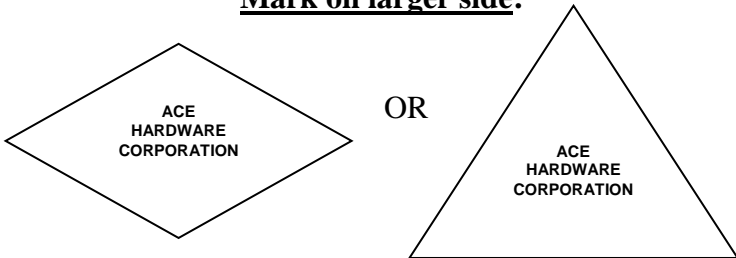
P.O. NO: _____
ACE ITEM NO: _____
QUANTITY PER CTN: _____
DESTINATION: (*see destination list)
MADE IN: _____
CARTON NO: ____ of ____
SCANNABLE SCC BARCODE

Special note SCC Code: In order to increase the efficiency of our warehouse operations, Ace Hardware is now requiring all vendors to place SCC labels on all master shipping cartons and also on any inner packs we use to ship to our stores. Please see the following pages for further details and requirements.

Ace Hardware Corporation Master Carton Marking Requirements

All carton markings must be clear and legible, with the letters no less than ½ inch in size. Handwritten, stenciled, and/or preprinted labels are all acceptable. The Ace name must be shown within a diamond or triangle shape, which is often standard on import cartons. At least two of the four sides of each carton must be marked.

Mark on larger side:



Mark on shorter side:

Ace item number: _____
Quantity per carton: _____
Carton number: ____ of ____
Scanable SCC (barcode):

P.O. number: _____
Ace item number: _____
Qty per carton: _____
Destination: (see destination list)
Made in _____
Carton number: ____ of ____
Scanable SCC (barcode):



Master Carton Diamond Shape Example

Mark on larger side

ACE
HARDWARE
CORPORATION

PO # :
ACE ITEM # :
QTY PER CTN :
DESTINATION :

MADE IN:
CARTON # :

ACE HARDWARE CORP.

OF

Scanable SCC barcode

Mark on shorter side

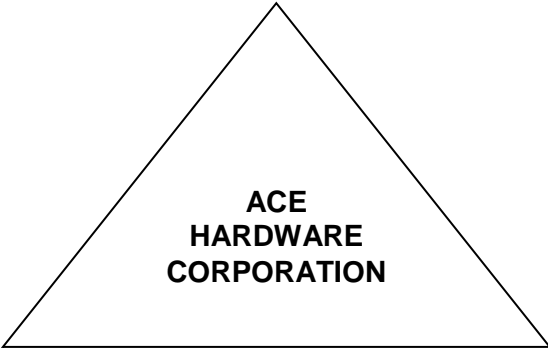
ACE ITEM # :
QTY PER
CARTON :
CARTON # :

OF

Scanable SCC barcode

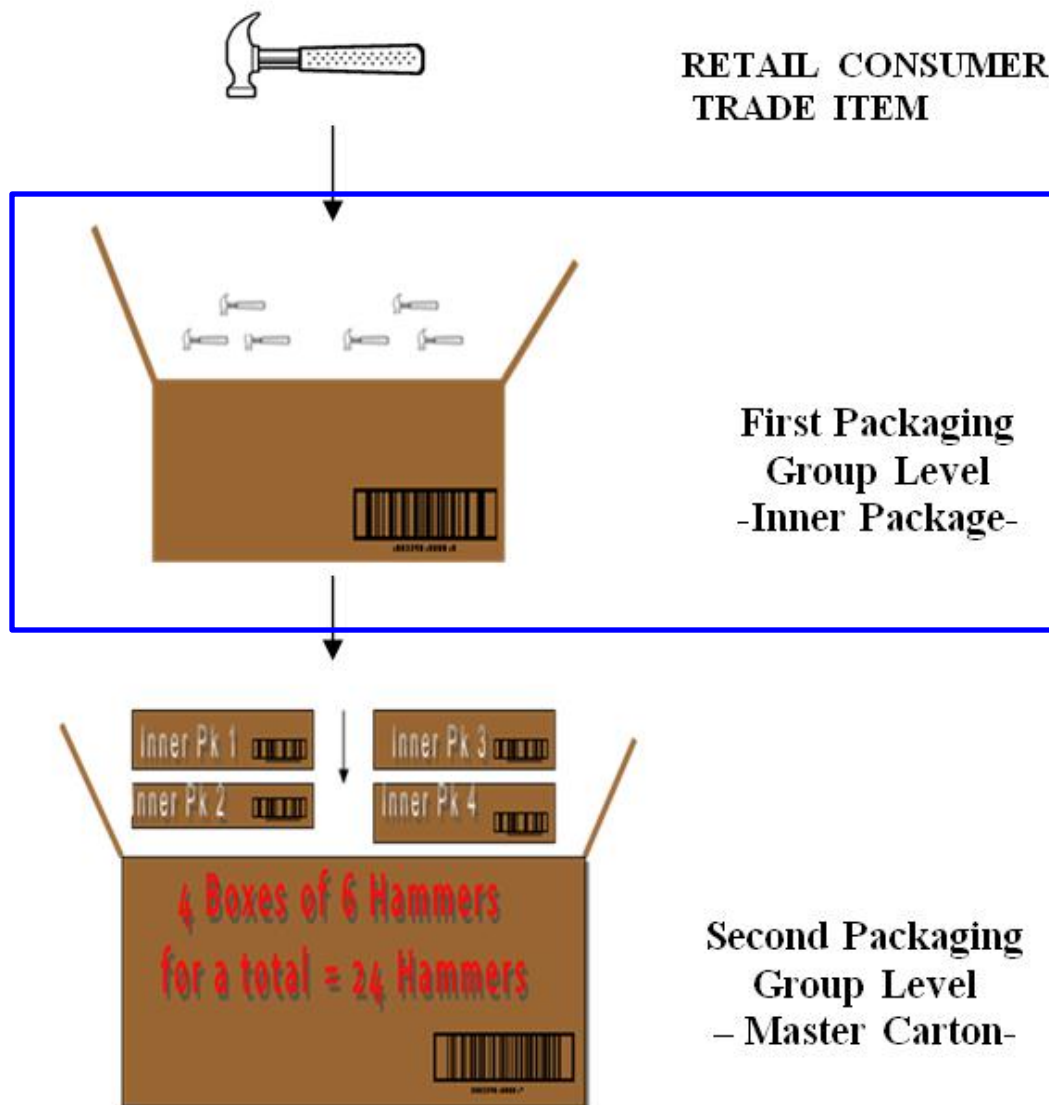
Master Carton Triangle Shape Example

Mark on larger side

 ACE HARDWARE CORPORATION	
PO # :	<hr/>
ACE ITEM # :	<hr/>
QTY PER CTN :	<hr/>
DESTINATION :	<hr/> ACE HARDWARE CORP. <hr/>
MADE IN:	<hr/>
CARTON # :	<hr/> OF <hr/>
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Scanable SCC barcode</div>	

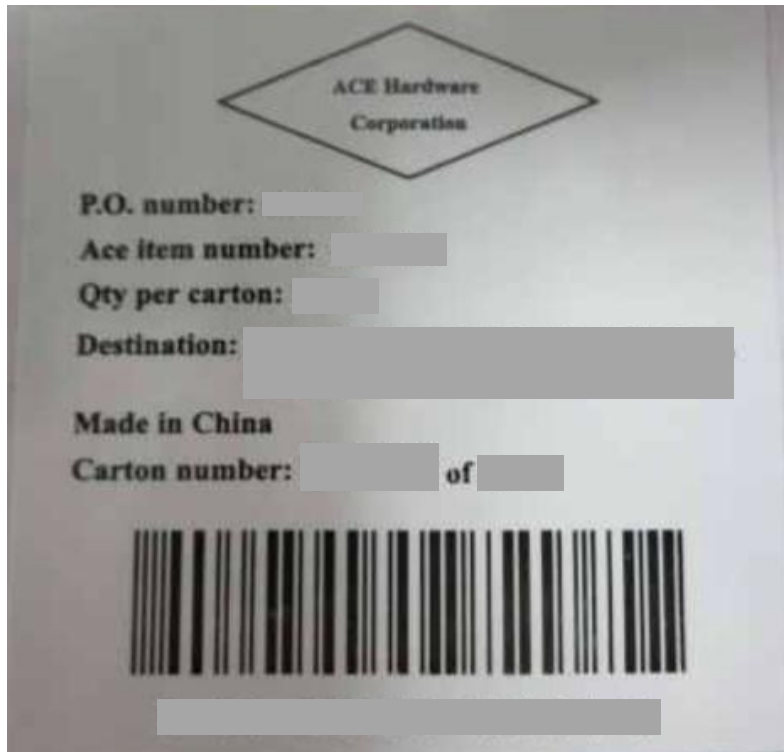
Inner Carton Markings

All Inner Cartons must be marked with the proper Inner Carton Code



Retail Carton Markings

If the retail carton is also the master carton then only one side must be marked with the 'larger side' marking. The marking should be printed on an adhesive label that is affixed to the master carton in a location that is not highly visible such as the bottom or side of the carton.



ACE Hardware
Corporation

P.O. number:


Ace item number:

Qty per carton:

Destination:

Made in China

Carton number: of



The final destination for an order will have to be determined from the actual copy of the purchase order that is placed. Unless otherwise stated most orders will ship to the Import RDC's (Import Redistribution Centers) located in Kent, WA and Suffolk, VA. Orders from Mexico will ship to the Laredo, TX RDC.

Seattle Redistribution Center 23028 Russell Rd. Kent, WA 98032	Suffolk Redistribution Center 1006 CenterPoint Dr. Suffolk, VA 23434	Laredo Redistribution Center 8510 W. Bob Bullock Loop Laredo, TX 78045
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Occasionally Po's will ship directly to the RSC's (Retail Support Centers). You will be notified if orders are to be shipped directly to RSC's

Colorado Springs RSC 5520 Astrozon Blvd. Colorado Springs, CO 80916	West Jefferson RSC 10 Enterprise Way West Jefferson, OH 43162	Loxley RSC 29891 Highway 59 N. Loxley, AL 36551
La Crosse RSC 500 Fanta Reed Pl. La Crosse, WI 54603	Gainesville RSC 1220 Palmour Dr. Gainesville, GA 30501	Moxee RSC 200 Grant Way Moxee, WA 98936
Princeton RSC 2123 N. Euclid Avenue Princeton, IL 61356	Wilmer RSC 1101 E. Pleasant Run Rd. Wilmer, TX 75172	Sacramento RSC 3305 Industrial Avenue Rocklin, CA 95765
Prince George RSC 7000 Hardware Drive Prince George, VA 23875	Little Rock RSC 400 Murphy Dr. Maumelle, AR 72113	Prescott Valley RSC 9801 E. Valley Rd. Prescott Valley, AZ 86314
Wilton RSC 55 Northern Pines Rd. Gansevoort, NY 12831	Tampa RSC 1220 US Hwy. 301 N. Tampa, FL 33619	

May 2014

To: All Ace Hardware Import Vendors

From: Ryan Sester

Subject: EAN/UCC – 14 Code (formerly referred to as SCC Code)
Clarification of Requirements to obtain Certification

Dear Ace Hardware Vendor,

As previously detailed in the Ace publication “Import Vendor Compliance Policies and Procedures”, most recently printed in June 2011, Ace began requiring all vendors to apply EAN/UCC –14 Codes to products in September of 1999. EAN/UCC –14 Codes were formerly referred to as SCC Codes. Unless otherwise stated, future references to Bar Codes by Ace should be interpreted as a symbol consisting of both the human readable GTIN (Global Trade Identification Number) and the appropriate bar code symbology.

It is our goal to ensure every product is bar coded at every packaging level with a high quality, scannable bar code to further increase efficiencies in our distribution centers and for the Ace Retailers. Although the bar coding program is nearly seven years old, there are still some vendors who have either not applied the Bar Codes as required or the codes that they have applied cannot be read by bar code scanners.

Effective immediately, all bar codes for any new items that are being shipped to Ace will need to be submitted to the Ace Bar Code Team for testing and approval. This will include the bar codes for all levels of packaging for each new product, regardless of how the item is shipped to the Ace retailer. Implementing this change in procedures from past requirements should prevent unscannable or unmarked product from being shipped to the warehouse and help reduce the costs and time in transit that these issues cause.
EAN/UCC 14 Certification will not be issued to vendors who don’t comply with these procedures.

Each vendor can be charged a minimum of \$250 per incident, per RSC, for any labeling of their product that is required at the Ace Retail Support Centers. In addition, identifying, segregating and relabeling the products can cause delays in shipment from our re-distribution centers to our retail support centers and to our retailers. Additional expenses are incurred from labor and restocking costs.

In an effort to reduce, or eliminate, these costs to Ace and to you, our partner, in this endeavor, we are reissuing the following guidelines. The bullet points below provide an overview of what is required. In addition, the pages that follow this letter contain examples, instructions, and further resources that are available for your use.

As an additional resource, the Supply Chain Department of Ace Hardware has staff dedicated and trained in this process to answer questions or help you solve problems in this area. Label testing should also be directed to their attention.

BAR CODE QUESTIONS SHOULD BE ADDRESSED TO:

Primary contact is:

Chester Fritz

Phone: (815) 876-2592

Fax: (815) 875-1655

Email: cfritz@acehardware.com

If unavailable, you may contact:

Cindy Hacker

Phone: (815) 876-2591

Fax (815) 875-1655

Email chacke@acehardware.com

For Label Testing, send to:

Ace Hardware RSC

Chester Fritz, Bar Code Team

2123 N. Euclid Avenue

Princeton, IL 61356

For other members of the Bar Code Team

Call (815) 872-3000

Email barcodes@acehardware.com

Any bar code submitted for testing must be accompanied by Ace's EAN/UCC 14 Certification Testing Submission Form.

Required:

- All vendors must place EAN/UCC – 14 bar codes on all master shipping cartons and inner packs.
- All master cartons must have a bar code placed on two adjoining sides.
- All inner packs must be bar coded on the top or side of the inner pack.
- Products shipped singly (one retail unit per carton) must be marked with an accessible retail bar code.
- All bar codes sizes must conform to the standards currently recommended by the GS1.
- Over and under sized bar codes are unacceptable.
- Bar Codes must be able to be scanned by Ace Hardware.
- All exceptions to the above must be approved in writing by either the Barcode Team or the Ace Import Department.
- All bar code related questions should be directed to the Ace Bar Code Team listed above.
- Any bar code submitted for testing must be accompanied by Ace's EAN/UCC 14 Certification Testing Submission Form.

Thank you in advance for your assistance.

Sincerely,

Ryan Sester

Import Merchant

Phone (630) 990-7210

Fax (630) 990-0912

rsest@acehardware.com

EAN/UCC 14 CERTIFICATION TESTING SUBMISSION FORM

This form must be submitted with all bar code samples sent to Ace for testing to obtain an EAN/UCC 14 Certification

Vendor Name: _____ **Ace Vendor Number** _____
(should match name on Letter of Credit) (if known)

Point of Contact Name: _____ **Email:** _____

Phone #

Alternate Contact Name:	Fax#
--------------------------------	-------------

(Point of Contact Persons should include at least one domestic contact. Alternate can be located overseas.
Unless instructed otherwise, fax copies of the EAN/UCC 14 Certification will only be sent to the domestic number.)

[illegible]

Please signify in Master Carton Bar Code column if the master carton code is the same as the UPC.
ONLY used when the product is always shipped as an each, and the master carton is the same as the retail carton.



Bar Code Charge Back Policy

When Ace Hardware prints a bar code label for a manufacturer's product at any of our distribution facilities, there will be a monetary charge processed to cover the cost of the labels and labor in preparing it for stock.

The basic reasons for bar code labels to be generated would be:

- The correct bar code symbology was not assigned or applied.
- The bar code present was not scannable or properly located on package.
- The bar code data scanned was incorrect for the product.
- There was no bar code to be scanned for the filling unit in question.

The activity of Ace relabeling merchandise **does not alleviate** the manufacturer from administering corrective action. This is only a temporary solution to allow for the manufacturer to correct the issue prior to the next shipment, and permits Ace to continue to fill retail orders by scanning bar code labels.

Since 1999, Ace has been scanning bar codes while filling retail orders. A charge back program has been in effect since April 2001. It is not the objective of Ace to process charges for relabeling, but to focus upon filling the retail orders by scanning the merchandise. If this can't be accomplished, Ace is forced to automatically deduct for each RSC relabeling project.

The value of monetary fines will vary, to be determined by the amount of bar code labels printed and RSC labor required to apply the labels.

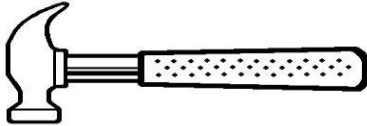
The minimum charge is \$250 with no maximum amount.

Each Ace RSC will make information available on which items were relabeled and provide a detailed SKU cross reference report containing the relabeling reasons. The manufacturer should use this information as a tool for corrective action. Ace suggests all identified items appearing on the cross-reference report be thoroughly tested with bar code verification equipment, not with a bar code reader. The evaluation should be done prior to any additional shipments made to Ace. If you purchase cartons from an outside printer/supplier, please make sure they follow these suggestions as well.

Note: The information related to the dollar amount may change without advance notice due to business needs.

Numeric Data Structure

Ace Hardware Corporation - GS1 US Registered and Assigned Company Prefix is 082901



Ace Assigned Trade (Product) ID or Item Nbr = 00001

-This is NOT ALWAYS the ACE SKU Number and is an sequentially assigned or next available number!!!

◆ Item UCC-12 GTIN
00 082901 00001 3

Consists of:

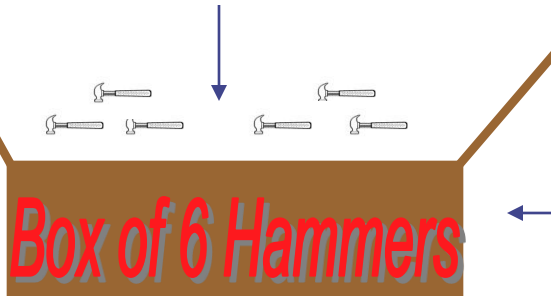
"00" Data Place Holder in a 14-digit database field length ONLY

It is the Retail 12-digits right justified and left zero filled!!

Company Prefix = 082901

Product ID = 00001

Check Digit = 3



◆ Inner Package/Cartons GTIN
■ EAN/UCC - 14
1 0 082901 00001 0

Consists of:

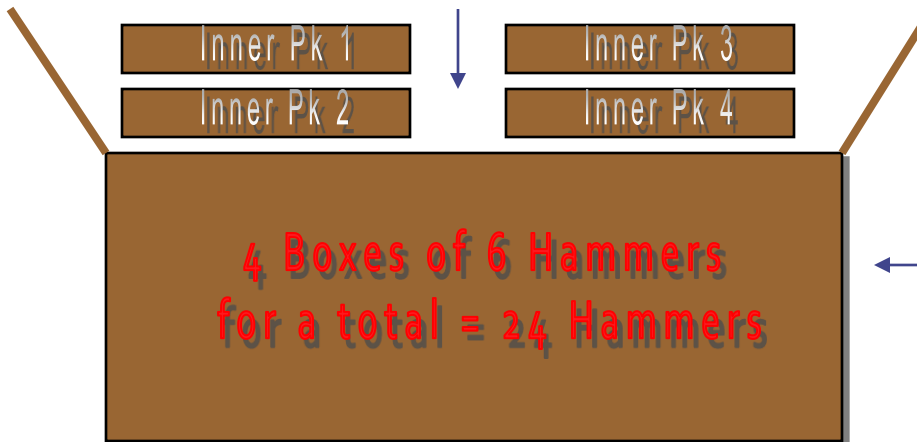
Package Indicator --- Ace Standard Schema is to use a "1" for inner packs

Data Place Holder = 0 (Zero)

Company Prefix = 082901

Product ID = 00001

Check Digit = 0



◆ Master Case/Cartons GTIN
■ EAN/UCC - 14
2 0 082901 00001 7

Consists of:

Package Indicator --- Ace Standard Schema is to use a "2" for Master Carton

Data Place Holder = 0 (Zero)

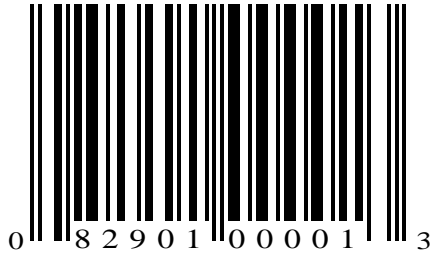
Company Prefix = 082901

Product ID = 00001

Check Digit = 7

Bar Code Symbology Usage

RETAIL POINT OF SALE - CONSUMER

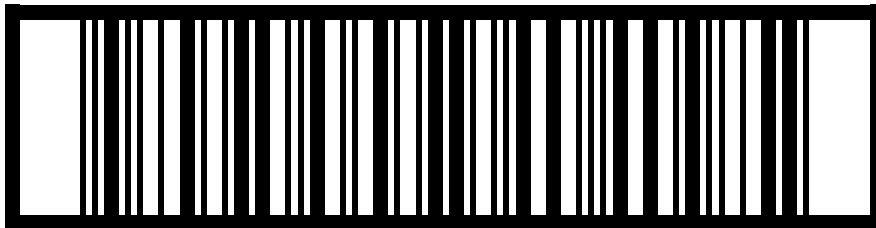


- Item UCC-12 GTIN

← UPC-A

00 082901 00001 3

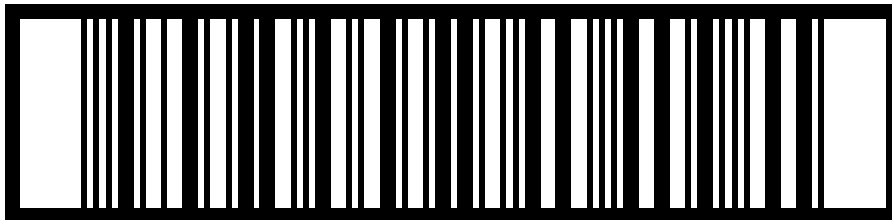
NON-RETAIL SCANNING – FOR SUPPLY CHAIN/ DISTRIBUTION



- Inner Package/Cartons GTIN

← EAN/UCC - 14

10 082901 00001 0



- Master Case/Cartons GTIN

← EAN/UCC - 14

20 082901 00001 7



Ace Hardware Supply Chain Bar Code Requirements

March 2011

Introduction

The Ace Hardware bar code requirements are required for all Ace suppliers to adhere to for all trade items shipped to any Ace Retail Support Center (RSC). The requirements set forth in this document support the GS1 and GS1 US global system standards. These bar code standards provide for the unique, unambiguous numbering and bar coding of trade items.

A high quality printed bar code consisting of an accurately encoded numeric data, insures your product reaches Ace Hardware's retailers and their customers in the most expedite manner.

Ace Hardware RSCs have implemented scanning processes and equipment to be used on a suppliers trade item bar codes, from the lowest Consumer Packaged Goods (CPG) to the highest level shipping packaging. At Ace, our operations are capable of scanning all packaging levels of any trade item, for inventory control and retail order fulfillment. In some unique instances, the highest contained unit or packaged level may be considered a pallet. In these product lines, such as softener salts, pet foods, lawn care products, etc. the pallets must be identified and bar coded.

It is imperative, to avoid costly delays and added expense in handling your products, that you familiarize yourself with these requirements and that all packaging levels of the trade item is properly bar coded.

Global Trade Item Number (GTIN) Allocation Rules

The numeric data encoded in bar codes is the vital link in identifying any trade item. A relatively new term the GTIN, is used when communicating the numerical information encoded. Every item will have a unique GTIN-8, GTIN-12 or GTIN-13 to identify the CPG, and uniquely different GTIN-14 for any non-retail shipping cartons/pallet. Understanding the GTIN allocation rules, in accordance with the GS1 system standards, provides for the common language for all trading partners within the entire Supply Chain.

GTIN allocation is entirely autonomous of the database it is electronically stored. The key to efficient movement of product through the supply chain is accurately assigning valid GTINs and good communications with your trading partners.

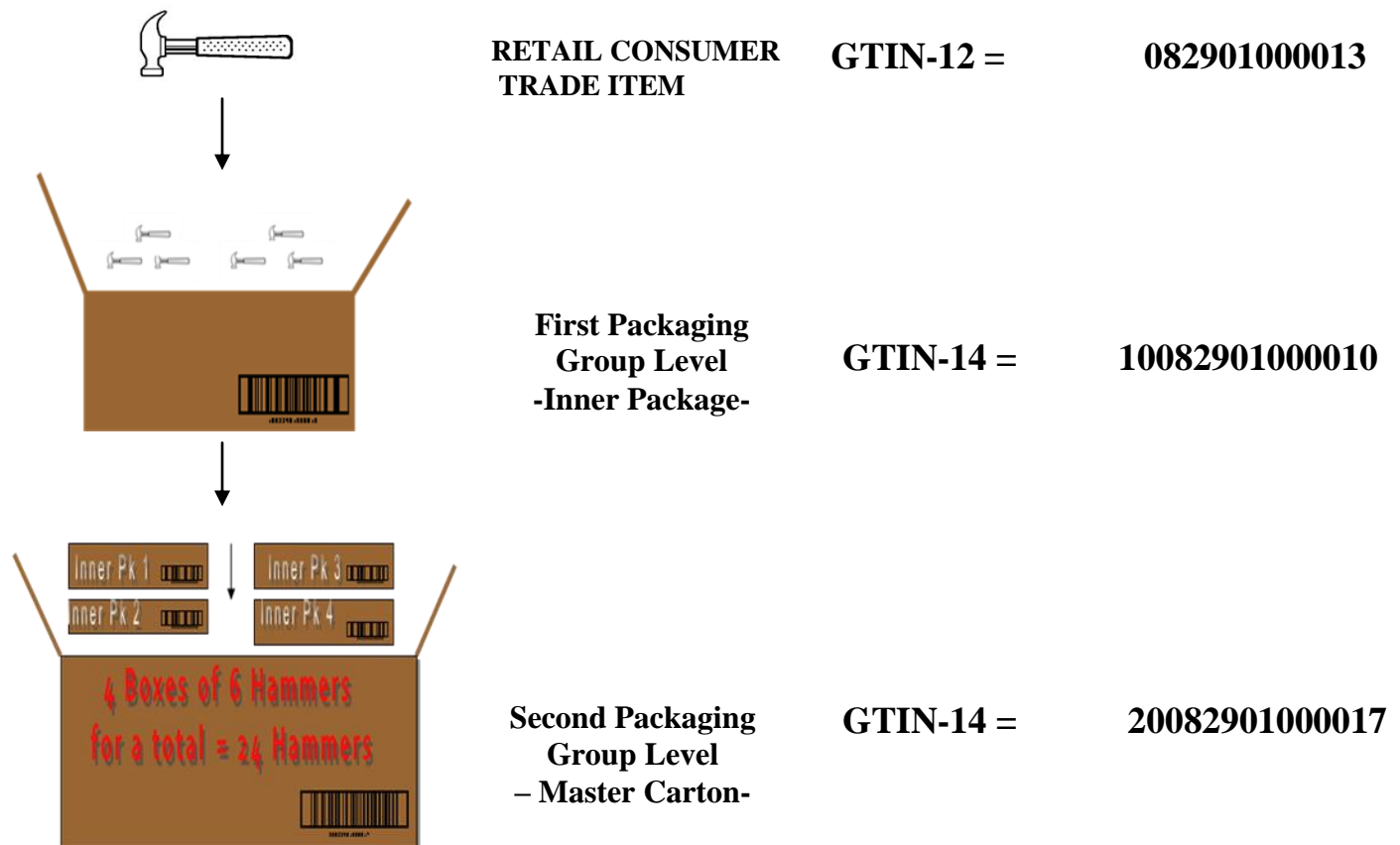
GTINs have a standardized structure to insure, when encoded in a bar code, will uniquely identify the product and its brand owner. The basic fundamental parts of any Consumer Packaged Good (CPG) GTIN are; a) registered company prefix, b) a product item reference number, and c) a calculated check digit. A shipping container has the additional component of a Packaging Level Indicator digit at the beginning, which will be different and unique at all levels of packaging.

GTIN assignments will follow one of the recommended logical hierarchies, as recommended in the GS1 Allocation Rules. Building of the Non-Retail GTIN-14 consists of adding to two digits the far left of the GTIN-12 with a Packaging Identifier digit, followed by a digit of "0". Packaging Indicator digits of "1"

through “8” may be used. Leading packaging indicator digits of “0” and “9” have some additional consideration and rules that dictate how to use these properly.

An example of the most common practiced GTIN assignment hierarchy is as depicted below:

GTIN ALLOCATION EXAMPLE



Bar Code Symbolologies

Ace Hardware requires all Trade Items to be properly bar coded, in the global standard symbology, in accordance with recommended GS1 systems standards. The standard utilizes the machine readable Data Carriers (symbols) illustrated below, as the means to encode the GTIN (data).

Only one symbology type should be utilized and applied. Any non-retail shipping carton(s) bar code labeling ***will not use or include*** the retail consumer bar code. The appropriate symbology is used for the intended scanning of the trade item or packaging for the specific purposes as outlined.

1. The Data Carrier for Retail Point of Sale uses the ***EAN/UPC Symbology Family*** of bar codes.
2. The Data Carrier for the Non-retail Supply Chain (Distribution) use, not intended to pass through the Point-of-Sale, is the ***ITF-14 Symbology***. The ***GS1-128*** 14-digit symbol may be used ***if properly structured*** as explained below.

EAN/UPC Symbology Family

EAN/UPC symbology is specifically used for retail point-of-sale (POS). The EAN/UPC symbology components consist of a Left and Right Quiet Zones and respective Guard Patterns, depending on the symbol type. All EAN/UPC symbols use the mathematical algorithm known as a Modulo 10 to compute the last digit (check character) in the data.

Universal Product Code

European Article Number



{Note-These examples are for illustration purposes only- Actual Standard sizes is discussed below.}

ITF-14 Symbology

ITF-14 barcodes are used to uniquely identify logistics units in the value chain.

1. ITF-14 is the GS1 System implementation of an Interleaved 2 of 5 bar code for standard logistic units such as cartons, cases, and pallets. Trade items marked with ITF-14 symbols are not intended to pass through retail point-of-sale (POS).
2. At Ace Hardware, the preferred symbology on non-retail packaging is the Interleaved Two of Five (ITF-14). This symbology is better suited for the Distribution scanning environment and printed on the various types of packaging materials used in the Supply Chain.
3. The ITF-14 symbology consists of a Start and Stop Character, Left and Right Quiet Zones and Bearer Bars. The ITF-14 also uses the mathematical algorithm known as a Modulo 10 to compute the last digit in the data (check character).



{Note-These examples are for illustration purposes only- Actual Standard sizes is discussed below.}

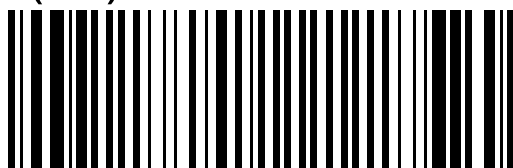
GS1-128 Symbology

The GS1-128 is an acceptable symbology, *if properly* used in accordance with the GS1 system standards, for standard logistic units such as cartons, cases, and pallets.

1. The GS1-128 14-digit bar code is a subset of the Code 128 Bar Code Symbology. This extremely flexible symbology encodes Element Strings using Application Identifiers. The GS1-128 is not for direct printing on corrugated fiberboard. Its use is exclusively licensed and governed by the GS1.

GS1-128

(01) 10082901000010



[*MUST have the correct Application Identifier in parenthesis]

{Note-These examples are for illustration purposes only- Actual Standard sizes is discussed below.}

Bar Code Sizes and Characteristics

The GS1 and GS1 US have published guidelines to address this attribute on proper sizes, for all the various symbol types. It is crucial Ace Suppliers understand this extremely vital bar coding characteristic. A bar code that is too small, too large, or any other any way altered from the standard nominal value in height or width, will not perform efficiently or will cause the code not to be read at all. If there is any question regarding the proper size, height or width, you are directed to contact the GS1 US or any certified solution provider, for more specific and technical guidance or assistance.

1. Avoid truncated symbols. Truncation of a bar code symbol is the reduction of the height of a bar code symbol relative to its length. Truncation is not recommended because it destroys the ability of a symbol to be scanned omnidirectionally at the Point-of-Sale.

Truncated
Examples

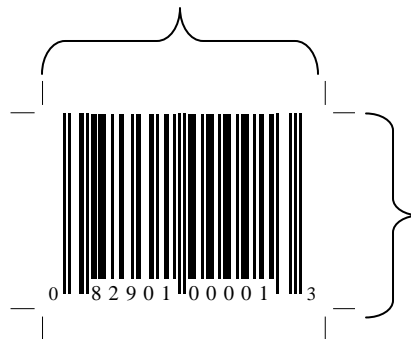


2. A Bar Code size is more precisely define using the term “X-dimension” (Magnification Factor). In the past the term "magnification factor" was extensively used to specify the size of a bar code. This technique relied upon setting a nominal size (100 percent) that was directly related to a given X-dimension.

- a. To facilitate efficient scanning, all bar codes shall be printed at an X-dimension between 0.25 mm(0.00984 in.) and 0.495 mm (0.0195 in.) and be a minimum of 13 mm (0.5 in.) in height. The recommended value for data carriers on trade items to Ace Hardware is suggested be as close to a 100% magnification value as possible (**X-Dimension = 0.33mm**).
 - b. The minimum space between the top of the digits and the bottom of the bars (dark bars) shall be 0.5X.
3. All symbols include a Left and Right Hand Quiet Zone. The quiet zone is the clear space which precedes the first vertical bar and follows the last vertical bar. Formerly referred to as “Clear Area” or “Light Margin” The amount of Quiet Zone required is relative to the X-Dimension established in creation of the symbol.
 4. The GS1 US publications explains in more technical detail, the actual physical dimensions for all symbols, at 100% minimum values and any graduations above or below this nominal value. Ace Hardware recommends the EAN/UPC symbols be sized between 80% to 120 % magnification values, whenever possible.

For EAN-13, UPC-A and UPC-E the width at nominal value is 17/16 Inch Including Left and Right Quiet Zones

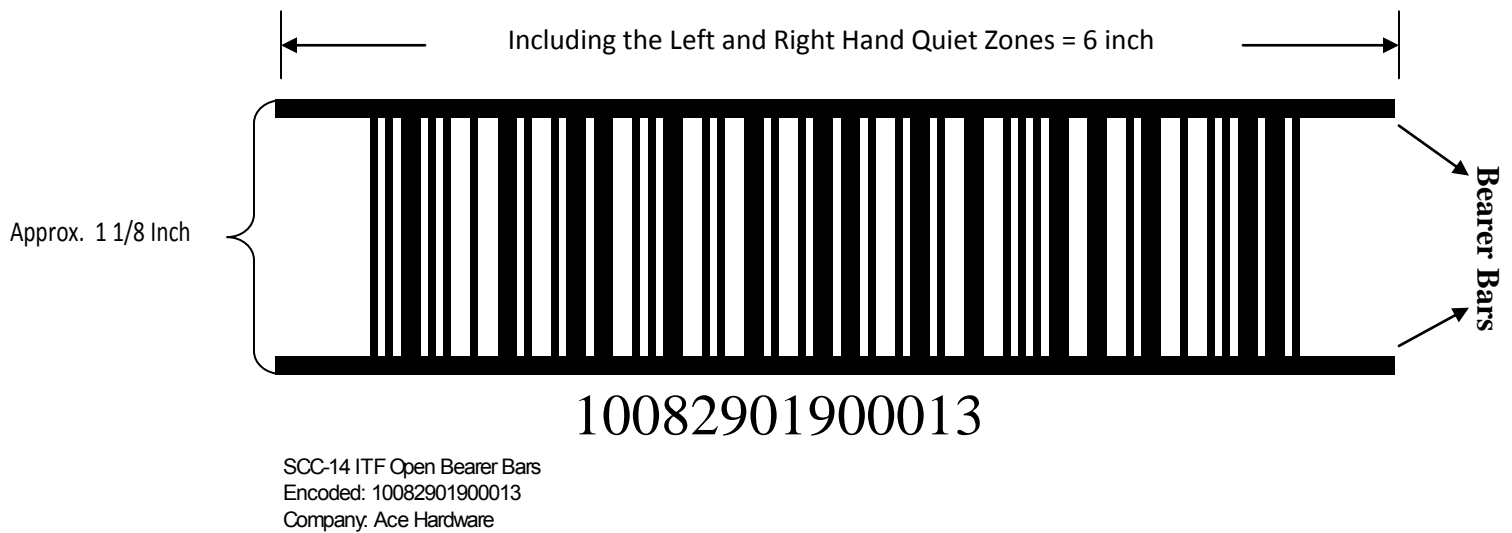
X-Dimension at nominal size is 0.33 mm [.013 in]



For EAN-13, UPC-A and UPC-E the height of bars at nominal dimension is: 22.85 mm [.899 in]

UPC (A) General
BWR: 0.0008 inches (0.79 mils)
W/N Ratio: 2.00
Bar Height: 0.9390 inches
Magnification: 99.94%
x-dim: 0.0130 inches

5. The ITF-14 symbol's magnification value is between 80% and 100% magnification.



For printing methods *that do not require* printing plates, the Bearer Bar should be a minimum of twice the width of a narrow bar (dark bar) and need only appear at the top and bottom of the symbol, butting directly against the top and bottom of the symbol bars (dark bars). The Bearer Bar may extend above and below the Quiet Zones. However, it is not mandatory to print the vertical sections of the Bearer Bar.

Bar Code Quality

At Ace Hardware, bar code quality is an important element to our success. We define the bar code quality as a conformance to the GS1 system specifications. The essential quality requirements are characterized, but not limited, to these fundamental characteristics or attributes.

1. Bar Codes symbol printed quality
 - a. Print the symbol using the Highest-level resolution and darkest contrast possible.
 - b. Laser or Flexographic printed bar codes are the most efficient for labels.
 - c. Direct Printed on corrugate using plates is acceptable if the highest ink contrast to substrate material is maintained and voids/spots are extremely minimized.
 - d. **INK JET** direct imprinted bar codes on corrugate *is not acceptable*.
2. Bar Code symbol ink colors
 - a. Black Bars on White background are the most efficient and recommended
 - b. Dark Blue or Dark green is acceptable with the vertical bars ink contrast at the highest levels
 - c. Red IS NOT an acceptable color

3. Bar Code Quiet Zones

- a. The Quiet Zones to the right and left of the bar code symbol are compulsory.
- b. The EAN/UPC minimum width of the left and right Quiet Zone is 7X.
- c. The ITF-14 minimum width of the left and right Quiet Zone is 10X.

4. Bar Code Placement

The placement or physical location of the bar code greatly affects efficient scanning if improperly located. Again, the GS1 US has published a very extensive document, to cover almost all possible packaging configurations of the consumer trade items and packaging. Bar codes should always be examined and tested in their final packaging for any product, inserts, or labeling infringements, which might impair scanning the code.

- a. Preferred Placement – The preferred EAN/UPC bar code symbol placement is on the lower right quadrant of the back, respecting the proper Quiet Zone areas around the bar code symbol and the edge rule.
- b. The undesirable alternative placement for a EAN/UPC bar code symbol is the lower right quadrant of a side of the container other than the back.
- c. The standard recommended ITF-14 bar code on Master Cartons of Non-Retail containers is two symbols, one on the lower right on adjacent sides. Due to the widely various sizes of inner cartons and packaging, this rule may not be feasible and in those instances where two is not possible, one is acceptable.
- d. Edge Rule - When possible, the ITF-14 bar code symbol must not be closer than 8 mm (0.3 in.) from the nearest edge of the package/container or farther up than 100 mm (4 inch) from the bottom.



Bar Code Placement on Shipping Cartons Examples

- e. The EAN/UPC bar code symbols on individual retail trade items inside a clear wrapped or banded multipack must be obscure or hidden so they are not confused with the outer multipack ITF-14 bar code symbol, which must be different.

- f. Symbols on rounded surfaces should be oriented in a vertical direction, rather than horizontal.



Bar Code Testing

The Ace Bar Code Team employs calibrated, bar code verifiers to measure any bar code's printed quality, using the GS1 US recommended verification standards and procedures.

- a. Bar codes should always be tested in the final packaging to identify any infringements.
- b. For the EAN/UPC family of symbols Ace expects the print quality to be at or greater than the ANSI/ISO established level of grade "C" or higher. The ITF-14 symbology printed using direct thermal transfer or flexographic printed methods, Ace expects the bar code symbols to achieve a graded quality of grade "C" or better. The established acceptable quality for direct imprinted corrugate is a "D" grade or better.



Stratix Xaminer® Elite Bar Code Verifier

This portable equipment is not a scanner. It is a bar code measurement tool used to test linear bar codes against the nine adopted ANSI/ISO specifications for bar code symbols.

Common Errors and Unscannable Bar Codes

Listed below are the common bar code mistakes, which are controllable and avoidable.

Packaging Infringements of straps, stickers, tape, etc. are all avoidable



Wrinkled or Bad Placement is not acceptable



Ink Jet printed bar code is unreadable



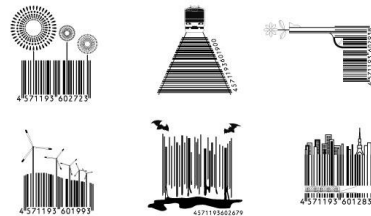
The most common error seen
Poor Print Quality-Print Head Burn-out



Wrapped Around the Corner of Carton
Bar codes are unreadable



Bar Code Artwork is not acceptable



Solution Providers and Education

The first and foremost authoritative source of information on bar coding product and services is the GS1 US. They offer the guidance, instructions, and assistance to insure your bar codes are produced to support a global economy. Listed below are two valuable programs GS1 US has to offer.

1. **Data Driver®** is quick easy-to-use online tools that allows you to quickly and accurately create, manage, and print U.P.C. barcodes. Data Driver is the only tool that allows you to create and encode Global Trade Item Numbers® (GTINs®), the unique identification system behind the U.P.C. (Universal Product Code) Barcode for items, as well as the GS1-128 and the ITF-14 Barcode for cartons, cases and pallets. http://www.gs1us.org/solutions_services/d-h/data_driver
2. **Partner Connections®** make the most of your GS1 Company Prefix .With the Partner Connections program you receive your GS1 Company Prefix; the number you need to create your U.P.C. barcodes and other unique identifiers such as the Global Location Number (GLN) and Serial Shipping Container Code (SSCC).
http://www.gs1us.org/barcodes_and_ecom/member_services/partner_connections_benefits
3. **GS1 US Bar Code and eCom Solution Partner** is a hardware or software provider or consultant that had their products certified or services to be in compliant to the GS1 System standards. These partners offer a variety of solutions that are tested, proven and ready for use by your company. Products and services include barcode software, barcode printers, barcode verifiers, and professional solutions. There are many to choose and those listed below are companies familiar with Ace Hardware operations.
 - a. **The Stratix Corporation** www.stratixcorp.com
 - b. **Barcode Graphics** www.barcode-us.com

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SUBJECT: DOCUMENTATION

SECTION: SHIPPING INSTRUCTIONS

DATE: MAY 2014

POLICY & PROCEDURE NO: SI - 1

PAGE: 1 OF 3

CANCELS: ALL PREVIOUS

PURPOSE:

To establish a policy and standard procedure that will clarify to our vendors which documents must be presented for each shipment and how those documents should be prepared and to establish time frames for the submission of these documents.

PROCEDURES:

For every shipment, the following “core” documents will always be required:

Commercial Invoice - in triplicate

Packing List - in triplicate

Forwarders Cargo Receipt

Each of the above documents is described in more detail below.

(1) **Commercial Invoice** - The commercial invoice must include the following:

- a) The name and address of the overseas shipper (Note: If the invoice is prepared by a domestic vendor, U.S. Customs still requires us to supply them with the name and address of the overseas factory);
- b) The terms of sale (FOB, CIF, etc.);
- c) The Ace item numbers (not the manufacturer item numbers, although these can be included as well);
- d) A detailed description of each item;
- e) The correct price of each item and kind of currency. (Note: If items are being shipped free of charge, a fair market value must still be shown on the invoice for Customs purposes);
- f) A breakdown of component materials, for ease of Customs classification. Or, in lieu of this requirement, the Harmonized tariff code may be listed on the invoice.
- g) A statement on the invoice that the shipment does not contain any solid wood packing material (unless, of course, it does – in which case a fumigation certificate must be provided).
- h) A listing of the marks and numbers for the shipment (see our procedure regarding Marking Requirements).
- i) Place of exportation and port of entry

(2) Packing list:

The packing list should include both the net and gross weight per carton, and the total cubic measurement of the shipment.

(3) Forwarder's Cargo Receipt

It is Ace's policy to accept a forwarder's cargo receipt in lieu of a Bill of Lading as the transport document on the majority of our import shipments. Our forwarder's name and address will be spelled out in the Letter of Credit, or else provided via fax. We are currently using Expeditors Cargo Management Systems as our freight forwarder from all countries in which they have an office. This includes all countries in Asia, as well as Italy and Brazil.

Our freight forwarder has total responsibility for shipment booking and document collection for **all** shipments, whether vendor-loaded or less than container (LCL).

To obtain the Forwarder's Cargo Receipt, our vendor must do one of the following, depending on whether the cargo is LCL or FCL:

(a) For Less-Than-Container-Load Cargo (LCL):

If the cargo is LCL, the vendor must deliver the cargo to ECMS' warehouse, along with a set of original documents. ECMS is empowered to refuse shipment until the documents have been submitted and verified for data accuracy. It is expected that the documents will be submitted at the time of cargo delivery.

Merchandise that must be held for shipment due to missing or inaccurate documents can be held at ECMS' facility, but will be held at the vendor's expense.

Also, as is standard procedure in Asia, the vendor will be responsible for all CFS charges.

(b) For Vendor-Loaded Containers (FCL):

If the cargo is FCL, and the vendor wants to vendor-load, they must contact ECMS several days in advance of when they want to receive the container. (Note: During peak season, typically June through November, the vendor needs to contact ECMS up to two weeks in advance of when they want the container, as the carriers get booked up very quickly).

ECMS will make the booking and arrange for the container to be delivered. The vendor must send a set of original documents to ECMS, at which time, ECMS will release the FCR.

In order for ECMS to prepare a manifest for Ace Hardware showing the location of the goods in the container, the vendor will have to provide ECMS with a document showing the container load plan. In addition, the vendor should also include a copy of this plan inside the container, in an envelope labeled "Container Load Plan" which is taped inside the container door. Vendors with continual count discrepancies can be penalized over and above the standard claim dollars and will be subject to losing the privilege of factory loading.

Finally, as is standard procedure in Asia, the vendor will also be responsible for all CY charges.

Besides the core documents discussed above, there are other documents which may or may not be required by Ace Hardware. These are as follows, along with examples of situations in which we would require them:

1) A beneficiary's statement certifying that all cartons have been marked with the Ace Purchase Order number, Ace item numbers, and final destination(s). We usually require this document on all shipments covered under a Letter of Credit.

2) A beneficiary's certificate stating that shipment does not include any wood packing materials (pallets, etc). If the shipment does contain any wood packing materials, then the certificate must state that the wood packing material complies with the **International Plant Protection Convention standard ISPM no.15**. (See attached for more information).

3) An inspection certificate (required only as determined by the Import Buyer). In most cases, this is required for electrical products or products in which the potential for hazard to life or home exists.

4) A textile declaration (required only for textile products).

5) FDA-Declaration for Imported Electronic Products Subject to Radiation Control Standards - Anything that comes in contact with food requires FDA. This form is specifically for any electronic product subject to radiation control; such as microwaves.

6) FCC-Statement Regarding the Importation of Radio Frequency Devices - Any product with a radio frequency device capable of causing interference. The following are typical examples of devices that require the use of FCC Form 740: radio and TV receivers, converters, transmitters, transmitting devices, radio frequency amplifiers, microwave ovens, industrial heaters, ultrasonic equipment, transceivers, and computers.

7) TSCA-Toxic Substances Control Act - Anything that could be potentially hazardous, but is not. Ink in pens, batteries, highlighters.

8) Hazardous Material Form - Anything that is classified as hazardous, such as batteries, chemicals, etc.

9) Any other documents that might be deemed necessary by either the Ace Import Buyer or Ace Int'l Logistics Manager.

Ace Hardware origin contacts

Origin code	Main Contact	Alternate Contact	Alternate Contact	Alternate Contact
BKK	Yaowapha Tuanchit (AOH) Operations, Order Management Bangkok Branch Tel : (66) 2635-1331-54 ext 8821 Fax : (66) 2635-1358-9 E-mail : yaowapha.t@expeditors.com	Parissara Sirakarnbandit Order Management Supervisor Ocean Department Bangkok Branch Tel : (66) 2635-1331-54 ext 8709 Fax : (66) 2635-1358-9 Email: parissara.s@expeditors.com		
DLC	Lyra Li Ocean dept/EI)-DLC TEL:86-411-39851825 FAX:0411-39851818 Email:lyra.li@expeditors.com	Sun Sun Ocean Supervisor TEL:86-411-39851830 FAX:0411-39851818 Email:sun.sun@expeditors.com		
CAN	Yuka Yuen Operations Assistant I -- Order Management Expeditors - EI Guangzhou Direct: (86)20 8732 5361 Fax: (86)20 8732 0308 yuka.yuen@Expeditors.com	Echo Deng Operations Executive - Order Management Expeditors China, Guangzhou Office Tel:(86)20-87325109 Fax:(86)20-87320531 E-Mail: echo.deng@expeditors.com	Fiona Lee Operations Assistant - Order Management Expeditors China, Guangzhou Office Tel:(86)20-87325130 Fax:(86)20-87320531 E-Mail:fiona.lee@expeditors.com	Dennis Ho Assistant Ocean Operations Manager Expeditors China,Guangzhou Office Tel: 86-20-8732 5115(Direct) Fax: 86-20-8732 0531 Cell: 86-136 0288 0837 Email: dennis.ho@expeditors.com
FOC	Ice Yuan Main contact Expeditors Fuzhou Branch Tel:86591-87542995 Fax (86)-591-8801-2863 ice.yuan@expeditors.com	Ivy Huang Back up contact Expeditors Fuzhou Branch Direct#: 0086-591-87542997 Fax#: 0086-591-88012863 ivy2.huang@expeditors.com	Christ Shi Supervisor Expeditors Fuzhou Branch Tel:86591-87545001 Fax (86)-591-8801-2863 christ.shi@expeditors.com	
HKG	Ian Ng (Ms) Operations Assistant - Order Management Expeditors - Hong Kong Office: (852) 2190 3000 Direct: (852) 2190 5254 Fax:(852) 2752 9343 Email: ian.ng@expeditors.com	Alpha Ip Order Management Supervisor Expeditors - Hong Kong Office : (852) 21903000 Direct : (852) 21905259 Fax : (852) 2752 9343 Email: alpha.ip@expeditors.com	Ida Law (Ms) Operations - Back-up Hong Kong Branch Tel: (852) 2190 5231 Fax: (852) 2148 5329 Email: ida.law@expeditors.com	Ms Alice Cheung Operations Manager Hong Kong Branch Tel: 852 21905280 Fax : (852) 2148-5329 e-mail: alice.cheung@expeditors.com
JHB	Lim Gir Cheng Ocean Supervisor Expeditors (Malaysia) Sdn Bhd Tel : 607-3334155 Fax : 607-3357763 Cell Phone: 6012-770933 E-mail: gircheng.lim@expeditors.com			
JKT	Muliana Kosasih Order Management Department Expeditors Indonesia - Jakarta (JKT) Telp : (62-21) 6632252, ext 122 Fax : (62-21) 6679755. Email : muliana.kosasih@expeditors.com	Muhayar OM Assistant Expeditors (Indonesia) Jakarta Tel : (62-21) 6632252,ext. 141 Fax : (62-21) 6679755 , 6679760 - 62 E-mail : muhayar.muhayar@expeditors.com	Indah Octavia OM Suprvisor Expeditors (Indonesia) Jakarta Tel : (62-21) 6632252,ext. 138 Fax : (62-21) 6679755 , 6679760 - 62 Email : indah.octavia@expeditors.com	

Ace Hardware origin contacts

Origin code	Main Contact	Alternate Contact	Alternate Contact	Alternate Contact
KUL	Wong Ing Ing 黄莺莺(Ms.) Order Management Supervisor Expeditors (Malaysia) Kuala Lumpur Tel : 603-7803-6370 Ext 131 Fax : 603-78803758/603-78035890 Mobile : 6012-3221680 E-mail : inging.wong@expeditors.com	Ms. Poh Yoke Lien, Ocean - Order Management Expeditors (Malaysia) Sdn Bhd Tel : + 6 03 78036370 Ext 133 Fax : + 6 03 7880 3758 Email : yokelien.poh@expeditors.com		
LHE	Salman Mehmood Order Management Supervisor Expeditors International Pvt. Ltd. salman.mehmood@expeditors.com Phone +92-42-5713540-5/ Ext-152 Fax +92-42-5710589/5716641 Cell 0321-4905318	Shakir Hafeez Khan Manager ----> Ocean/Order Management Services Phone (Dashboard) +92-42-5713540-5/ Ext-133 Phone (Direct Line) +92-42-5777415 Fax +92-42-5710589 Cell +92-302-8489149 Email shakir.hafeez@expeditors.com	Faryar Rana (Manager Airfreight Services) Hassan Ali (Air Freight Services)	
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NKG	Joe Pei Order Management Clerk Nanjing Branch Tel:86-25-83206510 * 8211 fax:86-25-83206870 / 83201930 E-Mail:joe.pei@expeditors.com	Jessie Lv Order Management Executive Nanjing Branch Tel:86-25-83206510 * 8118 fax:86-25-83206870 / 83201930 E-Mail:jessie.lv@expeditors.com		
NGB	Janice Luo Order Management Assistant Expeditors - Ningbo Direct line:86 574 8389 5190 Telephone : 86 574 8733 1000 ext.190 Fax number: 86 574 8733 5728 Janice.luo@expeditors.com	Helly Zhang Order Management Clerk Expeditors China Ningbo Branch Telephone : 86 574 8733 1000 ext.121 direct line:86 574 8389 5121 Fax number:86 574 8733 5728 Email:helly.zhang@Expeditors.com	Rita Liu OM Manager Expeditors China Ningbo Branch Telephone :86 574 8733 1000 ext.126 Fax number:86 574 8733 5728 Email:rita.liu@Expeditors.com	Ivy Cui OM Assistant Manager Expeditors China Ningbo Branch Telephone : 86 574 8733 1000 ext.166 Fax number: 86 574 8733 5728 Email:Ivy.Cui@Expeditors.com
PEN	Pauline Oon Customer Service Supervisor - OM Expeditors (Malaysia) Sdn. Bhd. Tel : (604) 6329442 Fax : (604) 6307010 / 6428441 Email : Pauline.Oon@expeditors.com	Vivian Teh Customer Service - Order Management Expeditors (Malaysia) Sdn. Bhd. Tel : (604) 6329440 Fax : (604) 6307010 / 6428441 Email : Vivian.Teh@expeditors.com	Selvantiran Operation Manager Expeditors (Malaysia) Sdn. Bhd. Tel : (604) 6329438 Fax : (604) 6307010 / 6428441 Email : Selvan.Tiran@expeditors.com	BH Luah Ocean Freight Manager Expeditors (Malaysia) Sdn. Bhd. Tel : (604) 6329436 Fax : (604) 6307010 / 6428441 Email : BH.luah@expeditors.com

Ace Hardware origin contacts

Origin code	Main Contact	Alternate Contact	Alternate Contact	Alternate Contact
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SHA	Tammy Tan Operation - Order Management SHA - SHANGHAI,CHINA Email : eva.liu@Expeditors.com Tel : 86-21-5257 4698*1511 Fax : 86-21-6237 2428	Benson Lu Order Management - Documentation Expeditors / Shanghai Branch Email : benson.lu@expeditors.com Tel : 86-21-5257 4698*1582 Fax : 86-21-6237 2428	Will Liu Assistant Manager SHA - Expeditors Email: will.liu@Expeditors.com Tel : 86-21-5257 4698*1508 Fax : 86-21-6237 2428	Fanny Kong OM Manager SHA - Expeditors EMAIL:fanny.kong@expeditors.com Tel : 86-21-5257 4698*1523 Fax : 86-21-6237 2428
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TSN	William Cao Order Management Clerk Expeditors - Tianjin Office: (86) 22-83867000 ext.376 Fax: (86) 22-83867015 e-mail: william.cao@expeditors.com	Tina Zhao Order Management Operations/Documentation Expeditors China/TSN Tel#:86-22-83867000 Fax#:86-22-83867013/7001 E-mail:tina.zhao@expeditors.com	Levy Cui ECMS Supervisor Expeditors China/TSN Tel#:86-22-84180888 Ext.390 Fax#:86-22-84180506/0505 E-mail:jamie.zhu@expeditors.com	

Ace Hardware origin contacts

Origin code	Main Contact	Alternate Contact	Alternate Contact	Alternate Contact
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ISRAEL	Iris Sela Export Dept Transworld Logistics Ltd- Israel Tel-972-3-6279999 EXT-971 Fax- 972-3-5622124 Email- IRIS.SELA@TRANSWORLD.CO.IL	SYLVIA ZIRI Export Dept Transworld Logistics Ltd- Israel Tel-972-3-6279999 EXT-970 Fax- 972-3-5622124 SYLVIA.ZIRI@TRANSWORLD.CO.IL		
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HAN	Thuong Dang Tel: 84-4-37725176 Ext.146 Fax : 84-4-3-7725179 Customer Service thuong.dang@expeditors.com	Trang Do Tel: 84-4-37725176 Ext.142 Fax : 84-4-3-7725179 Documentation trang.do@expeditors.com	Phuong Cao Tel: 84-4-37725176 Ext.151 Fax : 84-4-3-7725179 Department Head phuong.cao@expeditors.com	



Dear Ace Hardware Import Vendor:

I have authorized our freight forwarder, ECMS, to send you this letter based on the fact that you have recently cancelled a booking that was made with one of our carriers.

Please be aware that our carriers have given us a weekly commitment of space; however, that commitment can be jeopardized if Ace's vendors frequently cancel bookings at the last moment. In cases like this, the carrier may not be able to respond quickly enough to fill those cancelled slots with other freight, which means that they will lose revenue due to these cancellations. Needless to say, this seriously weakens our relationship with the carriers, as well as making it difficult for us to secure future space with them during weeks when the bookings are tight.

For this reason, I need to ask you to take a close look at your booking procedures and tighten them up so that you do not request bookings that you cannot keep. In addition, under no event can we allow you to cancel bookings twice in a row, as that makes the situation infinitely worse! Effective immediately, if an Ace vendor cancels the same booking twice in a row, I will withhold a fee of USD200 per container from their payment, due to the fact that they are wasting our weekly allocation and hurting our carrier relationships.

Please note that this is NOT a money-making venture by Ace Hardware. It is my strong wish that I never have to impose this penalty! However, from past experience, this is the only effective way I have to prevent this situation from happening in the future. I am having ECMS send you this letter so that you are aware in advance of this policy, and therefore can take steps to prevent future cancelled bookings.

Regards,

**Linda G. Baxter
Manager of International Logistics**



August 14, 2009

Dear Ace Vendor:

On January 26, 2010, Customs will be converting the current **10+2 Importer Security Filing** program from an “informed compliance” program to an “enforced compliance” program. What that means is that there will now be penalties or other repercussions in place for failing to file, filing late, or filing incorrect information.

We first notified our vendors of the upcoming 10+2 program in a letter that was sent out to all vendors on February 29, 2008. I have attached a copy of that previous letter, which explains the parameters of the program and the data elements that are required.

Once the enforced compliance rule goes into place, Customs has advised that the consequences for non-compliance will range from having a “do not load” hold issued against the container to assessing liquidated damages in the amount of \$5000 per bill of lading.

Since Ace relies on our vendors for some of the data elements being required by Customs, we must protect ourselves in the event that the actions (or non-actions) on the part of our vendors result in our receiving monetary penalties. Therefore, in the very near future, we will be adding the following clause into all new Letters of Credit and Purchase Order to Pay transactions:

“Failure to provide required ISF data elements, including seller address, manufacturer address (or addresses, if multiple factories are involved), stuffing location, and consolidator (if applicable) no less than 48 hours in advance of vessel sailing may result in a deduction of at least \$5000 per shipment from our payment to you for compensation of penalties that CBP may impose upon us for late and/or incorrect ISF filings. Additional deductions may be taken for late deliveries, demurrage and other expenses incurred due to the vendor’s failure to comply with these new regulations”.

Obviously, we hope to never have to impose these deductions on any of our vendors. But in order for that to be possible, it is critical that our vendors be able to provide us with the relevant, accurate information in a timely basis for every shipment going forward.

If you have any questions about this policy, please feel free to contact me at the email address or phone number shown below.

Best Regards,

Linda Baxter
Manager of International Logistics
baxter@acehardware.com
630-990-6409

■ Here is the original letter that we sent to the vendors in early 2008.



February 29, 2008

To: Ace Import Vendor

From: Linda Baxter/Ace Hardware

Fax: 630-990-0912

Re: Upcoming "10+2" Customs Requirements

Dear Ace Vendor:

Recently, US Customs announced a new security program that is expected to start this summer and to become mandatory before 2009. It involves increasing the requirement on importers to provide a tightly integrated and audited supply chain. The program is called The Advance Security Filing Initiative, but is more commonly known as "10+2", since there will be 10 data elements that the importer will have to provide before cargo can be loaded on a ship, and an additional 2 data elements that need to be provided in advance by the carrier.

The 10 data elements that are required by the importer under this program, which are in addition to the current data elements specified under the 24-hour rule, are:

- Manufacturer name and address
- Seller name and address
- Buyer name and address
- Ship to name and address
- Container stuffing location
- Consolidator name and address
- Importer of record number
- Ultimate consignee number
- Country of origin of the goods
- Commodity Harmonized Tariff number

Of the above 10 components, we need to rely on our vendors to supply everything except for the importer of record number, ultimate consignee number, and commodity harmonized number, which is information that we have already provided to our forwarder in advance.

Customs has stated that the failure to comply with this program will result in severe consequences to the importer, including:

- 1) Product delays while awaiting required information. Starting in 2009, the product cannot load to the United States without this information.
- 2) Increase Customs inspections due to incorrect information.
- 3) Customs fine and penalties due to incorrect information.
- 4) Loss of import status or C-TPAT certification due to incomplete or incorrect information.

Ace has been working closely with our freight forwarder, Expeditors, to prepare for these new regulations. Over the past few months, we have been running a mock trial to see how prepared we are to meet these parameters. We have discovered that our greatest weakness is not being able to advise and/or distinguish between these critical data components:

Seller / Manufacturer / Stuffing Location

In addition, if the cargo is consolidated by a company other than our forwarder, ECMS, then we are also missing this data element.

Therefore, effective immediately, we are asking all our vendors to include this information on future invoices. In addition, this information will have to be communicated to our freight forwarder at the time the booking is requested. In some cases, the seller, manufacturer, and stuffing location will all be the same, and there will be no consolidator involved. However, in other cases, there will be a separate address for each of these entities, and in that situation, each address needs to be specified on the invoice.

Attached is an example of a “good” invoice, in which the seller, manufacturer, and stuffing location are all different.

Please let me know immediately if you have any questions about this policy. We have been told that the consequences for non-compliance will be severe once this program is officially implemented. Since we have advised our vendors of this policy with plenty of advance warning, we will expect our vendors to reimburse us for any penalties that may accrue against Ace due to lack of the above required information.

Regards,

Linda Baxter
Manager of Int'l Logistics

Ace Hardware Corporation
Festive Article Requirements

ALL VENDORS:

- (1) Manufacturer Quote Worksheets must be filled out completely by vendor.
- (2) Provide complete and accurate descriptions of each product, specifying such features as animation, musical, lighted, etc.
- (3) For all products, provide material breakdowns by weight and value. Be specific when describing materials. For example, do not describe “fiber optics” as “fibers.” 100% PVC is acceptable but “predominantly wood” is not. Must identify percentages for all materials used.
- (4) Provide both Ace and Vendor product numbers.
- (5) If a product contains natural plant materials, identify the plant materials and its origin. See “Craft Items” below.
- (6) Always provide a picture.
- (7) Provide copies of any applicable Customs rulings to Ace.
- (8) Immediately alert Ace of any known U.S. Customs, U.S. Department of Agriculture, U.S. Fish & Wildlife, Environmental Protection Agency, Federal Trade Commission, etc. issues involving any product you supply to Ace.

CRAFT ITEMS:

- All vendors of holiday and festive products must fill out and return the attached "Vendor Compliance for Natural Plant Materials" form. Scarecrows, dolls, wreaths, garlands and other craft items that contain natural grasses, seeds, berries, etc. pose a particular concern to the U.S. Department of Agriculture. This is because natural plant items may contain diseases that seriously threaten U.S. agriculture. If your craft item contains any natural plant materials, you must identify the plant material and its origin well in advance of Ace placing an order and must certify that they have complied with the Ace Natural Plant Materials Treatment Guidelines. Ace will be working with the USDA to assess risks before placing orders for such products.

POLYRESIN ARTICLES:

If your article is made of “polyresin,” respond to each of the following questions:

- (1) Advise if the article is a mixture of natural stone (*e.g.*, calcium carbonate) with binders (*e.g.*, plastics, lime, cement).
- (2) Confirm that the substance claimed to be natural stone is derived naturally NOT synthetically. For example, if something is made of calcium carbonate with plastic binders, please confirm that the calcium carbonate is derived naturally.
- (3) Please verify that the natural stone and binder is uniformly blended throughout the body of the article. For example, naturally derived calcium carbonate blended with binders with the resultant mixture poured into a mold.

MUSICAL ITEMS:

- (1) Indicate if it is a wind-up or AC/DC powered.
- (2) Specify the songs played.
- (3) Specify if animated as well as musical.

STRINGS OF ELECTRICAL LIGHTS:

- (1) Specify if indoor only, outdoor only or indoor/outdoor.
- (2) Provide a picture of packaging for year it will be imported/marketed.
- (3) Advise Ace of any changes in packaging.

CHRISTMAS TREE ORNAMENTS:

- (1) Advise if product is used as a tree topper (usually made with a cone).
- (2) Specify if designed to be hung on a Christmas tree.

CLOCKS:

- (1) Provide separate values for case, movement and battery.
- (2) Advise if battery or batteries are included.
- (3) Provide metric dimensions of movement (thickness, width, diameter and length).

CANDLE HOLDERS/CANDLES:

- (1) If candles are included separately, identify them on invoice and provide a separate value, name of manufacturer and country of origin.
- (2) Certify that wicks do NOT contain lead.
- (3) Provide material breakdown of candles.
- (4) Describe shape of candle (e.g., tea lights, votives, tapers, etc.) It is important to verify whether the imported candles are included within the current antidumping duty order on candles from the People's Republic of China. Dumping rates for such candles is as high as 92%.

INCENSE, PERFUMES, ETC.:

- Separately identify (e.g., porcelain incense burner with incense sticks).

PINE GARLANDS:

- Indicate whether lighted or not.

GSP-ELIGIBLE ARTICLES:

- Complete GSP questionnaire.

May 2014

To: All Vendors

From: Ace Merchandising

Subject: Late Shipment Penalties

In order to efficiently manage direct import inventory and logistics throughout our entire direct import supply chain, it is essential that all shipments be made within our agreed upon ship date parameters. This provides for a focused management of inventory within our Retail Support Centers and efficient use of ocean and inland logistics to ensure that we meet our Retailers' expectations of delivery dates to their stores. To ensure we optimize our resources in meeting our Retailers' expectations, we will be implementing late shipment penalty provisions for all programs for the current season.

New item start sheets, which need to be prepared for all items you are quoting on for the season, contain a section related to production lead times. This information is mandatory, and will be a key consideration in vendor and item selections, as well as the basis for the latest ship date we will use for our Letters of Credit. Amendments to ship dates on Letters of Credit will not be made.

Late shipment penalty clauses will be written into all letters of credit issued to our vendors. Penalties will be progressive based on the number of days goods have shipped past the stated latest ship date, and will be deducted automatically from Letter of Credit payments.

The clause to be included in our Letters of Credit for progressive late shipment penalties is as follows:

Shipments made after the latest ship date will be assessed a five percent penalty for every ten days past the date.

For your information, ship dates are determined by the date on the transit document called for by the Letter of Credit. In general, Ace requires a Forwarder's Cargo Receipt in lieu of a Bill of Lading as the transit document; therefore the ship date will be determined by the date of the Forwarder's Cargo Receipt.

In the event that next year we have a peak season similar to this year, in which it becomes very difficult to get space during the peak shipping months of July through September, please be advised that we will not penalize a vendor for late shipment if the delay is caused by our inability to get equipment or space on a ship. However, this will only apply if the vendor followed our guidelines regarding making bookings at least three weeks in advance. As an example, if a vendor has a latest ship date of 8/31 and they request a container on 8/10 but are unable to get their cargo shipped in time due to space/equipment concerns, we will not penalize the vendor for late shipment. But if a vendor has a latest ship date of 8/31 and they request a container on 8/24 and are unable to get their cargo shipped in time, a late penalty would occur.

If you have any questions about this new policy, feel free to contact your Ace Merchant or Import Logistics Manager.

VENDOR NON-COMPLIANCE WARNING!

Please note that your attached documents are non-compliant in the following bolded areas:

INVOICE:

- Does not show the name and address of the factory.
- Does not reflect the correct terms of sale (FOB, CIF & etc.).
- Does not list the Ace item numbers.
- Does not give a detailed description of each item.
- Does not show a Customs value on items shipped free of charge.
- Does not give component material breakdown.
- Does not give a price breakdown for items in a set.
- Does not list the Country of Origin, of the merchandise.
- Does not reflect the correct item price.
- Does not reflect the correct quantity shipped.

PACKING LIST:

- Does not list both the net and gross weight per carton
 - Does not list the cubic measurement
 - Does not indicate whether shipment includes wood packing material.
- OTHER:

*****Additional infractions may be accompanied by a penalty*****

Please make the corrections as listed above, e-mail or fax the new invoice to my attention as soon as possible. Please make sure that future documents are compliant in the above areas. We reserve the right to assess a penalty for non-compliant documents as follows:

- 1st warning and possible charge for revised entry, if required.
- 2nd warning and possible charge for revised entry, if required.
- 3rd warning, \$250 fine and possible charge for revised entry, if required.
- 4th warning, \$500 fine and possible charge for revised entry, if required.
- 5th warning, \$750 fine and possible charge for revised entry, if required.
- 6th and higher warning, \$2500 fine and possible charge for revised entry, if required.

Regards,
Carol Guigar
Ace Hardware - Imports
Import Logistics Analyst
P: 630-990-6483
F: 630-990-0912
E: cguig@acehardware.com



August 29, 2005

Dear Ace Vendor:

This is a reminder that the United States will be implementing new wood packaging material standards on all imported cargo that contains these materials and which arrives here on or after 9/16/05. The attached document gives detailed instructions and information about these new standards, including which items are exempt. In addition, we have been adding this requirement into our Letters of Credit for approximately the past month. Therefore, we don't believe that this news should come as a surprise to any of our vendors.

The purpose of this letter is to remind our vendors of the seriousness of complying with these new regulations. US Customs has stated that any shipments which are non-compliant will have to be re-exported. We will no longer have an option of fumigating the cargo here in the States. Please be advised that if this situation should occur on any of our cargo, we will require the vendor to bear all costs of re-exportation. However, it is our fervent wish that this situation should never even arise, considering the delays that would ensue and the impact that these delays would have on our service levels. Therefore, if you have any questions about these new requirements, please be sure to contact us as soon as possible. You can reach us at any of the following numbers:

Linda Baxter / Manager of International Logistics and Customs Compliance
Email: Baxter@acehardware.com Phone: 630-990-6409 Fax: 630-990-0912

Jennifer Kuznetzow / Expeditors Program Manager for Ace Hardware
Email: jennifer.kuznetzow@expeditors.com
Phone: 630-990-6735 Fax: 630-990-0912

Carol Guigar / Logistics Analyst
Email: cguig@acehardware.com Phone: 630-990-6483 Fax: 630-990-0912

Thanks in advance for giving this matter your utmost attention.

Regards,

Linda Baxter
Manager of Int'l Logistics



Dear Ace Vendor:

Attached to this email is Ace Hardware's **Lacey & Softwood Lumber Act – Vendor Certification**. We ask that you complete the attached certification for the identified products. When you have completed this form, please return it to my attention.

As a result of recently enacted legislation in the United States, import declarations are now required for certain imports of goods made from plant and tree materials. Importers are now required to provide to the U.S. government the scientific name for all plant and tree materials used in the manufacture of covered products. The scientific name for a plant or tree is different from the common name for plants and trees. Generally, a scientific name will consist of both a genus and species. Both names are usually in Latin. For example, *Quercus alba* is the scientific name for the White Oak. Note that White Oak is the common or commercial name for this tree.

It is important when providing Ace with the scientific name for the plant or tree materials that a product is made from, you should be providing both a genus and species name. The genus is the broad “family” of plants/trees that a particular plant/tree belongs to. For example, *quercus* is the genus or “family” name for all oaks. The species name identifies the specific member of that family. For example, *alba* (when paired with *quercus*) identifies the White Oak member of the Oak “family.”

Also, abbreviations like “spp.” that designate all members of a genus are unacceptable. In many cases, there may be too many species within a genus for this abbreviation to be practical. For example, the *quercus* genus alone contains over 400 separate species. Therefore, please try to be as specific as possible in providing scientific names for the plant/tree material your product is made from. Two online resources that may help you in determining the scientific name for your plant/tree materials are the GRIN Taxonomy website (<http://www.ars-grin.gov/cgi-bin/npgs/html/index.pl>) or the Integrated Taxonomic Information System, or ITIS (<http://www.itis.gov/index.html>).

In addition to the scientific name for all plant/tree materials used, the U.S. government now requires importers to identify certain “softwood” lumber imports. Softwood comes from coniferous (cone-bearing) evergreens whose leaves remain on the trees throughout the seasons. Typical examples of softwoods are pine trees, yews, etc. Finally, for products made from hardwood plywood, particleboard, or medium-density fiberboard (MDF) composite woods, please indicate whether 1) the product complies with California Reg. § 93120 regarding formaldehyde emissions, 2) whether the composite wood product has been marked as compliant. Please indicate on the attached spreadsheet if these regulations apply to your products.

Feel free to contact me should you have any questions. Thank you for your assistance in complying with these important federal and state import laws.

Linda Baxter
Manager of Int'l Logistics
baxter@acehardware.com



Lacey & Softwood Lumber Acts - Vendor Certification

For products classified in certain tariff provisions, Ace Hardware must provide information about these products to the United States Government at the time of import. We have identified the following products that are classified in those tariff provisions and that may or may not contain plant-based or wood components. As you ship product to Ace, please complete the certification statement for each of the below products that are contained on each shipment. Ace Hardware requires this Vendor Statement for every shipment from you and will rely on this statement in purchasing, importing and selling this product in the United States. Ace Hardware must be informed immediately of any changes to the information on this certification.

ACE VENDOR
NAME:

Commercial Inv. No:

ACE VENDOR NO.:

Purchase Order No:
L/C No:

MARK WITH AN "X" IF A PRODUCT IDENTIFIED BELOW IS INCLUDED WITH THIS SHIPMENT; FOR NEW PRODUCTS, COMPLETE ALL REQUIRED INFORMATION IN AN NEW ROW	ACE ITEM NO.	PRODUCT DESCRIPTION	DOES THIS PRODUCT CONTAIN PLANT- BASED OR WOOD COMPONENTS? (YES OR NO) This includes products with any component made from plants including wood.	SCIENTIFIC NAME OF PLANT OR WOOD CONTAINED IN PRODUCT (specify genus and species) http://www.ars-grin.gov/cgi-bin/npgs/html/index.pl DO NOT USE THE ABBREVIATION "SPP"	COUNTRY OF HARVEST (for example, where the tree is grown)	FOR PAPER OR PAPERBOARD PLANT PRODUCT, SPECIFY THE PERCENTAGE OF RECYCLED MATERIALS	MADE FROM SOFTWOOD LUMBER? (YES OR NO) Softwood comes from coniferous (cone-bearing) evergreens whose leaves remain on the trees throughout the seasons (a/k/a/ non- deciduous).	IF MADE USING COMPOSITE WOOD (hardwood plywood, particleboard, MDF), THE GOODS COMPLY WITH CALIFORNIA REG. § 93120 (Formaldehyde Emissions) AND ARE MARKED AS COMPLIANT. YES, NO OR N/A (not applicable)

By signing your name below, you are certifying that the information noted above is correct to the best of your knowledge and belief. You further agree to advise immediately Ace Hardware if any of the information on this certification changes.

Signature: _____
Name: _____
Company: _____
Title: _____
Date: _____

Natural Material	Requirements	USDA Authority
Category I: Logs and Other Unmanufactured Wood Articles		7 C.F.R. § 319.40
Bamboo timber, stakes, poles	Before approval of letter of credit, provide Ace Hardware Import Department with photo of article and detailed description of bamboo (for example, stakes, poles, solid, hollow, etc.). May need import permit from USDA. If importation is authorized, must be free of leaves and seeds and completely dry (rendered incapable of propagation).	Table 5-186 of USDA Miscellaneous and Processes Products Manual (MPPM)
Grapevine or Twig	Provide written certification with each shipment from the plant protection service of the country of origin that the grapevine/twig has been heat treated pursuant to 7 C.F.R. §319.40-7(c). Must not have ANY green, succulent tissue.	7 C.F.R. §319.40-7(c); Table 5-6 of MPPM
Natural Wood Trunks for Artificial Trees FROM CHINA	BANNED effective April 1, 2005.	DA-2005-3 (Feb. 22, 2005)
Natural Wood Trunks for Artificial Trees FROM COUNTRIES OTHER THAN CHINA	Natural wood trunks must be kiln dried pursuant to 7 C.F.R. §319.40-7(d). DOES NOT APPLY TO IMPORTS FROM CHINA - THOSE ARE BANNED.	DA-2005-3 (Feb. 22, 2005)
Pine cones FROM INDIA	Provide with each shipment a written certification from the plant protection service of India attesting to the appropriate fumigation process utilized.	Effective December 2003
Pine cones FROM COUNTRIES OTHER THAN INDIA	Written certification with each shipment that pine cones do not contain seeds.	
Ramin (wood) products from Indonesia, Malaysia, China	CITES Permit Required. Before approval of letter of credit, provide Ace Hardware with written notification of scientific name, common name and country of origin of the ramin materials. Importation may be prohibited.	

Wooden logs, limbs, branches or twigs FROM CHINA	<p>1. Wooden logs, limbs, branches or twigs measuring greater than 1 cm in diameter with intact bark - BANNED effective 4/1/05.</p> <p>2. Wooden logs, limbs, branches or twigs measuring 1 cm or less in diameter with intact bark, NOT banned, but must be fumigated pursuant to 7 C.F.R. §319.40-7(f). **</p> <p>3. Wooden logs, limbs, branches or twigs with diameters of any size with NO intact bark, is NOT banned but subject to inspection. MUST BE COMPLETELY DE-BARKED per 7 C.F.R. §319.40-7(b) and fumigated pursuant to 7 C.F.R. §319.40-7(f) or if fumigant does not penetrate wood due to thickness, must be heat treated pursuant to 7 C.F.R. §319.40-7(d). **</p> <p>4. Finished/manufactured wood with natural bark glued on - per USDA, NOT banned, but must be fumigated pursuant to 7 C.F.R. §319.40-7(f). **</p> <p>** Provide with each shipment a written certification from the plant protection service of China at</p>	7 C.F.R. §319.40-7; C1
Wooden logs, limbs, branches or twigs from COUNTRIES OTHER THAN CHINA	Must be fumigated pursuant to 7 C.F.R. §319.40-7(f) or if fumigant does not penetrate wood due to thickness, must be heat treated pursuant to 7 C.F.R. §319.40-7(d). Provide with each shipment a written certification from the plant protection service of the country of origin attesting to the appropriate fumigation or heat treatment process utilized.	
Category II: Other Plant Materials		7 C.F.R. §§ 319.41 - 319.59
Broomstraw, broomcorn, corn cobs and related corn plants	Before approval of letter of credit, provide Ace Hardware with: (1) written notification of the scientific name, common name, and country of origin of these plant materials; and (2) written description of the processing or treatment (for example, boiling, dying, preserving) of these materials. Importation may be prohibited.	7 C.F.R. § 319.41
Grass/Weeds	Before approval of letter of credit, provide Ace Hardware with: (1) written notification of the scientific name, common name, and country of origin of these plant materials; and (2) written description of the processing or treatment (for example, boiling, dying, preserving) of these materials. Importation may be prohibited.	7 C.F.R. §360

Millet (corn relative)	Prohibited from importation. Ace Hardware will not accept products made from this material.	7 C.F.R. § 319.41
Rice and Rice Straw	Before approval of letter of credit, provide Ace Hardware with: (1) written notification of the scientific name, common name, and country of origin of these plant materials; and (2) written description of the processing or treatment (for example, boiling, dying, preserving) of these materials. Importation may be prohibited. If not prohibited, may be required to fumigate as well as heat treat pursuant to 7 C.F.R. §319.40.	7 C.F.R. §319.55
Seeds (often found on scarecrows and pine cones)	Before approval of letter of credit, provide Ace Hardware with: (1) written notification of the scientific name, common name, and country of origin of these plant materials; and (2) written description of the processing or treatment (for example, boiling, dying, preserving) of these materials. Importation may be prohibited.	7 C.F.R. §319.59
Wheat and Wheat Straw	Before approval of letter of credit, provide Ace Hardware with: (1) written notification of the scientific name, common name, and country of origin of these plant materials; and (2) written description of the processing or treatment (for example, boiling, dying, preserving) of these materials. Importation may be prohibited.	7 C.F.R. §319.59
Willow	Heat treatment rendering it incapable of propagation - Provide written certification with each shipment from the plant protection service of the country of origin that the willow A11 has been heat treated pursuant to 7 C.F.R. §319.40-7(c). It must be brittle and have NO green color.	7 C.F.R. §330.105; Table 5-182 of MPPM
Category III: Plant Materials Not Listed Above		
	**** Must contact Ace Hardware for prior approval ****	

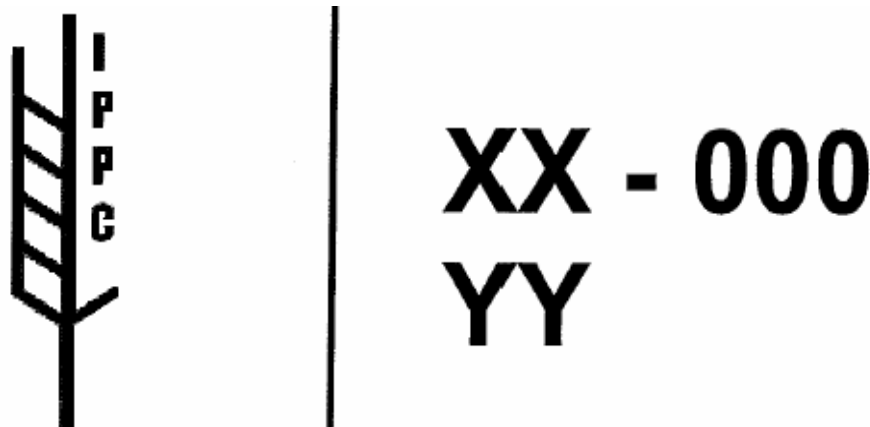
Implementation of the Wood Packaging Material (WPM) Regulation

Background:

APHIS revised the import regulations for WPM to be consistent with the International Plant Protection Convention standard ISPM #15. The regulation restricts the importation of many types of wooden packaging materials such as pallets, crates, boxes, and dunnage. The revised WPM regulation is effective **September 16, 2005**. The regulation requires WPM in use in international trade to be treated. The approved treatments are 1) heat treatment to a minimum wood core temperature of 56°C for a minimum of 30 minutes or 2) fumigation with methyl bromide. The term “solid wood packing material” used in previous USDA import regulations has been changed to “wood packaging material” to be consistent with ISPM #15.

WPM must be marked with the IPPC logo and the two letter ISO code for the country that treated the WPM. The marking must also include the unique number assigned by the national plant protection organization to the company responsible for ensuring the WPM was properly treated, and either the abbreviation HT (heat treatment) or MB (methyl bromide). Paper certification (treatment certificates) will not be required.

Example of the WPM mark:



XX represents the ISO country code.

000 represents the unique number assigned by the national plant protection organization.

YY represents either HT for heat treatment or MB for methyl bromide fumigation.

Exemptions:

WPM made entirely of manufactured wood material (e.g. particle board, plywood, oriented strand board) and wine and whiskey barrels, or WPM made entirely of thin pieces of wood, (6mm thickness or less) is exempted from the treatment and marking requirements. WPM made of Canadian origin wood is also exempted from the treatment/marketing requirements (7CFR 319.40-3). Since determining wood origin will be very difficult and Canada is implementing ISPM #15 requirements, WPM arriving from Canada will be allowed to enter the U.S. without the IPPC mark. WPM from Canada will be inspected for pests.

Implementation Phases:

First Year of Implementation (From present – September 15, 2005)

The revised WPM regulation is effective September 16, 2005. During the 1 year implementation phase, WPM may be imported if in compliance with either current import requirements **or** the international standard for WPM (ISPM#15).

A. Shipments imported from **China or Hong Kong must:**

- Be accompanied by an exporter's statement in the commercial invoice, bill of lading, or other similar document (including a paper or electronic manifest) stating that the shipment contains no WPM, **or**
- Be accompanied by a certificate signed by an official of the Chinese government or an approved Hong Kong fumigator stating that the wood was heat treated to a minimum of 71.1°C for 75 minutes or treated with T404 (methyl bromide or kiln dried) or its equivalent, **or**
- Have treated and marked WPM in compliance with ISPM #15.

WPM not in compliance with the above requirements must be destroyed or reexported.

B. WPM imported from all countries **other than China or Hong Kong must be:**

1. Free of bark, **or**
2. Accompanied with documentation stating the WPM was treated with T404 (methyl bromide or kiln dried) or its equivalent, or heated to a minimum of 71.1°C for 75 minutes, **or**
3. Treated and marked in compliance with ISPM #15.

WPM not in compliance with the above requirements must be treated, destroyed or reexported.

Full Implementation–Importations after September 15, 2005

All WPM must be treated and marked in accordance with the regulation 7CFR 319.40-3(b), excluding WPM exempted by the regulation. WPM imported after September 15, 2005 without the IPPC mark must be reexported. Treatment or destruction will not be permitted. Unmarked WPM may be separated from the commodity being imported, if the inspector determines separation can be done without pest escape. A user fee will be assessed for supervising the separation of the WPM from the cargo. Treatment will be allowed if hitchhiking (non-wood) pests are intercepted with IPPC marked WPM.



May 20, 2011

Dear Ace Vendor:

Please find attached to this letter Ace Hardware Corporation's General Conformity Certificate ("GCC"). As you should be aware by now, GCCs are currently required by the United States Consumer Product Safety Commission ("CPSC") for products subject to Federal product safety standards, rules, regulations, and bans ("CPSC Rules"). The attached GCC includes a list of CPSC Rules that may apply to products you sell to Ace. As an Ace vendor, you are required to review this list and determine which, if any, CPSC Rules apply to your products. Should they fall under any of the named CPSC Rules, you must complete the attached GCC and provide copies of all test reports. The GCCs and test reports must be received by Ace prior to the date your products are exported to the United States.

Please note that GCCs for non-children's products must be based upon either a test of each item or a reasonable testing program. Children's products require independent third party testing.

It is up to each vendor to provide Ace with all of the necessary GCCs and test reports. If Ace Hardware, or its legal counsel, must continually ask for GCCs or test reports, Ace reserves the right to seek reimbursement from the vendor for any legal expenses it incurs.

Thanks in advance for your cooperation.

Best Regards,

**Linda Baxter
Manager of International Logistics**



General Conformity Certificate For Ace Hardware Imports

- 1. Product Name:**
- 2. Ace Item Number:**
- 3. Name of Vendor:**
- 4. Vendor Model Number:**
- 5. Date(s) and Place of Manufacture:**
- 6. Date(s) and Place of Testing:**
- 7. Third-Party Testing Laboratory (*if applicable*) (Provide Testing Report Number/Name/Mailing Address/Telephone Number):**
- 8. Importer: Ace Hardware Corporation, 2200 Kensington Court, Oak Brook, Illinois 60523-2100; Attention: Ms. Linda Baxter, Manager of International Logistics (630) 990-6409.**
- 9. Contact information for the individual(s) maintaining records of test results:**
 - Name:**
 - Mailing Address:**
 - Email Address:**
 - Telephone Number:**

“Insert Vendor Name here”, and its affiliated manufacturers, hereby certify that the product listed above is tested pursuant to a reasonable testing program (copies of relevant tests have been provided to Ace Hardware Corporation) and complies with the regulations that are checked on the attached list.

Name:
Title:
Date:

CPSC PRODUCT REGULATIONS

****CHECK ALL DESCRIPTIONS BELOW THAT APPLY TO A PRODUCT YOU
SUPPLY OR ANY OF ITS COMPONENTS**

- ☐ **Lead in Paint and Surface Coatings (16 CFR § 1303)**
 - ☐ Paint and similar Surface Coatings
 - ☐ Toys and Other Articles Intended for Children
 - ☐ Furniture
- ☐ **Children's Products (General)**
 - ☐ Lead in the Substrate for Children's Products (CPSIA § 101)
 - ☐ Lead in metal components of children's metal jewelry (CPSIA § 101)
 - ☐ Phthalates in Toys and Childcare Products (CPSIA § 108)
 - ☐ Toy Safety Specifications (CPSIA § 106 – ASTM F-963-07)
 - ☐ Small Parts in Products for Children under 3 years old (16 CFR § 1501)
 - ☐ Small Parts in Products for Children 3 and older (16 CFR §§ 1500.19-20)
 - ☐ Sharp Points/Edges in Products for Children under 8 years old (16 CFR §§ 1500.48-49)
 - ☐ Electrically Operated Toys & Children's Articles (16 CFR § 1505)
- ☐ **Children's Products (Specific)**
 - ☐ Toy Guns & Caps for Toy Guns (16 CFR §§ 1500.18, 1500.86)
 - ☐ Infant Walkers (16 CFR § 1216)
 - ☐ Bath Seats (16 CFR § 1215)
 - ☐ Bicycle Helmets (16 CFR § 1203)
 - ☐ Clacker Balls (16 CFR §§ 1500.18, 1500.86)
 - ☐ Dive Sticks (16 CFR §§ 1500.18, 1500.86)
 - ☐ Cribs (16 CFR §§ 1508, 1509)
 - ☐ Rattles (16 CFR § 1510)
 - ☐ Pacifiers (16 CFR § 1511)
 - ☐ Bicycles (16 CFR § 1512)
 - ☐ Bunk Beds (16 CFR § 1513)
- ☐ **Flammable Fabrics Act**
 - ☐ Clothing and Fabrics for Clothing (16 CFR § 1610)
 - ☐ Vinyl Plastic Film (16 CFR § 1611)
 - ☐ Children's Sleepwear (16 CFR §§ 1615, 1616)
 - ☐ Carpets and Rugs (16 CFR §§ 1630, 1631)
 - ☐ Mattresses (16 CFR § 1632)
 - ☐ Mattress Pads (16 CFR § 1632)
 - ☐ Mattress Sets (16 CFR § 1633)
- ☐ **Product Specific Regulations**
 - ☐ Architectural Glazing Materials (16 CFR § 1201)
 - ☐ Matchbooks (16 CFR § 1202)
 - ☐ Bicycle Helmets (16 CFR § 1203)
 - ☐ CB Radio Base Station Antennas (16 CFR §§ 1204)
 - ☐ Walk-Behind Power Lawn Mowers (16 CFR § 1205)
 - ☐ Swimming Pool Slides (16 CFR § 1207)

- ☐ Cellulose Insulation (16 CFR §§ 1209)
- ☐ Lighters (16 CFR §§ 1210, 1212)
- ☐ Automatic Residential Garage Door Openers (16 CFR § 1211)
- ☐ Bunk Beds (for adults) (16 CFR § 1213)
- ☐ Refuse Bins (e.g., Dumpsters) (16 CFR § 1301)
- ☐ Contact Adhesives (16 CFR § 1302)
- ☐ ATVs (16 CFR § 1420)
- ☐ Fireworks (16 CFR § 1500.14)
- ☐ Metal-cored Candlewicks & Candles Containing Metal-cored Candlewicks (16 CFR § 1500.12, 1500.17(a)(13))
- ☐ Bicycles (16 CFR § 1512)
- ☐ Household refrigerators (16 CFR § 1750)
- ☐ Portable Gas Containers (Section 2 of the Children's Gasoline Burn Prevention Act)
- ☐ **Products Regulated Under the PPPA**
- ☐ Aspirin (16 CFR § 1700.14(a)(1))
- ☐ Furniture Polish (16 CFR § 1700.14(a)(2))
- ☐ Methyl salicylate (16 CFR § 1700.14(a)(3))
- ☐ Controlled Drugs (16 CFR § 1700.14(a)(4))
- ☐ Kindling and/or Illuminating Preparations (16 CFR § 1700.14(a)(7))
- ☐ Prescription Drugs (16 CFR § 1700.14(a)(10))
- ☐ Iron-Containing Drugs (16 CFR § 1700.14(a)(12))
- ☐ Dietary Supplements (16 CFR § 1700.14(a)(13))
- ☐ Acetaminophen (16 CFR § 1700.14(a)(16))
- ☐ Diphenhydramine (16 CFR § 1700.14(a)(17))
- ☐ Glue Removers (16 CFR § 1700.14(a)(18))
- ☐ Permanent Wave Neutralizers (16 CFR § 1700.14(a)(19))
- ☐ Ibuprofen (16 CFR § 1700.14(a)(20))
- ☐ Loperamide (16 CFR § 1700.14(a)(21))
- ☐ Mouthwash (16 CFR § 1700.14(a)(22))
- ☐ Lidocaine (16 CFR § 1700.14(a)(23))
- ☐ Dibucaine (16 CFR § 1700.14(a)(24))
- ☐ Naproxen (16 CFR § 1700.14(a)(25))
- ☐ Ketoprofen (16 CFR § 1700.14(a)(26))
- ☐ Fluoride (16 CFR § 1700.14(a)(27))
- ☐ Minoxidil (16 CFR § 1700.14(a)(28))
- ☐ Methacrylic Acid (16 CFR § 1700.14(a)(29))
- ☐ Over-the-Counter Drug Products (16 CFR § 1700.14(a)(30))
- ☐ Hazardous substances containing low-viscosity hydrocarbons (16 CFR § 1700.14(a)(31))
- ☐ Drugs and Cosmetics containing low-viscosity hydrocarbons (16 CFR § 1700.14(a)(32))



August 5, 2009

To: Ace Import Vendor

From: Linda Baxter/Ace Hardware

Re: Moisture damage due to condensation

Dear Ace Vendor:

During the humid summer months, we have run into some instances in which we have opened an import container at our warehouse to discover that the product inside has been water damaged due to condensation within the container. We are sending this reminder to our vendors that it is their responsibility to prevent this situation by including some sort of desiccant within the container during the months when this procedure would be warranted.

A desiccant is a substance used to remove excess humidity that would normally degrade or destroy products sensitive to moisture. By including this within a container, the cargo should remain dry. If a desiccant is not included in the container and it arrives with damage due to condensation, we will require the vendor to supply us with replacement cartons (assuming only the cartons are damaged), and/or replacement merchandise (if the products within the cartons are damaged as well).

While on the subject of water damage, I would like to add one additional note. If cargo arrives water damaged not due to condensation, but rather due to a hole in the container, we will of course claim back the carrier in that case. However, our vendors are supposed to be doing a thorough inspection of the floor, ceiling and walls of each container that they receive for loading, and they should reject any container with visible holes, openings or other damage. If we continue to run into problems with a certain vendor's freight due to unacceptable containers being used, this will indicate to us that the vendor is not following our procedures, and we may choose to hold the vendor responsible in those instances.

Regards,

Linda Baxter
Manager of Int'l Logistics

TSCA Statement

Entry Number: _____

Invoice Date: _____

I CERTIFY THAT ALL CHEMICAL SUBSTANCES IN THIS SHIPMENT
COMPLY WITH ALL APPLICABLE RULES OR ORDERS UNDER TSCA AND
THAT I AM NOT OFFERING A CHEMICAL SUBSTANCE FOR ENTRY IN
VIOLATION OF TSCA OR ANY APPLICABLE RULE OR ORDER THEREUNDER.

Authorized Signature: _____

Title: _____

DEPARTMENT OF HEALTH AND HUMAN SERVICES PUBLIC HEALTH SERVICE FOOD AND DRUG ADMINISTRATION DECLARATION FOR IMPORTED ELECTRONIC PRODUCTS SUBJECT TO RADIATION CONTROL STANDARDS		<i>Form Approved OMB No. 0910-0025</i> <i>Expiration Date: December 31, 2006.</i> INSTRUCTIONS 1. If submitting entries electronically through ACS/ABI, hold FDA-2877 in entry file. Do not submit to FDA unless requested. 2. If submitting paper entry documents, submit the following to FDA: a. 2 copies of Customs Entry Form (e.g. CF 3461, CF 3461 Alt, CF 7501, etc.) b. 1 copy of FDA 2877 c. Commercial Invoice(s) in English.	
U.S. CUSTOMS PORT OF ENTRY		ENTRY NUMBER	DATE OF ENTRY
NAME & ADDRESS OF MANUFACTURING SITE; COUNTRY OF ORIGIN		NAME & ADDRESS OF IMPORTER & ULTIMATE CONSIGNEE (if not importer)	
PRODUCT DESCRIPTION	QUANTITY (Items/Containers)	MODEL NUMBER(S) & BRAND NAME(S)	
DECLARATION: I / WE DECLARE THAT THE PRODUCTS IDENTIFIED ABOVE: <i>(Mark X applicable statements, fill in blanks, & sign)</i>			
<input type="checkbox"/> A. ARE NOT SUBJECT TO RADIATION PERFORMANCE STANDARDS BECAUSE THEY: <input type="checkbox"/> 1. Were manufactured prior to the effective date of any applicable standard; Date of Manufacture _____ <input type="checkbox"/> 2. Are excluded by the applicability clause or definition in the standard or by FDA written guidance. Specify reason for exclusion _____ <input type="checkbox"/> 3. Are personal household goods of an individual entering the U.S. or being returned to a U.S. resident. (Limit: 3 of each product type). <input type="checkbox"/> 4. Are property of a party residing outside the U.S. and will be returned to the owner after repair or servicing. <input type="checkbox"/> 5. Are components or subassemblies to be used in manufacturing or as replacement parts (NOT APPLICABLE to diagnostic x-ray parts). <input type="checkbox"/> 6. Are prototypes intended for on going product development by the importing firm, are labeled "FOR TEST/EVALUATION ONLY," and will be exported, destroyed, or held for future testing (i.e., not distributed). (Quantities Limited - see reverse.) <input type="checkbox"/> 7. Are being reprocessed in accordance with P.L. 104-134 or other FDA guidance, are labeled "FOR EXPORT ONLY," and will not be sold, distributed, or transferred without FDA approval.			
<input type="checkbox"/> B. COMPLY WITH THE PERFORMANCE STANDARDS WHICH ARE APPLICABLE AT DATE OF MANUFACTURE AND THAT A CERTIFICATION LABEL OR TAG TO THIS EFFECT IS AFFIXED TO EACH PRODUCT. COMPLIANCE DOCUMENTED IN: <input type="checkbox"/> 1. Last annual report or Product/Initial report _____ ACCESSION NUMBER of Report Name of MANUFACTURER OF RECORD (Filed report with FDA/CDRH) <input type="checkbox"/> 2. Unknown manufacturer or report number; State reason: _____			
<input type="checkbox"/> C. DO NOT COMPLY WITH PERFORMANCE STANDARDS; ARE BEING HELD UNDER A TEMPORARY IMPORT BOND; WILL NOT BE INTRODUCED INTO COMMERCE; WILL BE USED UNDER A RADIATION PROTECTION PLAN; AND WILL BE DESTROYED OR EXPORTED UNDER U.S. CUSTOMS SUPERVISION WHEN THE FOLLOWING MISSION IS COMPLETE: <input type="checkbox"/> 1. Research, Investigations/Studies, or Training (attach Form FDA 766) <input type="checkbox"/> 2. Trade Show/Demonstration; List dates & use restrictions _____			
<input type="checkbox"/> D. DO NOT COMPLY WITH PERFORMANCE STANDARDS; ARE HELD AND WILL REMAIN UNDER BOND; AND WILL NOT BE INTRODUCED INTO COMMERCE UNTIL NOTIFICATION IS RECEIVED FROM FDA THAT PRODUCTS HAVE BEEN BROUGHT INTO COMPLIANCE IN ACCORDANCE WITH AN FDA APPROVED PETITION. (See Form FDA 766.) <input type="checkbox"/> 1. Approved Petition is attached. <input type="checkbox"/> 2. Petition Request is attached. <input type="checkbox"/> 3. Request will be submitted within 60 days.			
WARNING: Any person who knowingly makes a false declaration may be fined not more than \$10,000 or imprisoned not more than 5 years or both, pursuant to Title 18 U.S.C. 1001. Any person importing a non-compliant electronic product may also be subject to civil penalties of \$1000 per violation, up to a maximum \$300,000 for related violations pursuant to Title 21 U.S.C. 360pp.		SIGNATURE OF IMPORTER OF RECORD _____ NAME AND TITLE OF RESPONSIBLE PERSON	
<p>Public reporting burden for this collection of information is estimated to average 0.2 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to:</p> <p style="text-align: center;">Food and Drug Administration CDRH (HFZ-342) 2094 Gaither Road Rockville, MD 20850</p> <p><i>An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.</i></p>			

INSTRUCTIONS TO IMPORTERS/BROKERS OF ELECTRONIC PRODUCTS

PURPOSE: The Form FDA 2877 must be completed for electronic products subject to Radiation Control Standards (21 CFR 1010 and 1020-1050) prior to entry into the United States. The local Food and Drug Administration (FDA) district office will review the declaration and notify the importer/agent if the products may be released into U.S. commerce or if they must be held under bond until exported, destroyed, or reconditioned. Until the shipment is released, it may be subject to redelivery for FDA examination.

PAPER OR ELECTRONIC SUBMISSION: Paper entries may be made by submitting the signed original FDA 2877 along with U.S. Customs forms to the local FDA district office; if electronic products are given a MAY PROCEED, a signed copy of CF 3461 will be returned, or if not given a MAY PROCEED, a FDA Notice of Action will be issued. For electronic entries, follow U.S. Customs Service ACS/ABI format and procedures, supported by a signed copy of this form or similar letter. Multiple entries of the same product and model families that are filed electronically may be supported by one form dated not more than 12 months previously.

DECLARATION: Select A, B, C, or D and then select the appropriate number; fill in requested information and sign. For electronic entries, AofC (affirmation of compliance) = RA#, RB#, RC#, or RD# (e.g., Radiation Declaration A5 = RA5). **Transmit model number using AofC code MDL and transmit brand name using FDA line level brand name field. If RA3 or RA6 is selected, you must transmit quantity (number of units) using the Quantity and Unit of Measure Pairs at the FDA line level.**

DECLARATION A: Importers should be prepared to demonstrate compliance to or non-applicability of FDA standards, regulations, or guidance. Components or sub-assemblies must be non-functioning. Products being reprocessed must be exported by the importer, without intermediate transfer of ownership. For RA3 the quantity limit is 3 and for RA6 the limit = 50 units TV products, microwave ovens, and Class 1 laser products limit = 200 units CD-ROM and DVD (digital versatile disc) laser products; see May 14, 1997, notice to industry issued by the Center for Devices and Radiological Health (CDRH).

DECLARATION B: If declaration RB1 is selected, provide the FDA Establishment Identifier (FEI) of the manufacturer who filed the radiation product/abbreviated report to FDA, CDRH, Rockville, Maryland. To transmit the accession number of that report use AofC code ACC. If the manufacturer cannot be determined or located, the importer must be able to provide evidence showing a certification (certifi.) label on each product and state reason: returned to orig exporter or certifi. label evidence. The new AofC codes (RB1, RB2) for this declaration will not be activated until a process is made available to determine the FEI of the responsible firm. Continue to use RAB in electronic transmission until the FEI query is available and industry is notified of its availability.

DECLARATION C: Noncompliant products may be imported only for research, investigations/studies, demonstration or training. They should be used only by trained personnel and under controlled conditions to avoid unnecessary radiation exposure. Product(s) will be detained by the local FDA district office. Since product(s) for which "C" Declarations are made will be under Temporary Import Bond (TIB) or equivalent, ultimate disposition is limited to export or destruction under U.S. Customs supervision when the purpose has been achieved or the length of time stated has expired. For purposes other than demonstration, the Form FDA 766, outlining protections, must be approved by FDA prior to use. The importer/broker must include with the FDA 766:

1. A full description of the subject electronic product(s).
2. The purpose for which the product(s) is being imported.
3. How the product(s) will be used.
4. Where the product(s) will be located.
5. The approximate length of time and dates the product(s) will be in this country.

For product(s) being used for trade shows/demonstrations, list the dates and use restrictions (Form FDA 766 is not required). A sign stating that the product does not comply with FDA performance standards must be displayed and viewable at all times during the use of product(s). All medical products, cabinet x-ray, or Class IIIB and IV lasers may NOT operate (turn on product(s)) at trade shows.

DECLARATION D: Noncompliant products must be brought into compliance with standards under FDA supervision and following a plan approved by FDA. The plan, documented on the Form FDA 766, must address technical requirements, labeling, and reporting. Some plans may need approval by both the CDRH and the local FDA district office. Use of this declaration is limited to occasional shipments; ongoing reconditioning is considered manufacturing that is handled through other means. Product(s) will be detained by the local FDA district office. An FDA 766 must be filed indicating the procedure intended to bring the product into compliance. This procedure will include a satisfactory corrective action plan and/or a product report. The FDA 766 must include all of the information requested under Declaration C. The approximate length of time will be for the amount of time needed to bring product(s) into compliance. Declaration D is also made for failure to provide reports, failure to certify, etc.

If an importer/broker intends to import equipment into the United States for purposes of research, investigation, studies, demonstrations, or training but also wishes to retain the option of bringing the product into compliance with the performance standard, check Declarations C and D on the FDA 2877 and insert the word "or" between the Affirmations. Note: The U.S. Customs Service will treat this entry as a "D" Declaration for purposes of duty. Such requests must be made on the FDA 766; include Items 1, 2, and 3 under Declaration C, a statement of the need to use the option "C" or "D" Declaration, a statement of how the product(s) will be brought into compliance and the approximate length of time necessary to evaluate or demonstrate the product(s) and the time necessary to bring the product(s) into compliance (both actions must be accomplished within the period of time granted by FDA). For electronic entries select Declaration RD3.

Ultimately, product(s) must be brought into compliance with the applicable standard in accordance with a corrective action plan which has been approved by the FDA. If the product(s) are not brought into compliance within the allotted time frame of the approved application and an extension is not requested of, or granted by, the FDA, the local FDA district office shall refuse entry on the shipment and require the product(s) to be either exported or destroyed under U.S. Customs supervision.

If additional guidance is needed, please contact your local FDA district office or consult the following FDA web pages: www.fda.gov/cdrh, www.fda.gov/ora/hier/ora_field_names.txt, and www.fda.gov/ora/compliance_ref/rpm_new2/contents.html.

**STATEMENT REGARDING THE IMPORTATION OF RADIO FREQUENCY DEVICES CAPABLE OF
CAUSING HARMFUL INTERFERENCE**

(Read instructions before completing form. Please type or print clearly in ink.)

Part I - All Blocks MUST Be Completed				
Date of Entry	Entry Number	Port of Entry ¹	Harmonized Tariff Number ²	Quantity of Item (not number of containers) ³

Device Model/Type Name or #	Trade Name	FCC ID	Description of Equipment

Manufacturer's Name and Address	Consignee's Name and Address	Importer's Name and Address

Printed or Typed Name of Importer or Consignee	Signature of Importer or Consignee	Date (Month/Day/Year)

Warning: Any person who knowingly makes a false declaration may be fined not more than \$250,000 or imprisoned not more than 5 years, or both, pursuant to 18 U.S.C. § 1001.

Part II - With Regard to the Importation of the Described Radio Frequency Device(s), I DECLARE THAT: (Place an "X" in only one box)	
<input type="checkbox"/>	1. The FCC has issued a grant of equipment authorization for the FCC ID listed above.
<input type="checkbox"/>	2. An FCC grant of equipment authorization and an FCC ID are not required, but the equipment complies with FCC technical requirements.
<input type="checkbox"/>	3. The described equipment is being imported in limited quantities for testing and evaluation for compliance with technical requirements or marketing suitability. The equipment will not be offered for sale or otherwise marketed. (See Instructions)
<input type="checkbox"/>	4. The described equipment is being imported in limited quantities for demonstration at industry trade shows and will not be offered for sale or otherwise marketed. (See Instructions)
<input type="checkbox"/>	5. The described equipment is being imported solely for export. It will not be offered for sale or otherwise marketed in the U.S.
<input type="checkbox"/>	5(a). The described equipment is a non-U.S. standard cellular phone that can only function outside of the U.S. (See Instructions)
<input type="checkbox"/>	6. The described equipment is being imported for use exclusively by the U.S. Government.
<input type="checkbox"/>	7. Three or fewer radio receivers, computers, or other unintentional radiators as defined in Part 15 of the FCC Rules, are being imported for an individual's personal use and are not intended for sale.
<input type="checkbox"/>	8. The described equipment is being imported for repair and will not be offered for sale or otherwise marketed.

1. Port of Entry Use Schedule D – Classification of U.S. Customs Districts and Ports for U.S. Foreign Trade Statistics – a four digit code i.e., New York City, NY 1001.
2. Harmonized Tariff Number – Harmonized Tariff Schedule of the United States.
3. This quantity must be total number of items, not number of containers.

INSTRUCTIONS FOR COMPLETION OF FCC FORM 740

This form must be completed for each radio frequency device, as defined in 47 U.S.C. 302 and 47 C.F.R. 2.801, which is imported into the Customs territory of the United States. The original shall be filed with the U.S Customs Service on or before the date the shipment is delivered to a U.S. port of entry.

The completed form must accompany each such entry.

The following are typical examples of devices that require the use of FCC Form 740: radio and TV receivers, converters, transmitters, transmitting devices, radio frequency amplifiers, microwave ovens, industrial heaters, ultrasonic equipment, transceivers, and computers.

Marketing, as used in this form (and 47 C.F.R. 2.1201 et seq.), means sale or lease (including advertising for sale or lease, or display at a trade show) or import, ship or distribute for the purpose of selling or leasing or offering for sale or lease.

Limited quantities, as used in this form, are the number specified in 47 C.F.R. 2.1204(a)(3). Waivers of this limit are infrequently granted but may be requested from the FCC office listed in 47 C.F.R. 2.1204(a)(3)(iii). Written waiver requests must contain specific information required by that office.

Equipment imported for test, evaluation or display (see import conditions 3 or 4 of Part II of this form) may not be marketed (sold or leased, offered for sale or lease, advertised, etc.). Display of this equipment must include markings clearly indicating that the device(s) are not eligible for sale. See 47 C.F.R. 2.803 for details regarding this labeling.

Wireless telephony devices that do not have a FCC grant of equipment authorization must either comply with 47 C.F.R. 2.1204(a)(5) or 47 C.F.R. 2.803(a)(2) (e.g., Verification or Declaration of Conformity is required).

The identification (company name and model number/FCC ID) of the radio frequency device specified on the front of this form must be identical to the company name and model number/FCC ID inscribed on the device. If the device being imported requires an equipment authorization to be issued by the FCC (e.g., Certification), it is important that the name of the company, description of the device and FCC ID specified on the grant of equipment authorization agree exactly with the same information shown on the front of this form. Any discrepancy between the information on this form and the FCC grant of equipment authorization may result in unnecessary delays, additional expense, or enforcement action.

FCC Form 740 may be reproduced provided the following conditions are met (see 47 C.F.R. 0.409, Commission Policy on Private Printing of FCC Forms.) Some of the conditions are listed below:

1. That private companies reproducing the form use a printing process resulting in a product that is comparable to the original document;
2. That private companies reproducing the form refrain from including therein or attaching thereto any advertising matter or deleting any material from the form;
3. That private companies reproducing the form exercise care that the form being reproduced or distributed is the current edition presently used by the FCC for the type of application involved: such private company to be advised that, though the Commission will endeavor to keep the public advised of revisions of the form, it cannot assume responsibility to the extent of eliminating any element or risk against overstocking, etc.

PAPERWORK REDUCTION ACT STATEMENT AND PRIVACY ACT STATEMENT

The solicitation of information requested on this form is authorized by the Communications Act of 1934, as amended. The information collected will be used to ascertain whether equipment authorization is required, and if so, whether or not it has been granted. If all the information is not provided the importation of this or other shipments may be delayed or prevented. Accordingly, every effort should be made to provide all necessary information. Your response is required to obtain a benefit.

Public reporting for this collection of information is estimated to average .04 seconds per response, including the time for reviewing instructions searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, should be sent to the Federal Communications Commission, Performance and Evaluations and Records Management, Washington, DC 20554, Paperwork Reduction Project (3060-0059) DO NOT SEND COMPLETED FORMS TO THIS ADDRESS. Individuals are not required to respond to a collection of information unless it displays a currently valid OMB control number.

THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, P.L. 93-579, DECEMBER 31, 1974, 5 U.S.C. 552A(E)(3), AND THE PAPERWORK REDUCTION ACT OF 1995, P.L. 104-13, OCTOBER 1, 1995, 44 U.S.C. 3507.

ACE HARDWARE CORPORATION

VENDOR COMPLIANCE PROCEDURES

SUBJECT: RELABELING AND REPACKAGING

RELABELING

Relabeling is necessary when information on the master cartons is either incorrect or illegible. The vendor will be charged for all expense related to the relabeling process.

The most common reasons for relabeling cartons are:

- The Ace number is either incorrect or missing
- The Master Carton SCC Code is either incorrect, missing or unscannable

REPACKAGING

Repackaging is necessary when cartons and/or packaging is damaged and cannot be sent through the supply chain. When damages occur we will contact the vendor to provide replacement cartons and/or packaging. The vendor will be charged for all expense related to the repackaging process.

The most common reasons for relabeling are:

- Water damage from condensation
- Improperly Loaded Containers
- Poor quality packaging

PAYMENTS FOR RELABELING AND REPACKAGING

Upon completion of Relabeling/Repackaging projects an invoice will be sent to the vendor stating the scope of the work and the total charges incurred by Ace Hardware. The preferred payment method is by check. You may make the check(s) payable to Ace Hardware Corporation. Please mail the check to the following address:

Import Department
Ace Hardware Corporation
2200 Kensington Court
Oak Brook, IL 60523-2103

Please include a letter indicating what project the payment is for. If we fail to receive payment the amount due will be deducted from an open Letter of Credit.

Foreign Corrupt Practices Act / Anti-Corruption Policy

Statement on International Business Conduct

The character of our team members, together with the Company's Philosophies and values, continues to earn us the highest of reputations since Ace's founding in the 1920s. We intend to keep it!

This reputation for integrity is the basis for all our business endeavors. It is the result of continued dedication and commitment to the highest ethical standards in our relationships with each other, government officials and all other individuals outside the Company, with our retailers and vendors. We strive to be a corporation sensitive to the human and social impact of our operations. It is the policy of Ace Hardware Corporation to conduct the business of the corporation in full compliance with the laws, rules and regulations of all countries and territories in which we operate or market products.

All team members and agents of the corporation and subsidiary companies are expected and directed to conduct the business of the corporation with complete honesty, candor and integrity. The purpose of this policy is to familiarize you with the U.S. Foreign Corrupt Practices Act (FCPA) and the principal global anti-corruption conventions that apply to our businesses. Through this policy, and through our policies, directives and procedures, we will continue to achieve our commitment to the highest ethical standards in the conduct of our business.

Foundation Policies

Background

In virtually every nation in which Ace Hardware does business, it is unlawful to make a payment to a foreign official for the purpose of obtaining or retaining business or to secure any improper business advantage. Private commercial bribery is also prohibited. Numerous transnational laws and treaties have been adopted in recent years that prohibit a variety of corrupt practices, including transnational bribery. These include the:

- ☐ United States Foreign Corrupt Practices Act (FCPA)
- ☐ United Kingdom Bribery Act 2010
- ☐ Canada Corruption of Foreign Public Officials Act
- ☐ Organization for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions
- ☐ Organization of American States (OAS) Inter-American Convention Against Corruption

- Council of Europe Criminal Law Convention Against Corruption

Compliance with Laws, Rules and Regulations

The policy of Ace Hardware is to comply with all government laws, rules, and regulations applicable to its business. Even where the law is permissive, the Corporation chooses the course of highest integrity. Local customs, traditions, and mores differ from place to place, and this must be recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless corporate asset.

It is the Corporation's policy to make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Corporation files. All employees are responsible for reporting material information known to them to higher management so that the information will be available to senior executives responsible for making disclosure decisions.

FCPA Overview

Anti-Bribery Prohibitions

The FCPA is a U.S. statute that prohibits the corrupt offer, payment, promise to pay, or authorization of payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value, directly or indirectly, to any foreign official for the purposes of obtaining or retaining business or to secure any improper advantage. The term "foreign official" is very broadly defined, as described more fully below. The FCPA also prohibits corrupt payments, gifts, or the offer, promise, or authorization to pay or give anything of value to a foreign political party, political party official, or candidate for foreign political office for the purposes of obtaining or retaining business or to secure any improper advantage.

Accounting and Recordkeeping Requirements

In addition to prohibiting bribery, certain provisions of the FCPA require companies that issue securities on a national security exchange ("Publicly-Traded Companies") and their majority-owned affiliates to: (1) make and keep accurate and complete books, records and accounts of the transactions and dispositions of their assets; (2) devise and maintain a system of internal accounting controls which will ensure that transactions are executed in accordance with management's authorization, transactions are properly recorded, access to assets is permitted only in accordance with management's authorization, and the recorded accountability for assets is compared with the existing assets, differences are noted, and appropriate action is taken; and (3) make good-faith efforts to use its influence to cause the ventures in which they own minority interests to keep such records and devise and maintain a system of internal accounting controls. Ace Hardware is not a Publicly-Traded Company and therefore is not subject to the FCPA provisions summarized immediately above. However, the Corporation's Board of Directors has adopted a Financial Reporting Policy which requires that the Corporation's external financial statements be prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Financial Reporting Policy also requires that the Corporation's external financial statements

will be prepared in compliance with Securities and Exchange Commission (SEC) requirements, and other applicable accounting requirements, to the extent reasonably practicable, as should other narrative and financial disclosures absent a compelling reason supporting non-disclosure (e.g., competitively sensitive data).

The Corporation's Board of Directors has also adopted a Financial Code of Ethics which requires that the Corporation's financial records and publicly filed reports must be materially accurate and reliable as defined by GAAP and other applicable accounting requirements, and that disclosure is to be full, fair, accurate, timely and understandable. The Financial Code of Ethics also imposes commensurate obligations on each person subject to it.

Jurisdiction

The FCPA applies to U.S. persons or business entities anywhere in the world, to "issuers" of securities regulated by the U.S. Securities and Exchange Commission, and to any person who performs a prohibited act in the United States. U.S. nationals and residents remain subject to the FCPA regardless of where they are employed or with whom they are working. Such directors, officers, or employees associated with non-U.S. companies—through temporary assignment, by serving on the boards of directors of such non-U.S. companies, or otherwise—remain individually subject to the FCPA even if the non-U.S. companies are not. In such circumstances, there is a risk that the individual employee, or the U.S. parent company, may be held accountable for actions taken by the non-U.S. company.

Penalties and Enforcement

The FCPA has both criminal and civil aspects, and is aggressively enforced by the U.S. Department of Justice and the Securities and Exchange Commission. Representatives of those agencies advise that they investigate allegations that come to their attention through a variety of sources.

A company can suffer serious consequences even if it is not convicted and the statutory penalties are not brought into play; mere indictment under the FCPA may trigger significant sanctions. Also, FCPA prosecutions often include charges of other criminal violations, such as mail and wire fraud or conspiracy, and may lead to civil claims against the company. FCPA violations, moreover, can trigger investigations by non-U.S. governments, with the risk of penalties under local laws and loss of good will.

The FCPA provides for harsh criminal and civil penalties. Statutory criminal penalties for individuals vary according to the offense, but may include fines up to \$250,000 per violation or imprisonment up to 5 years, or both. Individual officers, directors, and employees of companies may be prosecuted even if the company for which they work is not. Fines assessed against individuals may not be reimbursed by the company.

Companies may be fined up to \$2,000,000 per violation. Under alternative sentencing provisions, those penalties can be increased significantly. The FCPA also allows a civil action by the U.S. government for a penalty of up to \$10,000 against a company, or against any officer, director, employee, or agent of a company who violates the anti-bribery provisions of the FCPA.

There are even higher penalties for violations of the books and recordkeeping provisions. The penalties are set forth in further detail below.

Anti-bribery Provisions Books and Records and Internal Control Provisions

Civil Criminal Civil Criminal

Individual Up to \$10,000 per count

Up to \$250,000 per count and/or imprisonment up to 5 years

Up to \$100,000 per count

Up to \$5,000,000 per count and/or imprisonment up to 20 years

Business

Entities

Up to \$10,000 per count

Up to \$2,000,000 per count

Up to \$500,000 per count

Up to \$25,000,000 per count

Elements of an FCPA Bribery Violation

The FCPA prohibits every U.S. company and its officers, directors, employees, or agents, or a stockholder acting on behalf of the company, from making a corrupt offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to any foreign official in order to obtain or retain business or to secure any improper advantage. The FCPA also prohibits the making of such corrupt offers, payments, gifts, or promises to a foreign political party, foreign political party official, or candidate for foreign political office or to any person while knowing that all or a portion of such thing of value would be offered, given, or promised, directly or indirectly, to any foreign official, foreign political party, foreign political party official, or candidate for foreign political office, to obtain or retain business, or to secure an improper advantage.

The FCPA bars such payments even if:

- ☐ The benefit is for someone other than the person making the payment;

- ☐ The business sought is not with the government;
- ☐ The payment does not actually result in business being awarded or an advantage being obtained; or
- ☐ The foreign official initially suggests the payment.

Foreign Officials

As mentioned, the term “foreign official” under the FCPA is broadly defined. It means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

Public international organizations, for purposes of the FCPA, are designated from time to time by Executive Order of the President of the United States. The current list includes the United Nations, the World Bank, the International Monetary Fund, the International Red Cross, the World Trade Organization, and many other organizations.

Foreign officials include directors, employees, representatives, etc. of non-U.S. government departments or agencies, whether in the executive, legislative, or judicial branch of a government, and whether at the national, state, or local level. Foreign officials also include directors, officers, and employees of companies under non-U.S. government ownership or control.

The basic FCPA prohibitions also apply to any foreign political party or official thereof and any candidate for foreign political office. While technically those persons and entities are not within the FCPA definition of foreign official, references to “foreign official” in this Policy will include non-U.S. political parties, their officials, and candidates for non-U.S. political office, since no employee or agent of Ace Hardware should engage in any activities with such entities and individuals that would otherwise constitute a violation of the FCPA.

In some instances, foreign officials are not treated as foreign officials by their own governments, and they expect to be treated like any other private business person. For purposes of the FCPA, however, it is legally irrelevant whether a person is considered a foreign official by the government at issue. The FCPA will still apply.

Questions about the status of an individual or organization should be raised with the Ace Hardware Legal Department. The Ace Legal Department can be reached at 630-990-6568.

Payments to Government Entities

The FCPA prohibits improper payments to individual foreign officials. Good-faith payments to a government entity, such as payments to the host country’s federal treasury required by contract or law, are not prohibited, so long as they are made with due care to the government entity and not to any individual official.

Anything of Value

The law prohibits offering, promising, paying, or giving anything of value to a foreign official to get or keep business or secure an improper advantage. Thus, the prohibition is not limited to cash payments. Anything of value may include:

- ☐ Gifts;
- ☐ Entertainment;
- ☐ Business activities; or
- ☐ Covering or reimbursing expenses of officials.

In addition, less obvious items provided to foreign officials can violate the FCPA. For example, in-kind contributions, investment opportunities, subcontracts, stock options, positions in joint ventures, favorable contracts for relatives, scholarships for children, and similar items provided to foreign officials are all things of value that can violate the FCPA.

FCPA Issues

Doing Business with Foreign Officials

The FCPA does not expressly prohibit doing business with individual foreign officials or their private business interests, and such business may be legally acceptable so long as the business is arms-length, transparent, and based on fair market value. However, this is an area that presents risks under the FCPA, and great care should be taken before entering into business with a foreign official or a company in which a foreign official has an interest. For example, granting a contract on highly favorable terms to a company in which a foreign official holds significant financial or other beneficial interest could be viewed as a payment prohibited by the FCPA. Therefore it is always wise to analyze any prospective business relationship with a foreign official carefully in advance to determine whether it is in compliance with the FCPA and local law and that this can be demonstrated.

Doing business with an official or a related person or company includes the full range of business activities, such as entering into a contract or joint venture, hiring as an employee, consultant or representative, awarding a contract or subcontract for goods or services, making in-kind contributions, granting investment opportunities, or simply paying a fee for services. In each instance, something of value is being provided.

Doing Business with Government Entities

The FCPA does not prohibit a company from doing business with non-U.S. governments, departments, agencies, and government-owned or government-controlled companies. Indeed, Ace Hardware's business occasionally requires entering into contracts with host governments and having frequent direct dealings with government entities and officials acting in their official capacities. Those dealings may be in the form of sales to government-owned companies, joint ventures with government-owned or government-controlled companies, and other relationships. However, it is important to remember that the FCPA prevents the provision of anything of value to a foreign official for the purpose of obtaining or retaining business or obtaining a business

advantage.

Travel and Lodging

The FCPA expressly allows a company to pay the reasonable and legitimate expenses of a foreign official, such as transportation, lodging, and meals, so long as the purpose of the trip is for:

- ☐ The promotion, demonstration, or explanation of products or services; or
- ☐ The execution or performance of a contract with the foreign government or an agency therefore.

This defense under the FCPA is very specific. A general “business purpose” for a trip or an event may not be sufficient to justify payment of expenses on behalf of a foreign official for purposes of the FCPA. Nor can payment be made for other activities the foreign official may undertake that are unrelated to the promotion of Ace Hardware products or services or the execution or performance of a contract with Ace Hardware.

Gifts, Meals, and Entertainment

Under certain circumstances, customary gifts made to foreign officials and reasonable expenses for meals and entertainment for foreign officials are permitted under the FCPA. For example, customary gifts at holidays, logo gifts, and routine business meals and entertainment often are permissible.

Good judgment must be exercised in each case, taking into account pertinent circumstances, including the character of the gift, meal, or entertainment; its purpose; its appearance; its value; the positions of the persons involved; the business context; reciprocity; and applicable laws and social norms.

The most important consideration is the intent of the giver. Gifts, meals, and entertainment may be given in order to generally create a better business relationship, but may not be given for the purpose of inducing a particular outcome or to gain a business advantage. Gifts must be of nominal value and should not be given in cash. Gifts, meals, and entertainment should only be given when permitted under both local law and this Policy, and should be commensurate with local customs.

Facilitating Payments

It is Ace Hardware’s policy not to allow facilitating payments, small payments to foreign officials to expedite the performance of routine governmental actions (*e.g.*, obtaining licenses, permits, or other official documents; processing governmental papers; providing police protection, mail pick-up and delivery or scheduling inspections, providing phone service, refrigeration, water or power supply, loading and unloading cargo, etc.). While the making of a facilitating payment is an exception under the FCPA, because of the many legal and business issues posed by facilitating payments, Ace Hardware disallows their use. Moreover, even if a payment is permitted under the FCPA, it will not necessarily be permitted under the applicable

laws of the host country or other countries, as locally interpreted and administered. Any questions concerning this section must be directed to the Ace Legal Department. The Legal Department can be reached at 630-990-6568.

Multilateral Conventions Against Corruption

As previously noted, the FCPA is not the only transnational anti-corruption statute. Since 1996, more than 100 countries have signed one or more of a series of multilateral conventions under the auspices of the Organisation for Economic Co-operation and Development (OECD), the Organization of American States (OAS), the Council of Europe (COE) and, more recently, the United Nations, and the African Union.

Those conventions require signatory countries to criminalize a wide range of offenses, including bribery, diversion of property by public officials, trading in influence, illicit enrichment, money laundering, and concealment of property. They also seek to establish accounting standards for private companies, to provide for recovery of stolen assets, and to eliminate the tax deductibility of bribes. They also establish and require mutual legal assistance, including extradition, among signatory countries in the investigation and prosecution of corruption offenses, which has led to numerous case referrals and has greatly facilitated the prosecution of corruption cases in many jurisdictions. Implementation and adherence to the conventions by countries are encouraged through monitoring by intergovernmental task forces established for this purpose.

As a result, in addition to pre-existing domestic bribery laws, dozens of countries throughout the world now have laws similar to the FCPA criminalizing transnational official bribery. Those transnational standards are equalizing the terms of competition among competitors from countries with historically different legal standards and business traditions.

Ace Hardware and its affiliates expect their Directors, officers, and employees to be familiar with and to comply with the FCPA and with Ace Hardware policies and guidelines.

Questions regarding the FCPA Policy can be addressed to:

Loss Prevention Department

c/o Ace Hardware Corporation
2200 Kensington Court
Oak Brook, Illinois 60523
Phone: 630-990-8911
Fax: 630-928-9671

Legal Department

c/o Ace Hardware Corporation
2200 Kensington Court
Oak Brook, Illinois 60523
Phone: 630-990-2780
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