



import vendor manual **2.7**

BIG LOTS IMPORT VENDOR MANUAL

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I. INTRODUCTION

A Letter to Our Import Vendors

August 25, 2008

Dear Vendors,

The purpose of the Big Lots Vendor Manual (“Manual”) is to describe the terms and conditions under which vendors must operate when dealing with Big Lots and its distribution, transportation, and payment processes. Enclosed you will find instructions for dealing with the affiliates and divisions of Big Lots Stores, Inc, including West Coast Liquidators, Inc., CSC Distribution, Inc., Closeout Distribution, Inc., Durant DC, LLC, Big Lots Capital, Inc., Big Lots Wholesale, Wisconsin Toy and Consolidated International (collectively, “Big Lots”).

Your compliance with the terms and conditions described in this Manual is required to conduct business with Big Lots. This Manual was designed so that we will be able to operate efficiently and economically as we process your product and deliver it to our customers. It is imperative that you provide all necessary documentation to our forwarder/ consolidator.

Please forward this Manual to your respective distribution management, export departments, accounts receivable, and all shipping locations to ensure their ability to follow our instructions. Also, please discard any prior Big Lots import vendor manuals or guides, as this Manual replaces all prior import vendor manuals and guides.

Please note that we have made significant changes to our process and procedures including following areas:

- Purchase Order Process
- Packaging
- Inspection and Testing
- Documentation Requirements
- Social Compliance Requirements
- Compliance Penalties

This Manual will address these new issues and other points in more detail. It is extremely important that you understand the requirements necessary to participate in a global sourcing program with Big Lots. Please review this entire Manual and complete and return the attached acknowledgement response form on page 4.

If you have any questions regarding this Manual or are unable to comply with the terms and conditions of this Manual for any reason, please contact our Global Sourcing Department at globalsourcing@biglots.com before you accept any Big Lots’ purchase order. Failure to comply with the terms and conditions of this Manual will result in charge backs, delayed or off-set payments, penalties, order cancellation and/or Big Lots’ exercise of its other rights. Exceptions to this Manual must be approved and signed by the Vice President of Global Sourcing for Big Lots Stores, Inc.

Thank you for your cooperation. I look forward to a productive relationship.

Sincerely,

Charles Ellis
VP, Global Sourcing

Big Lots Vendor Confirmation

I acknowledge receipt of the Big Lots Vendor Manual (Version 2.7).

I have read and understand the importance of the policies and procedures set forth in the above document and agree to comply with them.

Please Type Or Print

Date

Company Name

Company Address

Telephone Number

Fax Number

Email

Name/Position Of Company Officer

Title of Company Officer

Signature Of Company Officer

Your comments are welcomed! Please provide on a separate sheet.

Please be sure to complete, sign, scan and return this form via email or fax.

Big Lots
ATTN: Global Sourcing Department
300 Phillipi Road
P.O. Box 28512
Columbus, Ohio 43228
globalsourcing@biglots.com
Fax: 614-278-6683

Company Information

Big Lots, 300 Phillipi Rd, Columbus, Ohio 43228-0512 USA

TRADING AS: BIG (NYSE)

DEPARTMENTS AND CONTACTS

<u>DEPARTMENT</u>	<u>EMAIL</u>	<u>PHONE</u>	<u>FAX</u>
Global Sourcing	globalsourcing@biglots.com	614-278-3111	614-278-6683
Global Sourcing Operations	importtrafic@biglots.com	614-278-3111	614-278-6747
Pre-Pricing Tickets & Labels	ticketing@biglots.com	614-278-7190	614-278-6678
Packaging	packaging@biglots.com	614-278-6656	614-278-6678
Accounts Payable	apimportpayment@biglots.com	614-278-6800	614-278-6871
Quality Assurance	blqa@biglots.com	614-278-6916	614-278-6683

AGENTS

Big Lots has appointed designated buying agents in many countries. The buying agents will be assisting with sourcing of all non-branded product. Most vendor inquiries can be answered by contacting the buying agent in your local area as well as contacting a member of the Global Sourcing Department. To obtain the information regarding the Big Lots' buying agent in your area, please contact the Global Sourcing Department at globalsourcing@biglots.com or (614) 278-3111.

<u>COUNTRY - NAME OF AGENT</u>	<u>EMAIL</u>	<u>PHONE</u>	<u>FAX</u>
Italy - Ad Espo Srl	adriana@adespo.com	39-055-289852	0039-055-216643
India & Pakistan - Mantra	anurag@emantra.com	91-9910014014	91-124-4363002
Thailand - Mantra	anurag@emantra.com	91-9910014014	91-124-4363002
China, Taiwan, Hong Kong, Malaysia, Vietnam – United Sourcing	carolwang@united-sourcing.com	86-21-61254858	86-21-612554868

TESTING PROVIDER

Service providers include our designated lab testing provider, Bureau Veritas (BV) and factory assessment providers (Agents). To obtain the information regarding Bureau Veritas (BV) and exclusive Agents in your area, please contact the Global Sourcing Department at blqa@biglots.com or (614) 278-3111, or access the Bureau Veritas (BV) website at www.bureauveritas.com/cps.

CONFIDENTIALITY

Supplier shall not at any time, during or after the receipt of this Manual, disclose to others and take or use for its own purposes or the purpose of others any trade secrets, confidential information, knowledge, designs, data, know-how, or any other information reasonably considered by Big Lots to be "confidential." Supplier recognizes that this obligation applies not only to technical information, designs and marketing, but also to any business information that Big Lots treats as confidential. Any information that is not readily available to the public shall be considered to be a trade secret and confidential.

GIFTS AND ENTERTAINMENT

The general purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships. If they do more than that, they may have the potential to unduly influence judgment or create a feeling of obligation. Big Lots' employees may not solicit any kind of gift from present or potential vendors or customers.

Gifts may only be accepted when permitted under applicable law if they are non-cash gifts of nominal value or gifts from family or friends with whom the recipient has a non-business relationship. In addition, customary and reasonable meals and entertainment at which the presenter is present, such as the occasional business meal, sporting event or concert, are also acceptable if the purpose of which is to hold bona fide business discussions or to foster better business relations. In all circumstances, gifts and/or business meals and entertainment may only be accepted with the knowledge and consent of the employee's supervisor.

The purpose of this policy is to avoid violations of law and to insure that the Company's business is safeguarded from undue influence of bribery and personal favors. Big Lots expects its vendors to be mindful its policies and avoid any activities that, directly or indirectly, violate its policies. For example, vendors shall not offer and Big Lots employees should not, under any circumstances, accept payments (in the form of cash or cash equivalents) or discounts from individuals or firms that do business or propose to do business with Big Lots. Failure to comply with this policy may cause the immediate cessation of business with Big Lots.

BIG LOTS SOCIAL COMPLIANCE STANDARDS POLICY & OVERVIEW

SUMMARY

As a global retailer Big Lots is committed to upholding the highest standards in the ethical treatment of workers and we expect the very same of our supplier base. Big Lots provides a means to accomplish that with both our vendors, through which we source merchandise, and factories in which our merchandise is manufactured.

We accomplish this through management and administration of our Factory Social Compliance Assessment (FSCA) Program. This assessment is conducted by a Big Lots designated agent acting as auditor who provides us with a formal evaluation and report of labor and human rights standards as directly observed via workplace practices and conditions at these factories which are represented by the vendors. These evaluations are scored against known standards and a formal report is distributed.

Social Compliance is a requirement of all our vendors and is a condition of commencing, and continuing, a business relationship with Big Lots To that end, prior to merchandise being sourced and manufactured, a Factory Assessment will be performed and a passing score attained. There are also yearly re-assessments performed, at which time there is an expectation that in the immediate term violations will be corrected, and that vendors will not only maintain, but strive to continuously improve their Social Compliance rating.

FSCA PROGRAM OUTLINE

A. Key Areas of Social Compliance Evaluated

- Compensation
- Child Labor
- Discrimination
- Environmental
- Forced Labor
- Migrant Workers
- Right of Inspection
- Working Hours
- Workplace Health and Safety

These are the main areas that are covered in the audit. More detailed and specific questions and observations in each area become part of a checklist with which the auditor performs their evaluation and arrives at a score.

B. FCSA Process Steps

1. Factory Assessment Request – must be submitted within 30 days of receipt of P.O. (Factories being audited previously should submit re-audit request 45 days before expiration of prior audit certificate.)
2. Factory Assessment Date Set and Confirmation – complete within 7 days
3. Factory Assessment – agent executes the audit - prior to ship date; 1 day
4. Factory Assessment Result – check list covering specifics in Key Areas of Social Compliance is tallied and scored. – directly following audit
5. Factory Assessment Report - distributed to vendor and Big Lots management - 7 days after audit

C. FCSA Scoring Results

There are a total of 100 equally weighted points on the checklist covering all of the Key Social Compliance areas for possible attainment of a perfect score of 100.

Important considerations and features:

- A total point attainment of 61 is considered a minimum overall passing score
- Certain specific checklist points which fail will cause an overall report rating of “Fail” regardless of the total points attained and have further consequences (see following section)

D. FCSA Scoring Results Outcome

- Passing a Social Compliance assessment audit results in an “Approved Assessment Certificate” good for 1 year from date of issue and will be required to receive an FCR from NYK
- Failing a Social Compliance assessment audit will result in a “Failure Certificate” and the factory must reschedule another factory assessment (at their own expense plus they will be billed for the original assessment). This must be completed within 30 days; no FCR issued until a passing certificate is issued.
- It is expected that with a subsequent re-audit the factory will place sufficient effort and willingness to correct failure areas and show significant improvement to effect a passing certificate. However, after given opportunities to improve, if a factory receives three consecutive failing grades, Big Lots will consider that no remedial action is being taken. This will result in termination of business with the factory for a period of a *minimum* of one year. Important note: these overall score failures do not include the discovery of any egregious failures which are treated separately and carry more severe consequences (see next section below).

E. Egregious Failures

FACTORIES

Certain individual checklist failures are considered by Big Lots to be so severe that a single observation will result in an automatic overall failed audit score and will have further consequences on the business relationship. These failures include:

- Child Labor
- Forced Imprisonment
- Violating in-country wage laws
- Trans-shipments

In addition to the automatic audit failure, any egregious condition observation in one or more of the above categories will result in *immediate cancellation* of all orders from the factory. It is expected, and required, that these infractions will be addressed and corrected immediately.

Upon notification of remediation of the infraction(s), the factory will be given an opportunity for a re-audit. A re-audit with an evaluation that indicates no improvement will result in *immediate termination* of all business with the factory for a *minimum* of three years.

Following the end of the three year business termination period, the factory may enter into a process of reinstatement, but only after review by and approval of Big Lots management. This process will commence with a factory audit. If there are any egregious observations discovered on this audit, the process will stop and will result in *permanent* termination of any and all future business relationships between Big Lots and the factory.

VENDORS

Upon a factory receiving a second egregious failure leading to a three year termination, that particular business with the vendor will be *temporarily suspended*. It is the responsibility of the vendor to find a suitable factory replacement.

If a vendor's factories have three egregious failures within any three year period, that vendor will be subjected to *immediate termination* of all business for a *minimum* of three years. Reinstatement of the vendor's business will also require Big Lots management review and approval and its continuance will in turn be dependent on their factories' level of performance in the elimination and prevention of egregious failures in social compliance standards.

COMPLIANCE WITH APPLICABLE LAWS

All vendors shall comply with the legal requirements and standards of their industry under the local and national laws of the jurisdictions in which the vendors are doing business, including the labor and employment laws of those jurisdictions, and any applicable U.S. laws. Should the legal requirements and standards of the industry conflict, vendors must be in compliance with the legal requirements of the jurisdiction in which the products are manufactured.

EMPLOYMENT

Big Lots expects its vendors to meet the following terms and conditions of employment:

A. Compensation

Vendors shall fairly compensate their employees by providing wages and benefits which are in compliance with the local and national laws of the jurisdictions in which the vendors are doing business or which are consistent with the prevailing local standards in the jurisdictions in which the vendors are doing business.

B. Hours of Labor

Vendors shall maintain reasonable employee work hours in compliance with local standards and applicable laws of the jurisdictions in which the vendors are doing business. Employees shall not work more than 72 hours per 6 days or work more than a maximum total of 14 hours per calendar day (midnight to midnight). Vendors should strive to have a maximum 60-hour work week. Big Lots will not use vendors who, on a regularly scheduled basis, require employees to work in excess of the statutory requirements without proper compensation as required by applicable law. Employees should be permitted reasonable days off (at least one day off for every seven-day period) and leave privileges.

C. Child Labor

Big Lots will not tolerate the use of child labor. Big Lots will not accept products from vendors who utilize in any manner child labor in the manufacture of its products. No person shall be employed at an age younger than the law of the jurisdiction of manufacture allows. Where country laws allow children below the age of 14 years to work, Big Lots will only recognize the minimum working age of 14 years, regardless of the law of the jurisdiction.

D. Forced Labor/Prison Labor

Forced or prison labor will not be tolerated by Big Lots. Vendors shall maintain employment on a voluntary basis. Big Lots will not accept products from vendors who utilize in any manner forced labor or prison labor in the manufacture of its products.

E. Discrimination/Human Rights

Big Lots recognizes that cultural differences exist and different standards apply in various jurisdictions; however, we believe that all terms and conditions of employment should be based on an individual's ability to do the job, not on the basis of personal characteristics or beliefs. Big Lots favors vendors who have a social and political commitment to basic principles of human rights and who do not discriminate against their employees in hiring practices or any other term or condition of work, on the basis of race, color, national origin, gender, sexual orientation, religion, disability, or other similar factors.

WORKPLACE ENVIRONMENT

Big Lots expects its vendors to maintain a safe, clean, healthy and productive environment for its employees. Factories producing product to be sold by Big Lots shall provide adequate medical facilities, fire exits and safety equipment, well-lighted and comfortable workstations, clean restrooms, and adequate living quarters where necessary. Workers should be properly trained to perform their jobs safely. Big Lots will not do business with any supplier that provides an unhealthy or hazardous work environment or which utilizes mental or physical disciplinary practices.

RIGHT OF INSPECTION

Big Lots wants to make sure that the standards for vendors are applied in the places where production occurs. Big Lots, or a designated third party, will take actions such as on-site inspection of production facilities to implement and monitor these standards. Vendors are required to disclose to Big Lots the locations of factories where Big Lots product is being produced in order that Big Lots, or a designated third party, may inspect the factories to ensure good practices and adherence to the Standards.

BIG LOTS SOCIAL LEAD AND TOXIC CHEMICAL REGULATORY COMPLIANCE POLICY & OVERVIEW

SUMMARY

As a responsible retailer, Big Lots holds the health, safety, and welfare of its customers in the highest regard and strives to source and sell merchandise that contains safe levels of known lead and other recognized toxic chemicals. To ensure that this principle is upheld, Big Lots seeks strict adherence to all current U.S. federal and state-mandated regulations and laws which govern lead and other toxic chemicals present in consumer products.

Big Lots accomplishes this through an independent third party testing program which tests a sampling of each and every product according to standard and compendia methods acceptable to, and cited in, each applicable regulation. Any product that does not meet the current acceptable levels of these toxic substances is deemed unfit for distribution to, and sale in, our stores. Procedures and processes are in effect which will place this merchandise in a “failed” status, thereby prohibiting its distribution.

Big Lots expects vendors which conduct, business with Big Lots to be aware of current regulations and laws governing lead and other toxic chemicals, and to keep abreast of changes and revisions to those regulations and laws. Big Lots’ independent third-party testing protocols reflect the most current testing requirements and are visible and available to all vendors prior to production of goods.

REGULATIONS AND LAWS CITED AND ENFORCED

There are several current federal and state regulations and laws that are covered by this policy. As new legislation changes and updates these standards, Big Lots expects these standards to be followed as well. Although this policy may be revised as needed to reflect those changes, Big Lots expects its vendor base to keep abreast of the changes and updates concerning these regulations and industry standards, regardless of whether they are included in the policy.

A. Federal Regulations

- Consumer Product Safety Act
 - Oversight by Consumer Product Safety Commission (CPSC)
Must satisfy all CPSC requirements and testing standards similar to and including the Consumer Product Safety Commission’s Screening Test for Total Pb (lead) Analysis under the CPSC’s Standard Operating Procedure for Determining Lead and It’s Availability in Children’s Metal Jewelry (February 3, 2005)
 - Covers Ban of Lead in Paint (16 CFR 1303)

- Includes changes outlined in legislation in the consumer Product Safety Act of 2008 (H.R.4040) to include:
 - Children's product defined as 12 years or younger
 - Total lead in substrate at 600ppm (180 days after enactment); 300ppm at one year; 100ppm at three years
 - Surface lead 90ppm at 1 year
 - Ban of phthalates in excess of 0.1%: DEHP, DBP, BBP in all toys and children's products; DINP, DIDP and DnOP in all toys age graded under 3 years that can be placed in the mouth
 - Mandatory third party testing
 - Tracking labels one year after enactment
- Federal Hazardous Substance Act (16 CFR 1500.230)
 - Provides guidance for lead in consumer products
 - Ban on Lead Containing Paint in Surface Coatings
 - Hazardous adult products not intended for children require precautionary labeling
 - Total lead in children's jewelry
 - Guidance in crayons and art material
 - Guidance in industry urging to eliminate lead in consumer products

B. State Regulations

- California Proposition 65
 - Governs more than 700 toxic chemicals, including lead and chromium
 - Covers both surface and substrate chemicals, including lead and chromium
 - Regulated levels are lower than Federal limits in most cases
 - Requires clear and reasonable warnings (product labeling) if limits are exceeded or cannot be lowered through reformulation (e.g., leaded crystal products)
 - California Health & Safety Code §§ 25214.1-2 governs lead in costume jewelry, including children's jewelry (see below for specific lead limits in jewelry as applied to products distributed by Big Lots and its vendors)
 - See standards governing specific products below
- Lead in Jewelry – A 12-20-07 Consent Judgment in People v. Burlington Coat Factory (Alameda No. RG 04-162075) establishes standards regarding lead levels in costume jewelry which must be followed by Big Lots and other retailers in California:
 - The 12-20-07 Consent Judgment sets the specific standards for lead in jewelry as applicable to Big Lots and its vendor base
 - In children's jewelry, metal alloys must be less than 600 ppm lead, and other materials (PVC, rubber, plastic, glass, coatings, etc.) must be less than 200 ppm lead
 - In adult jewelry, un-electroplated metal alloys must be less than 1.5% lead, electroplated metal alloys must be less than 6% lead, and all other materials must be less than 200 ppm lead
- Lead in Soft-Sided Coolers and Lunch Boxes
 - Interior lining of product must be less than 200 ppm
 - Exterior lining of product must be less than 600 ppm
- Lead in Painted Glassware
 - Decorating materials used in painted glassware must be less than 600 ppm
- Garden Tools w/ PVC Handles
 - PVC handles on tools must be less than 200 ppm
 - Clear Proposition 65 product labeling if limits are exceeded
- PVC Electrical Cords in Appliances and Holiday Lights
 - PVC must be less than 300 ppm
 - Clear Proposition 65 lead warning and to wash hands if limits are exceeded

- Toxics in Packaging
 - Governed by Coalition of Northeastern Governors (CONEG)
 - Lead, cadmium, chromium, mercury in packaging and packaging components
- Illinois Lead Poisoning Act
 - Bans lead in children’s products
 - Lead label warnings in adult products
 - Includes surface coatings and substrates
- Minnesota (MN S 1262)
 - Lead in jewelry
- New York General Business Law
 - Similar to California Proposition 65
- Pennsylvania Commonwealth
 - Lead in stuffed toys

C. Industry Standards

- PVC Mini-blinds ANSI/WCMA A100.1
 - Lower limits in lead based on CPSC recalls
- Toy Standard ASTM F963
 - Lead and heavy metals in surface coatings
- Lead in stuffed toys Pennsylvania Commonwealth
 - Lead in stuffed toys

FORMALDEHYDE IN COMPOSITE WOOD IN FURNITURE

The California Air Resources Board (CARB) adopted a control measure in April 2007 to reduce formaldehyde emissions from composite wood products (CWP) in the state of CA. Formaldehyde is used as an adhesive in the resin binders of certain composite wood products. Three types of CWP’s are involved: hardwood plywood, particle board, medium density fiberboard. The emission limits vary by product type, and will be reduced in two phases for each product type between 2009 and 2012.

Table VI-1. Proposed Phase 1 and Phase 2 Standards for Hardwood Plywood (HWPW), Particleboard (PB), and Medium Density Fiberboard (MDF)					
Effective Date	----- ASTM E 1333-96 Value (ppm) -----				
	HWPW-VC	HWPW-CC	PB	MDF	tMDF
January 2009	P1: 0.08	----	P1: 0.18	P1: 0.21	P1: 0.21
July 2009	----	P1: 0.08	----	----	----
January 2011	P2: 0.05	----	P2: 0.09	P2: 0.11	----
January 2012	----	----	----	----	P2: 0.13
July 2012	----	P2: 0.05	----	----	----

Abbreviations: P1 = Phase 1, P2 = Phase 2, HWPW-VC = HWPW with a veneer core, HWPW-CC = HWPW with a composite core, PB = particle board, MDF = medium density fiberboard; tMDF = thin MDF.

If the product shipped has components as defined above, you will be required to submit a document which certifies your compliance to this regulation and must be on file to receive the FCR. There will be separate communication to confirm implementation dates of this policy.

II. PURCHASING PROCESS

The Big Lots purchase order is the contract used to specify the terms and conditions upon which Big Lots purchases and the vendor sells product. The purchase order will be emailed or sent via EDI to the vendor. By shipping product to Big Lots, you agree to all terms and conditions of the Big Lots purchase order (PO). Big Lots transmits purchase orders, both new and amended, to our forwarder/consolidator, customs house broker and agents on a daily basis. This allows them to verify that our terms and conditions are being met. For all FOB Origin shipments, all port, terminal and local government changes are for the account of the vendor.

IMPORT PRODUCT DATA SHEET

The Big Lots quote sheet that we use to receive quotes from all import vendors is the Import Product Data Sheet (IPDS) The IPDS form on page 80 is a representation of the form to be used. The IPDS sheet provides critical information that is used to create the purchase order. Please note that this form is updated periodically. Contact the Global Sourcing department or the applicable agent with any questions. The following points should be noted when completing the quote:

1. All non-shaded cells must be completed for the quotation to be considered. No PO's will be issued with incomplete data.
2. Populate production time in days, price quoted until (date through which quote is valid) and for shipment before fields.
3. Choose FOB point from drop down box.
4. Big Lots Payment terms are Wire Transfer plus 60 days from FCR date.
5. For any accepted order there will be at least two submissions of this form to the buyer. The original submission should only be completion of the cover page (Import Product Data Sheet). If an item is accepted, there will have to be a complete submission of this form with all tabs completed including information required in the vendor manual.
6. Manufacturer information requires the statement of the actual factory that produces the product with contact information.
7. Cubic feet will be calculated from master carton dimensions. Enter dimensions by number only without unit sign.
8. Freight rate will be calculated automatically from the selections made in the FOB point box. It cannot be entered manually. If the quantity is not sufficient for a FCL then the LCL rate type must be selected. If there is no rate available under LCL for a given port then there is no LCL service from that port. If there is overflow from a full container per warehouse, then the 40' rate must be selected. If the container is either ordered in 20' quantities or is too heavy for a 40' container then the 20' rate must be selected. All containers must be full. Exceptions need to go to consolidation points. In the calculation of freight rate the LCL field overrides the FCL field. If the quote is for FCL the LCL field must be left blank.
9. For the Defective Allowance (DA) please use the percentage required by the buyer based on the historical defective percentage of the category.
10. For the SKU # the most recent SKU # has to be entered if the product has been bought before. When the item is accepted, SKU# should be updated to match SKU# assigned by our purchase orders.
11. In the Detailed Description on the Import Product Data Sheet give detailed specifications of all components of the item being quoted.
12. In the item Description on the Cost Breakdown tab fully describe what the product is called, how it works and for what purpose.
13. In the Product Material Description on the Cost Breakdown tab fully describe all material(s) used in the product. State the exact type of material(s) used in the product. If the product is made of metal iron, say "iron" not metal.
14. For Country of Origin if the product is made in more than one country on the Cost Breakdown tab a cost breakdown by country is needed.
15. Some duty rates are on a per piece basis vs. a percentage of first cost. If that is true please input the duty amount in the Other Duty Box.
16. Populate product features and benefits that are appropriate for display package on Features & Benefits tab.
17. Complete the production time in days cell.
18. Complete the price quoted expiration date cell.
19. A photograph of actual item must be inserted on IPDS form.

An example of the IPDS form can be found in the Appendix on page 80. Please note that this form is updated periodically. Contact the Global Sourcing department with any questions.

Vendors will submit an IPDS for each product that is quoted to Big Lots or its buying agent as part of the initial buying process. If a purchasing decision is made, a purchase order will be issued by Big Lots and either emailed or faxed to the vendor. Within 1 week of the initial transmission of the order date, the vendor will be emailed by the Global Sourcing Coordinator and agent a communication that references the order. The vendor will be required to email back the purchase order confirmation, confirmation of the ship date, the Big Lots Vendor Confirmation of Manual (page 4), and a finalized IPDS.

The finalized IPDS (Final IPDS) sheets must include exact item# and SKU# of products shown on our purchase orders. The Item#, SKU# and detailed product description shown on the final IPDS have to be matched with future shipping invoices and packing lists as well for Customs clearance purposes.

IMPORT CLASSIFICATION

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

Each import vendor must include the following information when completing the IPDS:

- Product Description(full name please, brevity symbols not allowed)
- Material Composition
- Dimensions
- HTSUS Number
- Duty Rate
- Quota Category

All finalized IPDS (Final IPDS) sheets must be sent to the Global Sourcing Coordinator and agent electronically within 48 hours of order confirmation. It will be forwarded to the Global Sourcing Specialist to verify the duty information is accurate. Any changes required will be communicated to the vendor. The vendor is responsible for revising the IPDS. The revised version will be used as the vendor’s record copy and should be sent electronically to the Global Sourcing Specialist with changes highlighted. If any information has changed after the review process, a new IPDS must be submitted to the Global Sourcing Coordinator with a note of what’s has changed. All IPDS are valid for 11 months from the “final date” shown on the IPDS, if there have been no changes to any fields of the IPDS. The 11 months is calculated from the date of the final changes (if applicable). Big Lots relies on correct duty to be given by the vendor when it makes a purchasing decision.

If a vendor gives an incorrect duty rate that leads to an increase in cost caused by the higher duty, the vendor will be charged back the amount of the higher duty or the purchase order will be revised by reducing the first cost to cover the duty difference.

PACKAGING

Big Lots requires all product produced in one of its captive labels (Agents or GS can define brands for vendors) to follow the process as defined in the packaging manual. The packaging manual can be found on the Big Lots web site www.biglots.com. In addition, all products purchased that is either re-ordered or bought for a sales time period longer than 8 weeks also needs to follow the packaging guide lines. All questions for the packaging process should be directed to either the applicable agent or Big Lots packaging departments at packaging@biglot.com.

In July 2008, Big Lots initiated a pilot process to transition many of our packaging activities to United Sourcing Consulting, our Shanghai-based Agent, with the goal of reducing the amount of time required to develop and execute display packaging for our products. Beginning with *only* our Hardware and Consumables divisions, Vendors will receive communication from the Packaging & Production Manager at United Sourcing to initiate packaging work for purchase orders that have been placed by Big Lots. The Packaging & Production Manager at United Sourcing will also be the primary contact for submitting electronic packaging layouts for review and approval as well as print proofs and final printed package structures. It will no longer be necessary for Vendors to submit packaging work for Division 5 – Hardware and Division 1 - Consumables to Big Lots’ Columbus, Ohio, Packaging team.

Each of the Vendor activities in the packaging process is detailed in the United Sourcing Vendor Packaging Steps document in the Appendix. It is critical that all of Vendor associates who support packaging work for Big Lots have reviewed and understand our expectations.

Please note: it will be important for Vendor associates to direct packaging communication to the appropriate recipient (Big Lots' Packaging department or United Sourcing). Replies must be directed to the individual from whom the Vendor receives the request for packaging work or direction for packaging revisions.

Pending the results of the pilot, we will begin a staged transition of packaging activities for the remaining merchandise divisions beginning in October 2008 with the expectation that United Sourcing will be supporting all divisions' packaging activities for products imported from China, Hong Kong, Taiwan, Vietnam, and Malaysia by January 2009. Vendors who sell from territories not covered by United Sourcing will continue to work with our Columbus, Ohio, based Packaging team.

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

- Big Lots and United Sourcing review and approve only Big Lots' captive brands and seasonal packaging. We do not review national brand or other trademarked Vendor brand packaging.
- Big Lots company policy is to use only Big Lots' captive brands or seasonal packaging, national name brands, or trademarked vendor brands.
- A 'distributed by' clause is required on all Big Lots' merchandise – either on a ticket / price label affixed to the product (when no display packaging is used) or on the display package. Merchandise marketed under any of Big Lots' captive brands must specify 'Distributed by Big Lots'.
- Big Lots' merchandise Vendors are responsible for creating the packaging layouts including photography, price ticket and suggested copy for captive brand merchandise as part of delivering a complete product to Big Lots. Big Lots will not assume this responsibility and the related costs.
- Big Lots' merchandise Vendors are responsible for ensuring that all labeling that is required by current U.S. Federal and State regulations is accurately executed on product packaging. Big Lots' Packaging and Quality Assurance departments and United Sourcing do not approve regulatory labeling. Bureau Veritas, Big Lots' third party testing service, can provide guidance to Vendors when requested.

Big Lots uses original proprietary brands on product packaging for many items, including BBQ Grates, Classic Quarters, ProSource, Shop Basics, and Village Green, among others. Our Vendors are required to complete and return a Trademark Sublicense Agreement form for all items that we order using these captive brands on packaging, including ticket and price labels. The agreement gives permission to the Vendor to use the brand and explains Vendor use limitations.

An example of Big Lots' Trademark Sublicense Agreement and a list of the proprietary brands for which the agreement is required are included in the Appendix on page 81-84.

When purchase orders are issued to for Big Lots' captive brand items, the Vendor will receive a Trademark Sublicense Agreement to populate and sign. Please return the original signed document (not an electronic or photo copy) to the individual from whom it was received the blank document within one week of receipt. Big Lots will be unable to provide captive brand packaging approvals (including electronic layout and copy) prior to receiving the completed and signed Trademark Sublicense Agreement.

Product packaging serves many important functions including providing information about the product to the consumer and, in some cases, helping to preserve the quality of the merchandise while in transit and in store. Big Lots' Vendors are responsible for conducting appropriate primary packaging performance testing to ensure that packaging does not fail in the supply chain or store.

A copy of Big Lots' Packaging Materials Guidelines is included in the Appendix to help clarify our expectations on the quality of materials that should be used in packaging including PDQs. We request that these guidelines be applied to all product packaging for merchandise shipments as of December 1, 2008. Big Lots requires that packaging print proofs that are submitted for review and approval must use the actual substrate from which the bulk packaging will be made. Print proofs will be evaluated for compliance with Big Lots' Packaging Materials Guidelines.

In cases of gross packaging failures that occur in transit or in stores and deter the sale, the product vendor will be subject to charges.

PRE-TICKETING

Big Lots requires all imported product purchased to be pre-ticketed. The pre-ticketing manual can be found on the Big Lots web site www.biglots.com. All questions to the pre-ticketing process should be directed to either the applicable agent or Big Lots packaging department at ticketing@biglots.com.

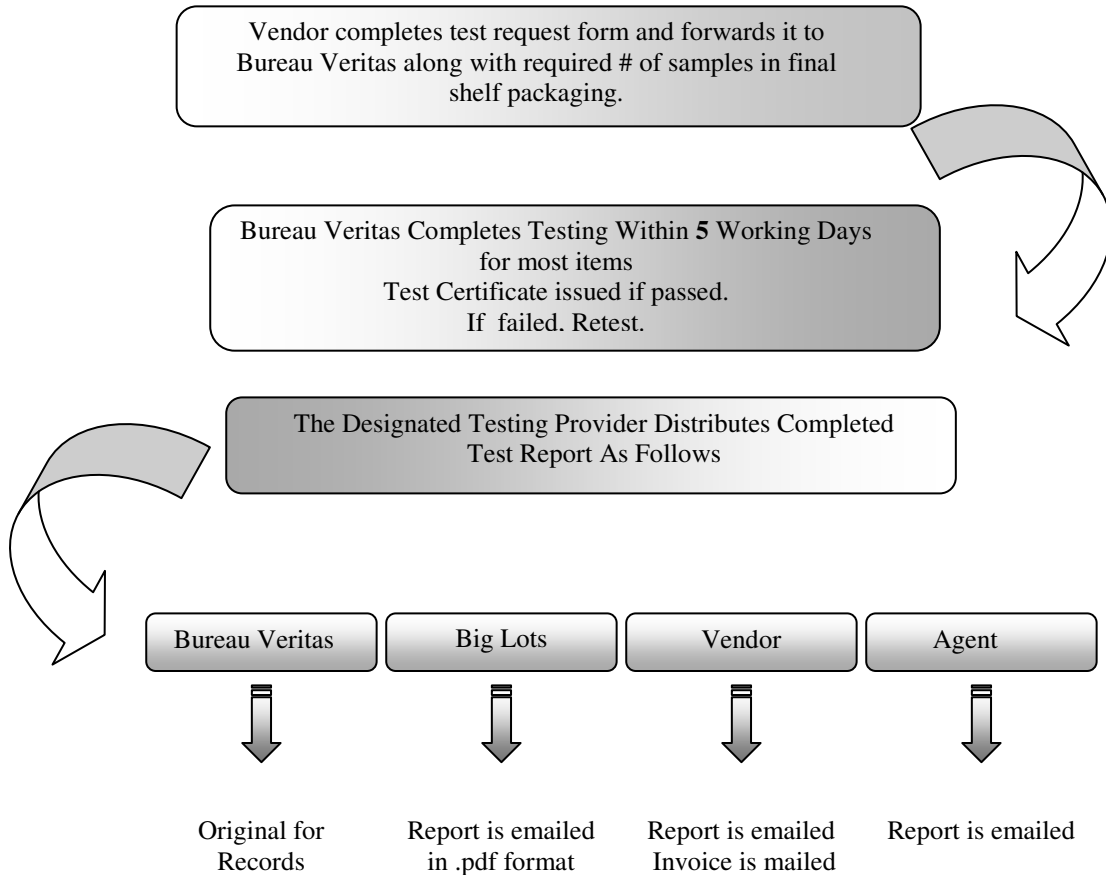
PURCHASE ORDER/TESTING TIMELINE

1. Vendor makes presentation to buyer and / or agents using IPDS.
2. Buyer decides whether or not to buy product from vendor.
3. If new vendor, then New Vendor Set-Up form completed. To obtain this form, contact globalsourcing@biglots.com or the agent in the country where the product is shipped.
4. If a purchase is to be made, vendor receives purchase order ("PO") from Big Lots.
5. PO's may be sent directly from merchants or agents.
6. Vendor completes Big Lots factory assessment form and questionnaire, and sends to designated provider.
7. Factory assessment is conducted. If factory passes then process continues. Failed factory assessments will result in an additional audit at the vendor's expense.
8. Vendor contacted by Packaging Department or agent to complete pre-ticketing and packaging needs upon receipt of PO. Pre-ticketing is required on all Big Lots product unless a waiver is issued and signed by the buyer, DMM, and the VP of Big Lots Global Sourcing. The waiver must be requested from the Global Sourcing Department by the vendor. Failure to provide this document may result in charge backs.
9. The most current version of the Test Request Form must be submitted for testing or samples will be placed on hold. The correct/most current version can be found on the BV website. Electronic copies of the Test Request Form are available on-line at www.cps.bureauveritas.com. To receive your password, contact the designated testing provider (BV), or the Global Sourcing Department at globalsourcing@biglots.com or applicable agent.
10. Vendor completes test request form and forwards it to Bureau Veritas along with the required # of samples. Samples can be submitted to BV for lab testing at any point in time after the purchase order is written. If final packaging is not available the actual product can be submitted for lab testing. If the product passes lab testing, a Corrective Action Required (CAR) report will be issued. The vendor will then have to send to BV the final packaging to receive the Certificate of Compliance (COC). Big Lots approved electronic packaging layout maybe submitted in lieu of actual product packaging.
11. Product is tested using Big Lots' protocols that are found on the BV website. The agent or Global Sourcing can also provide. If a vendor does not believe a correct protocol exists, please contact the Big Lots Q.A. manager for resolution.
12. If product passes testing, a pass certificate will be issued. If product fails, the vendor will be required to make corrections as needed and submit additional samples for retesting. A second retest requires approval of Global Sourcing.
13. Big Lots may require in process product inspection for product (at Big Lots sole discretion) If a product is to be inspected Big Lots and / or agent will notify the vendor and a product inspection will have to be scheduled by the vendor. All inspections are vendor paid.
14. Many items will have to be submitted to the Big Lots designated testing provider (BV) for adherence to ISTA 1A and 1B standards. This is a separate test from product testing. This process is to assure that all products meet ISTA standards for drop testing and vibration testing. Vendor will have to submit samples to BV in final shipping cartons for testing. The testing will be vendor paid. Please contact BV for instruction on how to proceed with the test. The applicable agent can also help with this process. Once the test is passed a certificate of passing will be issued that will be good for 12 months. This certificate is a required document for issue of FCR.
15. Vendor must submit either a copy of a valid pass certificate or waiver to NYKL in exchange for the Forwarder Cargo Receipt for all required testing, inspection and certification.
16. Vendor contacts NYKL no later than 14 days before ship date for booking.

PRODUCT TESTING REQUIREMENTS

Product testing supports the commitment of Big Lots to offer quality products to its customers. Big Lots has established a comprehensive testing program to monitor and ensure compliance with all applicable regulations as well as industry and corporate quality standards. As a part of this program, all products must be tested prior to shipment by a Big Lots designated testing provider Bureau Veritas (BV). Please see Appendix pages 83-85.

PRODUCT TESTING FLOWCHART



Big Lots reserves the right to request a sample collection for any failure if deemed necessary. All costs for sample collection will be the responsibility of the vendor. The types of tests conducted on items will differ depending on the intended use. In most cases, evaluation of the products will include:

- Safety:
 - Could the product cause illness or injury in normal use or in foreseeable abuse?
- Instructions:
 - Are they easy to understand and carry out? Are they accurate?
- Packaging:
 - Does it provide all necessary information? Does it comply with labeling regulations?
- Actual Use:
 - Will it accomplish satisfactorily the purpose for which it is intended by providing good performance characteristics and durability?
- Standards:
 - The government has issued regulations on many of the items that are tested. Where no government standards exist, the testing lab will research all reasonably available studies and market conditions in order to establish practical end-use standards. Big Lots Quality Assurance Department will approve all standards.

If a vendor would like to receive a test protocol for any type of product, they can receive the protocol in either of three ways.

1. Access BV website with password provided for applicable protocol.
2. Contact Agent from shipping country for applicable protocol.
3. Contact Quality Assurance for applicable protocol.

Test protocols for most products are available upon request. The foundation of most test protocols (methods, procedures and requirements) are developed in reference to a standard(s) or other information from one or more of the following organizations:

Domestic (*partial list*)

AATCC American Association of Textile Chemists & Colorists
ANSI American National Standard Institute
ASME American Society of Mechanical Engineers
ASQ American Society for Quality
BHMA Builders Hardware Manufacturers Association
BIFMA Business & Institutional Furniture Manufacturers Association
CFR Code of Federal Regulations
CPSC Consumer Product Safety Commission
DOT Federal Department of Transportation
FCC Federal Communication Commission
FDA Federal Food and Drug Administration
FTC Federal Trade Commission
IFAI Industrial Fabrics Association International
ISO International Organization for Standardization
ISTA International Safe Transit Association
MIL Military Specifications and Standards
NAHM National Association of Hosiery Manufacturers
NFPA National Fire Protection Association
NIST National Institute of Standards and Technology
UFAC Upholstery Furniture Action Council
UL Underwriters Laboratories
USP United States Pharmacopoeia

International (*partial list*)

AS Australian Standards Institute (*also SA*)
BIS Bureau of Indian Standards
BSI British Standards Institute
CEN European Committee for Standardization
CGSB Canadian General Standards Board
CNS Chinese National Standards
CSA Canadian Standards Association
DIN Din Deutsches Institut Fur Normung E.V.
(*German National Standards*)
EU European Union
ISO International Organization for Standardization
JIS Japanese Industrial Standards
NOM Normas Oficiales Mexicanas
(*Mexican National Standards*)
UNI Ente Nazionale Italiano di Unificazione
(*Italian Standards*)
WTO World Trade Organization

PROTOCOL DEVELOPMENT

All samples received by the designated testing provider (BV) are tested in accordance with an established Big Lots' test protocol. If at the time samples are received, a Big Lots test protocol does not exist for that particular product, the designated testing provider (BV) will develop a test protocol within 2-3 working days. Additional time may be required for the development of test protocols under certain circumstances such as the research and ordering of standards.

Test protocols are a compilation of various regulations and industry standards (i.e. tests) that the product must meet. Test protocols issued by the designated testing provider (BV) will be approved by Big Lots Q.A. Department and then approved for use by Big Lots.

Test protocols serve two primary purposes:

1. Provide information regarding what tests will be performed so vendors understand the expectations of Big Lots for their products prior to testing. As some items may be slightly different, test protocols are to be used as a guideline only and are subject to change. A product-specific test protocol will be developed at the sample submission stage when necessary.
2. Test protocols ensure consistency between laboratories around the world by providing instructions to the designated testing provider (BV) on what tests are required for specific Big Lots products.

While the extent of the laboratory tests will vary by product category and by specific item, consumer products will be subjected to numerous tests to verify conformance with required federal laws/regulations and industry safety criteria as well as additional Big Lots requirements. Common regulations to be observed are as follows:

United States (*partial list*)

- ♦ Flammable Fabric Act
- ♦ Poison Prevention Packaging Act
- ♦ Child Safety Protection Act (CSPA)
- ♦ Federal Hazardous Substances Act (FHSA)
- ♦ California Safe Drinking and Toxic Enforcement Act (Prop. 65)
- ♦ Labeling of Hazardous Art Materials Act (LHAMA)
- ♦ Fair Packaging and Labeling Act (FPLA)
- ♦ Fur Products Labeling Act
- ♦ Care Labeling Rule

Big Lots believes strongly in compliance with all government regulatory and labeling requirements. It is the vendor's responsibility to ensure that product shipped to Big Lots complies with all applicable regulatory standards. Product in violation of a regulation will not be accepted by Big Lots.

Electronic copies of all test protocols are available online at www.bureauveritas.com/cps. To receive your password, contact the designated testing provider (BV) at sarah.clement@us.bureauveritas.com, designated agent or the Quality Assurance Department at blqa@biglots.com.

SAMPLE SUBMISSION FOR TESTING

Vendors must submit samples to the designated testing provider (BV). A signed and completed Big Lots Test Request Form must accompany all samples submitted to the laboratory.

The required number of samples (dependent upon the individual product type) must be sent for testing. The minimum number of samples is indicated on the last page of each test protocol or can be obtained by contacting the designated testing provider (BV) directly. If Bureau Veritas does not receive the correct number of samples, testing will be put on hold or testing could require additional time to complete.

HOLD NOTIFICATION

In some cases testing cannot proceed and samples are placed on hold. The designated testing provider (BV) will notify vendors, agents and/or Big Lots when samples are placed on hold via a Hold Memo. Hold reasons for Big Lots testing program include the following:

- An insufficient number of samples are sent to the designated testing provider (BV), preventing all required tests from being performed
- A fully completed Big Lots Test Request Form (Appendix pages 88-89) has not been submitted with the test samples.

Upon receipt of the additional samples, required information and/or forms, samples will be released from hold and testing will proceed. Vendors will be notified via email by the designated testing provider (BV). It is the responsibility of the vendor to resolve all testing holds.

TESTING

Big Lots' test protocols will be updated periodically to reflect changes in products as well as changes to regulations and industry standards as well as quality and performance criteria which are reflective of a specific product's capabilities and/or limitations. The designated testing provider's (BV) laboratories make every effort to evaluate products in the shortest time possible. Under normal circumstances, products will be evaluated in accordance with the test protocols within five business days based on the product type and testing required.

Under certain circumstances it may not be possible to complete testing on an item within the established timeframe due to conditions inherent to specific test requests (i.e. a request for extended environmental testing of 500 hours) or the product itself (i.e. UL verification on an electrical product or candles that burn for 200 hours). In such cases, the designated testing (BV) provider will provide an estimated completion time for the required tests.

The test protocols vary by each individual product and can vary by each style. The test protocols are subject to change if the product varies from the initial product for which the test protocol was developed. Upon receipt of actual samples, it is at the designated testing provider's (BV) discretion, with Big Lots' approval to determine which, if any, additional tests are necessary.

MERCHANDISE ASSORTMENT COMBINATION & CONSOLIDATION FOR TESTING (BATCH, SET, AND KIT TESTING)

OVERVIEW

This standard summarizes guidelines for combining and consolidating protocol tests on submitted samples containing assortments of merchandise. The technique calls for identifying common physical attributes and/or functional features in an effort to reduce the number of tests, and shorten overall testing across both similar and dissimilar items in the assortment. The objective is to eliminate duplicative testing within similar product groupings and repetitive testing across dissimilar product forms within an assortment of those groupings. The focus should be on how to apply the testing logically and efficiently. It is believed that Big Lots, BV and vendors will benefit alike as the effect will be to shorten testing time and reduce costs.

PRINCIPLE

Examine entire sample collection for common physical attributes and functionality using a reference list of all possible features regardless of the variety of merchandise. Then, use these to separate out merchandise to perform applicable tests.

Attributes

Size / Dimension – linear or geometrical measure or relative size (small, medium, large)

Shape / Form – two or three dimensional configuration

Construction – differences in how configuration is assembled

Material Type – single or multiple combinations

Color – same or in multiple combinations

Texture – Physical features of material surface

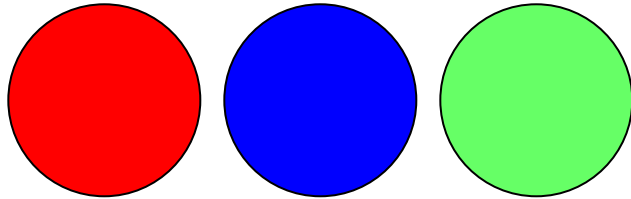
Sensory – Observational, judgmental attributes where applicable using human sensory evaluation: sight, hearing, taste, smell, touch.

Function – end use of the item

These individual considerations may also be further simplified into groupings that match how merchandise is typically presented in a finished SKU:

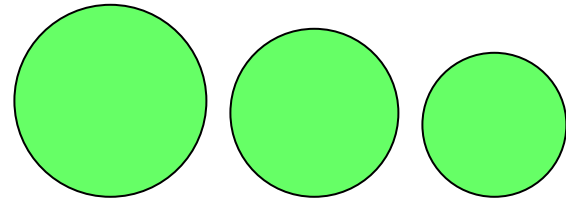
Batch

An assortment of *exactly the same* item with *exactly the same* function that varies in one physical attribute, most likely color. Example: a package of 6 hand towels in different colors.



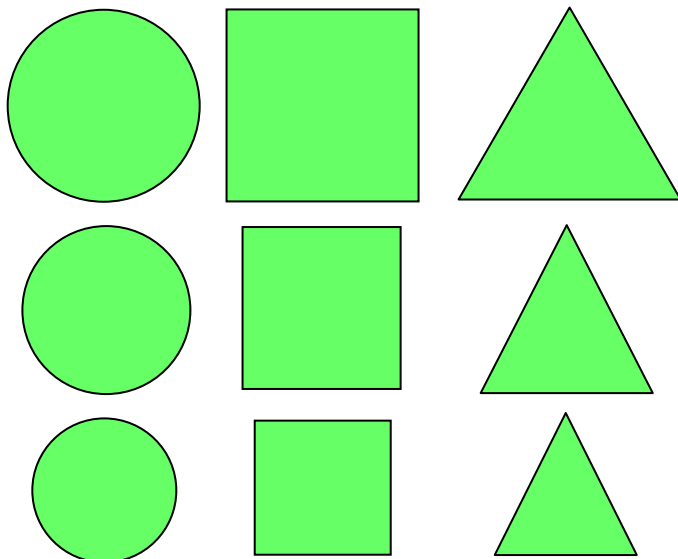
Set

An assortment of *different* items with the *same* function but varying in one or *more* physical attributes. Example: a package of 10 varying size hex wrenches (size); a package of small, medium and large screwdrivers color coded yellow for slotted and red for Phillips head (size, color, form).



Kit

An assortment of different items with different functions that are organized into a collection of batches and/or sets. Example: A desk organizer assortment with a pen and mechanical pencil (same color, material); a large and small stapler (same material, color); a staple remover; large and small writing pads (same material); a calculator; a desk calendar; a tray for paper clips and a pen/pencil holder (both same material and color).



COST

The cost of testing in accordance with a particular Test Protocol is listed at the bottom of each protocol in the ‘Pricing Information (US\$)’ box. Some test properties will require an additional charge. Additional charges (i.e. Lead Content test) are noted with an asterisk next to the test name in the test property column and on the bottom of the Test Protocol in the Pricing Information box under additional charges. Additional test charges will be invoiced to the vendor.

Normal Service	Refer to Protocol (5 Working Days – with exceptions where tests require additional time)
2 Item Comparison Testing	Refer to Protocol (5 Working Days – Not Including Day of Receipt)
Rush Service	40% Surcharge (At Least Verbal Results within 2 Working Days)
Priority Service	100% Surcharge (At Least Verbal Results within 24 Hours)
Minimum Report Charge	\$75.00 (USA & Europe)
Minimum Report Charge	\$50.00 (Other BVCPS Divisions)
Report Revision Fee	
USA.....	\$75.00
All other BVCPS Divisions.....	\$25.00

All pricing, whether it is the costs assigned to the Test Protocols, additional charges or any other predetermined price lists, can be changed at any time as deemed by the test laboratory to compensate for economic changes within the industry.

BILLING

Invoicing

Vendor Billing:

Big Lots’ quality assurance program is a vendor bill program. As such, pre-payment will be required of all vendors testing with the designated testing provider (BV) for the first time. Once credit has been established through the first test submission, the designated testing provider (BV) will invoice each vendor upon completion of testing. Each invoice will be sent by mail along with a copy of the final test report.

At times, Big Lots may request testing outside the standard QA Program. For example, Big Lots may have a customer return on an item because of a defect. Should Big Lots decide to send the customer complaint sample or other samples in our inventory to the laboratory for evaluation, such testing (direct-bill testing), the vendor will be charged for these tests.

ISTA 1A and 1B Transit Testing

Big Lots will require transit and drop testing for select merchandise. (see list of departments and merchandise). The reason for the ISTA requirement in the required product categories is that the categories have historical high rates due to product being damaged in transit. The requirements will be phased in according to the dates below. ISTA testing is a vendor paid program.

ISTA TESTING

The International Safe Transit Association (ISTA) provides for standardized pre-shipment testing procedures that are industry recognized and used globally. Big Lots requires vendors in certain product categories to submit samples for ISTA testing. These categories are:

ISTA TESTING BY CLASS

Division	Dept	Class Description	Class #	SubClass #	SubClass Description	Effective for bookings after date noted below
3	210	Ceramics	210-04	ALL		10/1/08
3	210	Fiberglass	210-06	ALL		10/1/08
3	210	Patio	210-12	ALL		10/1/08
3	210	Umbrella's	210-14	ALL		10/1/08
3	210	Bird Feeders	210-28	ALL		10/1/08
3	210	Fountains/Décor	210-29	ALL		10/1/08
3	210	Grills	210-32	ALL		10/1/08
3	210	Gazebos	210-34	ALL		10/1/08
3	360	Outdoor	360-07	ALL		10/1/08
3	360	Home Décor	360-08	ALL		10/1/08
3	360	Tree Décor	360-09	2	ELECT TREE TOP	10/1/08
3	360	Tree Décor	360-09	6	GLASS ORNAMENTS	10/1/08
3	360	Trees	360-11	ALL		10/1/08
3	362	Easter Décor	362-06	2	GIFTS	10/1/08
3	362	Easter Décor	362-06	3	FIGURINES	10/1/08
3	364	Dec. Garden	364-01	1	YARD SIGNS	10/1/08
				2	TORCHES	10/1/08
				5	STATUARY	10/1/08
				7	GAZING BALLS	10/1/08
				13	METAL DÉCOR	10/1/08
				16	WIND CHIMES	10/1/08
				17	FOUNTAINS	10/1/08
3	364	Pools	364-03	ALL		10/1/08
3	365	Trees	365-01	ALL		10/1/08
3	365	Wreaths/Arr.	365-02	ALL		10/1/08
3	367	Décor	367-03	2	WALL DÉCOR	10/1/08
				3	HOME DÉCOR	10/1/08
4	320	Christmas	320-01	ALL		11/1/08
4	320	Dinner Open	320-02	ALL		11/1/08
4	320	Dinner Set	320-03	ALL		11/1/08
4	320	Beverage	320-04	ALL		11/1/08
4	320	Housewares	320-05	ALL		11/1/08
4	340	Entire Department	ALL	ALL		11/1/08
4	345	Entire Department	ALL	ALL		11/1/08
5	310	Entire Department	ALL	ALL		11/1/08
5	550	Business Machines	550-04	ALL		11/1/08
5	550	Video	550-05	ALL		11/1/08
9	608	Entire Department	ALL	ALL		6/1/08
9	610	Home Office	610-01	1	Desks	1/5/09
				3	Booke Cases	1/5/09
				5	Computer Carts	1/5/09
		Home Entertainment	610-03	1	TV Stands	1/5/09
				2	Audio Cabinets	1/5/09
				3	Home Entertainment Carts	1/5/09
9	612	Entire Department Except Subclass 612-01-14				6/1/08

*After effective date pass ISTA test certificate will be a required document for issuance of FCR

Procedure	Criteria	Basic Requirements
1A	Packaged-products weighing 150 lbs (68 kg) or less	Fixed displacement vibration and shock testing
1B	Packaged-products weighing over 150 lbs (68 kg)	Fixed displacement vibration and shock testing

These specifically are found in BV protocols listed on BVcpnet under BG 9000 US (ISTA 1A) and BG 9001.1 US (ISTA 1B)

The process is essentially the same as for product testing. It requires a separate submission of sample apart from product testing and uses the Big Lots Test Request Form (TRF) for Transit Testing.

The main difference is that only one (1) sample in a master carton is required for submission and that must itself be “overpacked”

TESTING REQUIREMENTS FOR ISTA 1A AND ISTA 1B

The following summarizes the ISTA 1A & B methodology:

ISTA 1A: for individual package-products that are less than 150 lbs.

- **14,200 Vibratory Impacts**
- **10 Drops from a specific height and sequence**

ISTA 1B: for individual package-products that are greater than 150 lbs.

- **11,800 Vibratory Impacts**
- **10 Drops from a specific height and sequence**

TEST REPORTS

Completion of ISTA testing will generate its own separate report apart from product testing with a similar format to that of product testing. The failure and retest process is the same as for product testing.

OVERPACKING

To protect the integrity of the intended shipping carton it is required that the vendor packs the product-within-shipping-container unit itself in an outer protective package. The following illustration is a recommendation of how to do this:

Over-Pack Directions for samples submitted for Transit Testing

Place original packaging with product inside an outer box that allows approximately 2" - 4" of space. Fill void areas with polystyrene peanuts or comparable dunnage.

2" - 4" Fill Space (All Sides)



Please mark overpack

QUALITY, INSPECTION AND AUDIT

Supplier shall deliver the merchandise in excellent quality as determined by Big Lots and comply with all quality requirements and procedures that Big Lots specifies from time to time. Big Lots may at any time inspect the goods, or components of goods, and reject the goods or components of the good that Big Lots determines to be unsatisfactory. No inspections by Big Lots constitutes acceptance by Big Lots of any work-in-process or finished goods. In no event may delivery of the goods be considered completed until Big Lots has accepted the goods. Big Lots is not obligated to pay for any expenses related to unsatisfactory goods including shipping, return shipping, and handling. Big Lots may develop a standard for determining which goods are acceptable. Supplier shall provide Big Lots with reasonable access to its facilities and otherwise cooperate and facilitate any such audits Big Lots request.

REFERENCE SAMPLE SHIPMENTS

All product samples requested by Big Lots buyers, Global Sourcing Department, or Package Design Department are to be sent to Big Lots with the term of door-to-door delivery at vendor's expense.

In order to be exempted from the payment of duty and tax, the sample value must not exceed \$1, or sample is to be marked, torn, perforated, etc. Samples are to be used in the United States only for soliciting orders for production in foreign countries.

After receipt of a Big Lots PO, all vendors are to submit to the appropriate agent three reference samples. Big Lots will use the reference sample to conduct in process inspections as well as to evaluate receipts against the reference sample to insure the product shipped is exactly the same quality and specification as the product purchased. The agent will then send to Big Lots U.S. office one reference sample; one sample will be sent to the factory in a sealed carton (To only be opened by Big Lots inspector) to be used by the inspector as a reference sample for final production and inspection, and one sample will be kept by the agent for one year. Some product that is bulk will require specialized handling and instruction on this will be given by the agent. At the time that the sample are given to the agent an account number for a shipper (i.e. Fedex, UPS, DHL) will have to be given to the agent for the payment of the shipping of reference samples.

If a vendor is shipping product on an import basis and an agent is not used please contact the appropriate Global Sourcing buyer and / or coordinator for direction in how to handle the reference sample process.

For product that is too large to be easily shipped (i.e. furniture) the vendor should contact the applicable agent or G.S. buyer to get direction on how to proceed.

PRODUCT INSPECTIONS:

Big Lots at its sole discretion reserves the right to inspect product during production between 50-100% completion. If your product is selected for inspection you will be notified by either the applicable agent, Global Sourcing buyer, or Big Lots Q.A. manager. The procedure will be outlined for the vendor if an inspection is required. Inspections are a vendor paid program. If an inspection is required a pass inspection certificate will be issued when the item has passed and will be a required document for issuance of the FCR.

THE BIG LOTS ACCOUNTS RECEIVABLE FINANCING PROGRAM OVERVIEW

Powered by the PrimeRevenue Supply Chain Financing (SCF Platform™), the Accounts Receivable Financing Program for Big Lots! provides an integrated set of powerful web-based services.

Benefits to Suppliers include:

- Visibility and increased Control over Cash Flow
- On Demand Working Capital Finance with ability to leverage Big Lots' financing rate
- Decreased Days Sales Outstanding (DSO)
- Easy to Implement and use
- Easy web-based use with no software additions required
- No set-up or transaction fees
- Complete audit and reporting capabilities
- More – please visit the microsite for more details! <http://www.primerevenue.com/SCF/BigLots> Username: biglots Password: biglots

How Big Lots' Accounts Receivable Program Works

The following graphic shows how approved invoices move through the PrimeRevenue SCF Platform™ for Big Lots:



The program is easy to use with attractive financing availability. You can harness a low APR rate for the Big Lots receivables you choose to finance through the Platform:

- The cost of funding receivables, through trading with National City Bank is calculated by applying the program rate over each receivable's remaining days to maturity.
- The rate is subject to daily variation as the result of changes in underlying capital market rates (LIBOR) and Big Lots' risk ratings.
- Neither National City Bank nor PrimeRevenue impose any facility or transaction fees in conjunction with this program.
- Joining the program does not require the vendor to commit to any minimum level of trading activity.

Trading receivables for early payment is easy:

- Vendors may trade receivables 3 days or more before the 'maturity' or due date.
- Trades completed before 3:00 PM US Eastern Time on any business day result in funding on the next business day. (Please note, there are exceptions for US bank holidays and international trades)

For additional program questions or to sign-up for the Big Lots – Accounts Receivable Financing, contact PrimeRevenue via email at biglots@primerevenue.com or 1.678.904.7128.

ORIGINAL CERTIFICATE OF INSURANCE (See Appendix page 77)

In order to do direct import business with Big Lots, Inc, you are required to purchase and maintain Product Liability Insurance to protect and indemnify Big Lots, Inc. for all product liability losses arising from your product.

The minimum requirements for the insurance include the following:

1. Minimum Limit of Liability of US\$1,000,000 per Occurrence for Bodily Injury and / or property damage.
2. Must include a discontinued suppliers endorsement and / or the policy must be maintained for a period of three (3) years after the relationship has been terminated.
3. Must endorse Big Lots, Inc. and all its direct and indirect subsidiaries and affiliates as Additional Insured;
4. Must respond as primary coverage and non-contributory to any other insurance policy available to Big Lots.

5. Must unless specified otherwise, be issued on an occurrence based ISO form.
6. Must have a worldwide policy territory for occurrences and claims.
7. Must show defense costs in addition to the Minimum Limit of Liability.
8. Certificate of Insurance must show Discontinued Suppliers Endorsement.

Vendors are required to provide a Certificate of Insurance (COI) and a copy of the Additional Insured Endorsement as evidence of the above coverage. A copy of these documents will be presented to Big Lots, Inc and or the agent from the country where the product is shipped at the time Big Lots, Inc. formally accepts you as a vendor and annually thereafter, within 60 of policy renewal. In addition, the COI is one of the required documents for a vendor to receive the FCR after shipping and the FCR is a required document for payment.

When selecting an insurance company to underwrite the policy, the following criteria must be met:

1. The insurance company must have Standard & Poor's rating of BBB or better (www.standardandpoors.com) or A.M. Best's rating of A-VII or better. (reference www.ambest.com);
2. The insurance company must be licensed to operate in China or the country from where the product is sold and invoiced to Big Lots, and have an extensive North American presence.

Big Lots recognizes vendors may struggle in finding the right policy with an insurance carrier that meets the above mentioned requirements. In coordination with insurance broker Marsh, Inc. (Shanghai), Big Lots, Inc. has developed a program that provides vendors with the required coverage with AIU Insurance Company. This program may be used by vendors in China, Macau, Hong Kong, Guan, the Philippines, South Korea, Taiwan, Vietnam, India and Pakistan.

Effective immediately you may obtain an Application Form by contacting:

Mr. Simon Ran
 Marsh (Beijing) Insurance Broker Co., Ltd.
 Shanghai Branch
 Rm903 Aurora Plaza
 99 Fu Cheng Road
 Shanghai, PRC 200120
 Tel: +86 21 6887 3118 Ext. 225'
 Fax: +86 21 6859 5558
 Email: simon.ran@marsh.com

Any questions on insurance can be answered by the agents in each country.

C-TPAT REQUIREMENTS

C-TPAT (Customs-Trade Partnership Against Terrorism) is a joint government-business partnership to enhance supply chain and border security. It recognizes that U.S. Customs and Border Protection ("Customs") can provide the highest level of security only through close cooperation with importers and their manufacturers. Customs is asking businesses to ensure integrity of security practices to tighten up supply chain security. In turn, participants receive expedited product processing. Since this is a voluntary program, it is expected that C-TPAT certified customers will want to work with C-TPAT carriers and logistics companies only.

Big Lots is subject to validation of their supply chain security program by Customs. One of the major components of this validation is the collection of information regarding the security policies and procedures in use by each of Big Lots' vendors, whose product is shipped from a foreign country. This collection of information is outlined in a questionnaire, which Big Lots requires each vendor to answer prior to receiving any bookings for the shipment of product.

C-TPAT Registration must be completed before any product is shipped. C-TPAT registration must be updated every 12 months.

VENDOR SECURITY FOR C-TPAT COMPLIANCE

Being the first step in the supply chain, vendors have the responsibility to ensure that their products are manufactured in a secure environment, that is protected from unauthorized access to the manufacturing area, and that there is a security plan and process in place.

Under the C-TPAT program, Customs sets the following as requirements and recommendations to best provide a secure supply chain. Customs is asking that all importers inform their vendors of the C-TPAT program and that the vendors do an assessment on their facility, using the following security recommendations, and report their findings to Big Lots.

MANUFACTURERS

Develop and implement a sound plan to enhance security procedures. These are general recommendations that should be followed on a case-by-case basis depending on the manufacturer's size and structure and may not be applicable to all. The manufacturers should have a written security procedure plan in place that addresses the following:

Physical Security: All buildings should be constructed of material, which resist unlawful entry and protect against outside intrusion. Physical security should include:

- Adequate locking devices for external and internal doors, windows, gates, and fences.
- Segregation and marking of international, domestic, high-value, and dangerous product within the warehouse by a safe, caged, or otherwise fences-in-area.
- Adequate lighting provided inside and outside the facility to include parking areas.
- Separate parking area for private vehicles separate from the shipping, loading dock, and product areas.
- Having internal/external communications systems in place to contact internal security personnel or local law enforcement police.

Access Controls: Unauthorized access to the shipping, loading dock and product areas should be prohibited. Controls should include:

- The positive identification of all employees, visitors and vendors.
- Procedures for challenging unauthorized/unidentified persons.

Procedural Security: Measures for the handling of incoming and outgoing product should include the protection against the introduction, exchange, or loss of any legal or illegal material. Security controls should include:

- Having a designated security officer to supervise the introduction/removal of product.
- Properly marked, weighed, counted, and documented product.
- Procedures for verifying seals on containers, trailers, and railcars.
- Procedures for detecting and reporting shortages and overages.
- Procedures for tracking the timely movement of incoming and outgoing product.
- Proper storage of empty and full containers to prevent unauthorized access.
- Procedures to notify Customs and other law enforcement agencies in cases where anomalies or illegal activities are detected or suspected by the company.

Personnel Security: Manufacturers should conduct employment screening and interviewing of prospective employees to include periodic background checks and application verifications.

Education and Training Awareness: A security awareness program should be provided to employees including recognizing internal conspiracies, maintaining product integrity, and determining and addressing unauthorized access. These programs should encourage active employee participation in security controls.

Big Lots requires that all vendors complete C-TPAT questionnaire in order to receive Forwarders Cargo Receipt (FCR). The questionnaire is good for 12 months from date of issuance. A C-TPAT Certificate number on the FCR is required in order to receive a forwarding cargo receipt FCR and payment. NOTE: The certificate number is automatically printed on the FCR by NYK. The vendor will not be provided with this number prior to issuance of the FCR. Each Big Lots vendor needs to complete the designated questionnaire as soon as possible.

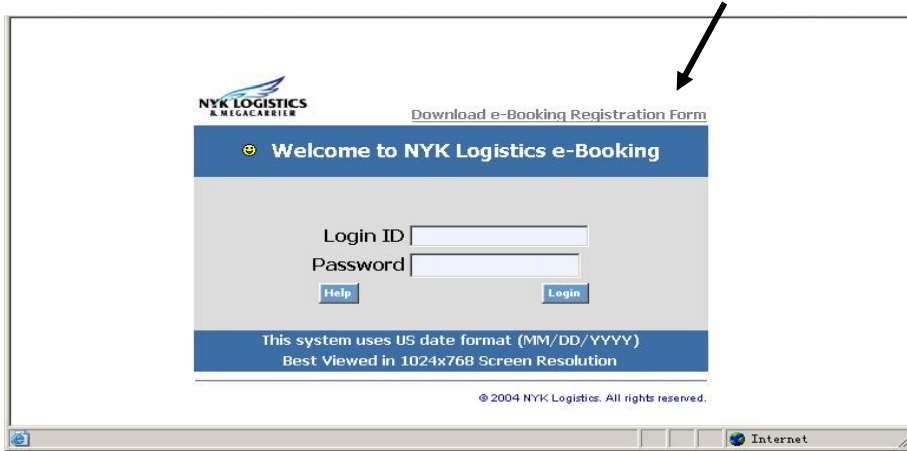
The purpose of this questionnaire is not to single out vendors for improvement to their supply chain, but to collect the information on what procedures are actually in place at this point in time.

The procedure of accessing the Questionnaire:

Registration

All vendors can go the NYKL website for the purpose of completing the questionnaire with no need to wait until a new purchase orders from Big Lots.

Enter into NYKL e-booking website to download the registration form: <http://griffin.hk.NYKlogistics.com/ebooking/>



Complete the form and send it to nlhk_biglots@hk.nyklogistics.com as an e-mail attachment.

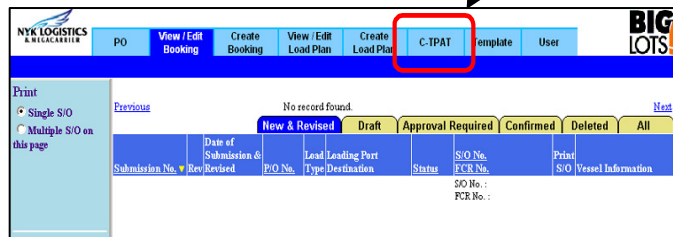
Upon receipt of the e-booking registration form, NYKL will process it and advise each vendor of a Login ID and Password so they can answer the C-TPAT questionnaires as per the above indicated procedure.

C-TPAT Questionnaire

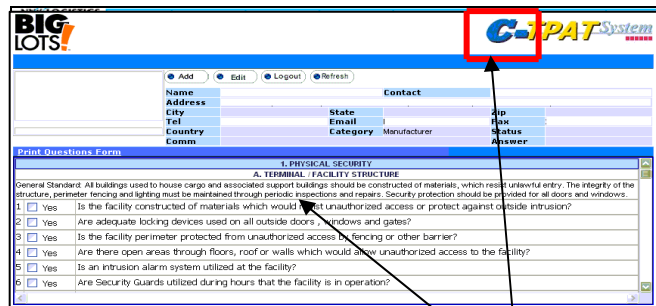
In order to comply with C-TPAT requirements, and allow Big Lots to understand the level of security provided by the manufacturer, Big Lots requires all vendors to answer and submit the C-TPAT questionnaire at the vendor level through the NYKL e-booking website at the time of the next e-booking.

The procedures to answer the questionnaire:

- a. After inputting your e-booking login, press the **C-TPAT** button at the top of function bar, the questionnaire screen will appear. After you answer all the questions, press **SUBMIT** button at the bottom of the questionnaire. The C-TPAT button is appeared for vendor who registers his/her name at administrative level only.



- b. If you leave a question blank, the computer will recognize it as a “NO” answer to that question.



C. If you need a hardcopy of CTPAT questionnaire in English or Chinese version, press the **USEFUL INFORMATION** button at the top of function bar, and then press the CTPAT questionnaire button.

If you encounter any kind of problems with following the above mentioned procedures, or if you have any questions, please contact NYKL.

International Network Solutions Division
 NYKL (Hong Kong) Limited
 E-mail: nlhk_biglots@hk.nyklogistics.com

10 + 2 Rule

U.S. Bureau of Customs and Border Protection (CBP) has published a notice of proposed rulemaking in January, 2008, known as the "10+2 Rule". There will be major cargo information filing implications that impact origin as well as destination information.

Although the rule on precisely what will be required has yet to be finalized, we anticipate that this will occur later in 2008, followed by a period of nine to twelve months of phased implementation. Once the final rules have been published we will notify our vendor community of the details and implementation date.

III. LOGISTICS

REQUIRED DOCUMENTS FOR NYKL:

Documents to be presented to our designated freight forwarder, NYKL, at the time of sailing will be used to clear shipments with Customs. They include (but are not limited to):

1. **Container Load Plan:** (see Appendix pages 53-54) The Container Load Plan (CLP) is required to be submitted on time according to the applicable NYK CLP cutoff in order to comply with Customs Advanced Manifest Rule.
2. **Commercial Invoice:** For customs clearance purposes in the United States, the commercial invoice is a required document. The invoice must be in English and reflect the complete, accurate, and true details of the transaction. Only one destination per invoice is allowed. Every invoice must contain the following:
 - The full name and address of the vendor, including contact name, telephone number, fax number, and email address.
 - The full name and address of the manufacturer. Manufacturer's country must match country of origin.
 - The name and address of "Big Lots Stores, Inc." or "West Coast Liquidators Inc." as the importer of record. The name and address of the Big Lots affiliate or division purchasing the product, as applicable. (See Appendix page 75.)
 - Commercial invoice date and number, LC number (if applicable), item/sku number, and PO#. The item# and SKU# has to match with those shown on IPDS and PO.

- FOB and point of export.
 - The commercial invoice requires original signature of an authorized representative of the vendor.
 - *Detailed description of the product:* The commercial invoice description must detail all information that will have a direct bearing on the proper classification and valuation of the product, including the HTSUS classification and the Customs ruling number if a ruling has been issued for the item. If furniture, state materials it is made of, if toys, electrical or non-electrical, if metal specify type of metal, etc. When multiple HTSUS classifications are involved, invoice values must be broken down to reflect the individual value associated with each different HTSUS number, as well as:
 - a. Name by which each item is known.
 - b. Marks, numbers and symbols under which the item is sold and packaged.
 - c. Big Lots' sku number.
 - d. Quantities being imported.
 - Value of Product: Purchase price must indicate that it is in U.S. Dollars. The invoice must list all component prices if items are a set. All component prices are required if the item has more than one HTSUS number.
 - Country of origin: Textile, apparel, and product produced with materials or labor from more than one country can be very complicated. Please consult with Global Sourcing Department for clarification.
 - All assists, such as, labels, tags, design and/or artwork provided directly or indirectly by Big Lots at either a reduced cost or for a fee, that has not been added into the invoiced price of the product must be declared.
 - International freight insurance and cost of packing are to be itemized separately, if applicable.
 - The shipping marks and numbers (carton marks).
 - Payment terms (wire transfer) from the applicable Big Lots purchase order.
 - For product that qualifies under a preferential-duty treatment program, such as GSP (Generalized System of Preferences) or NAFTA (North American Free Trade Agreement). Eligibility must be documented separately as instructed below.
 - Add true and accurate statement on the sample invoice.
3. **Packing List:** Every packing list must contain Container#, PO#, Item#, SKU#, total cartons and total pieces, net weight, and gross weight (in kgs).
 4. **Beneficiary's Statement:** Certifying that shipments do not contain any wood packaging material unless this statement is in the invoice.
 5. **IPDS:** (see Appendix page 80)
 6. **Current product testing report: "Certificate of Compliance"** with Factory name (**valid within 12 months**). The Factory name needs to match the factory shown on the invoice. This report must be from Big Lots appointed lab (BV) and must be tested to Big Lots approved protocols.
 7. **Factory Certification Certificate.**
 8. **Transit testing for required merchandise approve pass certificate.**
 9. **Approved Certificates of Inspection** for designated products
 10. **Certification of Carb Compliance** for designated product.
 11. **Certification of Phthalates Compliance** for designated categories.
 12. **Product Liability Insurance Certificate:** (see Appendix page 77)

Additional Documents that may be required: It is the vendor's responsibility to prepare all necessary documents and submit them to NYKL in the document submission package upon shipment of a PO. This includes all documents noted below that are specific to certain product categories.

13. **NAFTA form** for all shipments claimed eligible for NAFTA program with country of origin of Canada or Mexico. For detailed information about the North American Free Trade Agreement (NAFTA) program, please contact the Global Sourcing Department. A copy of the form and instructions for completing the form are attached (see Appendix pages 68-69) for your reference.
14. **Fumigation certificate** for all wood craft products (including crafts containing bamboo, wheat, straw) that are in the natural state and debarked shipping from China, Singapore, Malaysia, Thailand, Indonesia and the Philippines. Due to the threat of pests and disease that may be present in natural products, certain products will be regulated by the Department of Agriculture (USDA) and other products will not be permitted entry into the US at all. The USDA Animal and Plant Health Inspection Service (APHIS) has suspended the importation of any wooden log, limb, branch, or twig greater than 1 centimeter in diameter with intact bark that originates in China, and any manufactured item containing any wooden log, limb, branch, or twig greater than 1 centimeter in diameter with intact bark that originates in China, because of potential introduction of certain wood-boring quarantine pests. Additional information can be obtained from the USDA website: www.usda.gov.
15. **Pre-Ticket Approval Form:** please refer to the Pre-ticketing and Packaging Manual.
16. **FCC form 740** for all electronic products (wireless remote control toys) using frequencies. The Federal Communications Commission (FCC) regulates the importation of radio frequency devices capable of causing harmful interference. At the time of entry, the FCC form 740 must be completed and filed with Customs for products regulated by the FCC. The following information is required to complete the FCC form 740:
 - FCC identification number
 - Device model/type name or number
 - Trade name
 - Description of equipment
 - Manufacturer's name and address
 - Part II –select one of the 8 declarationsTypical examples of products that emit a radio frequency are listed below:
 - TV receivers, radios, microwave ovens, computers, digital cameras, cell phones, memory cards, certain toys with wireless remote controls
 - A copy of the form and instructions for completing the form are attached (see Appendix pages 58-59) for your records.
 - Additional information can be obtained from the FCC website: www.fcc.gov.
17. **FDA Medical device listing form 2892 and registration form 2891A** for all sun/reading/toy glasses, tooth brushes and Q-tips for medical use. A copy of the form and instructions for completing the form are attached (see Appendix pages 62-66) for your records. Additional information can be obtained from the FDA website: www.fda.gov.
18. **FDA Radiation Control Standards form 2877** for all electronic products subject to Radiation Control Standards, such as non-infrared remote controls of electronic devices or compact disc players or DVD players and computer monitors that use laser light technology. A copy of the form and instructions for completing the form are attached (see Appendix pages 60-61) for your records.
19. **Underwriter's Laboratory ("U.L. /ETL") listing certificate** for all electrical items that plug into a wall. U.L. is a product testing and safety organization that provides certification for various products. Customs enforces the Consumer Products Safety Commission's regulations based on the U.L. standards for electrical articles. Examples of products that require U.L. testing and certification: lamps, radios, clocks, illuminated articles (e.g. light sets), household appliances (e.g. hair dryer). Additional information can be obtained on the U.L. website: www.ul.com. Your e-file number needs to be included and validated.
20. **U.L. /ETL Verification form:** Submitted with U.L. listing certificate. The U.L. verification form is a cover sheet of any U.L. listing certificate to be submitted. Vendors are required to sign and fill out the information when submitting an UL certificate to Big Lots (See Appendix page 74).

21. **TSCA-Toxic Substance Control Act statement:** Under the authority of the Environmental Protection Provider (EPA), any chemical substance, mixture, or article, as defined under Toxic Substances Control Act (TSCA), will be subject to the TSCA regulations. For example, all pens, paint sets, glue, glue sticks, markers, highlighters, white-out, correcting tape and certain make-up sets. If subject to TSCA, a certification (positive or negative) will have to be presented with the import entry to Customs. If the chemical substance, mixture, or article is in compliance with the TSCA regulations, a positive statement would be presented to Customs. The negative statement is mostly used for imports of pens and crayons. Article that is regulated by another government agency, for example the FDA, a TSCA statement is not required. Additional information can be obtained from the EPA website: www.epa.gov (See Appendix page 73).
22. **Textile Visa:** Some textile items are required visa to be imported. It is vendor's responsibility to obtain the most current information on quota and visa requirements applicable to the product and submit the required documents with shipping documents. The information can be obtained from the "Textile Status Report for Absolute Quotas" which is available on web site at www.cbp.gov. For current information regarding possible textile safeguard actions on goods from China and related issues, please check web site of the Office of Textiles and Apparel of the Department of Commerce at otexa.ita.doc.gov.
23. **Quota charge statement:** See #23 above.
24. **Textile Declaration Statement:** See #23 above.
25. **China Commodity Inspection Bureau:** (CCIB) certificate for all food safe ceramic dishes. All daily-use ceramic tableware with a China origin has to be produced by a CCIB certified factory compliance with applicable FDA action levels for leachable lead and cadmium.
26. **Veterinarian certificate** for all pet chews and pet food. All pet chews made of animal product are potentially subject to USDA import regulations and must be cleared by USDA inspectors at the port of arrival. When the vendor sends a **sample** or mass production of pet chews to Big Lots, a veterinarian certificate is required. The certification must be endorsed by a full-time salaried veterinarian of the government of the exporting country. The veterinarian must clearly correspond to the shipment by means of an invoice number, shipping marks, lot number, or the other method of identification. In addition, U.S. Congress has enacted the Bioterrorism Preparedness and Response Act of 2002 which requires registration, prior notice, and recordkeeping for imports of food products. All pet food or pet chew shipments must comply with the FDA and irradiation requirements. Irradiation is a process in which food is exposed to a radiant energy source such as gamma rays in order to kill harmful bacteria. The FDA has approved the process for certain food types. If pet chews are approved for the process and have been irradiated, they will need to be marked accordingly. The company used for the procedure and the process must all comply with FDA regulations.
27. **Material Safety Data Sheet ("MSDS")** for matches, lighters, citronella candles. The MSDS is a detailed information bulletin prepared by the manufacturer of a chemical that describes the physical and chemical properties, physical and health hazards, routes of exposure, precautions for safe handling and use, emergency and first-aid procedures, and control measures. Information on an MSDS aids in the selection of safe products and helps prepare employers and employees to respond effectively to daily exposure situations as well as to emergency situations. For more information about how to obtain and fill out the form, please visit the website at www.osha.gov.
28. **Fish & Wildlife Form** for any item made from a part of wild animal (shells, skin, bone, or feather). The U.S. Department of the Interior's Fish and Wildlife Service ("FWS") regulates imports of fish and wildlife along with articles thereof. At the time of entry in the U.S., an import declaration must be filed with the FWS if an article is subject to FWS review. In addition, a permit may be required if the import is of an endangered species. Permits must be applied for and received before importing the product. The following information will be required from vendors for Big Lots to file the declaration:
- Country of origin
 - Scientific name
 - Quantity
 - Unit value
 - Permit number (if required)

- A copy of the import declaration with instructions on completing the form is attached (see Appendix page 72) for your reference. Examples of products regulated by the FWS:
 - Articles Made of/containing Leather (e.g. appointment books)
 - Articles Made of Shell (e.g. jewelry, craft)
 - Articles Made of Bone (e.g. carvings)
 - Hair Products (e.g. paint brushes)
 - Feathers (e.g. feather dusters)

*Additional information can be obtained from the FWS website: www.fws.gov.

29. **International Footwear Association form** for all functional footwear (see Appendix page 67).
30. **Tent Specification Form** for textile backpacking tents only (See Appendix page 71).
31. **Anti Dumping Duty Non-reimbursement Statement** for products subject to anti-dumping duty, such as certain candles or pencils shipping from China. The vendor is required to provide the full name and address of the manufacturer of the product shown on the invoice for Big Lots to submit the attached statement (see Appendix page 57) to Customs for each shipment. Under no circumstances is a vendor to reimburse Big Lots for antidumping duties paid to Customs. This includes reducing the FOB price on any future orders to compensate for the antidumping duties paid on any previous orders.
32. **Mirror reflective surface dimensions (on invoice)** for all products containing a glass mirror reflective surface. Vendor is required to provide the dimension of the reflective surface (length x width) in centimeters shown on the invoice for Customs clearance.
33. **Battery Inclusion (Y/N) on invoice** for all battery operated items. The vendor must declare on the invoice and IPDS if the batteries are included or excluded. If the battery is included, the chemical composition of the battery in words and the external volume in cubic centimeters (cm³) must be stated on the invoice and IPDS.
34. **Candle inclusion (Y/N) on invoice** for all candle holders. The vendor must state either including or excluding candle(s) on the invoice.
35. **CSA test certification** for all gas grills. Please contact the Global Sourcing Department for more information about the certification.
36. **GSP Declaration form (see Appendix page 36) and GSP Indemnification Agreement (see Appendix page 37)** for all products that qualify for duty free entry under Generalized System of Preferences (GSP) program. The GSP section of this Manual provides detailed requirements and instructions.
37. **Poly-Resin form** for all items classified as poly-resin. Items made of poly-resin need to be classified as either plastic (classified in heading 3924 with duty 3.4-5.3%) or agglomerated stone (classified in heading 6810 with duty free). Duty rates vary depending on classification under 3924 or 6810. In order to verify this, detailed information about poly-resin for each item must be submitted. Every poly-resin item that is classified under HTSUS# 6810.99.0000 (duty free) must have the attached poly-resin form filled out and submitted with the IPDS to the Global Sourcing Specialist for Customs classification purposes. You may list more than one item number on the form if these items are made from the same material of poly-resin (See Appendix page 70).

Agglomerated stone is produced by uniformly blending stone powder (derived from natural stone, such as crushed stone) with resin (plastic material). Vendors must pay attention to how the stone powder is made. If the stone powder is made by crushing stone into powder (no chemical reaction involved), then it is derived from crushed stone. Answer questions 3-6 on the poly-resin form.

If the poly-resin contains stone powder, pure CaCO₃ for example, which is produced by a chemical reaction, then it's derived from a synthetic chemical. This is considered plastic, duty 3.4-5.3%. The poly-resin form is not needed.

Review the form with your factory and find out if the poly-resin items are plastic or agglomerated stone. Indicate this on the IPDS and attach the form if it is agglomerated stone.

38. **Trademark release letter** of vendor certification that no trademark /intellectual property release letter is required. Musical royalty payment certificate is required for songs with copyright. All imports must be warranted that the product ordered does not infringe upon the trademark, copyright, patent, or similar rights of any party. Counterfeit products are subject to seizure and forfeiture, the cost of which will be borne by the vendor. (Appendix page 81-84)

39. **Other:** Additional documents may be required for Customs as requested.

If you have any questions or doubts about documents needed for your shipment, please contact the Big Lots Global Sourcing Department at globalsourcing@biglots.com or the Big Lots agent in your country.

DISTRIBUTION OF DOCUMENTS:

1. One original set of documents, plus one (1) copy to NYKL.
2. One original set of documents to Big Lots with original Forwarders Cargo Receipt for payment on wire transfers.
3. Original Certificate of Insurance see below for insurance certificate requirements.

DOCUMENTS INCLUDED, BUT NOT LIMITED TO:	NYKL		Big Lots Accounts Payable	
	<u>ORIGINAL</u>	<u>COPY</u>	<u>ORIGINAL</u>	<u>COPY</u>
Original Invoice	X	X	X	X
Packing List	X	X		X
Forwarders Cargo Receipt			X	X
Product Testing Compliance Certificate (lab test)		X		
IPDS		X		
Wood Packaging Material (WPM statement Beneficiary Statement) where applicable		X		
Final Product Inspection Certificate (for applicable product)		X		
Factory Certification Certificate		X		
Carb Compliance (for applicable product)		X		
Phthalates Compliance (for applicable product)		X		
Certificate of Insurance		X		
ISTA Certificate of Compliance		X		

The type of product being shipped will determine the “other” required documents that will be necessary. Please refer to “additional documents” in this manual.

FORWARDERS CARGO RECEIPT (FCR)

NYKL will issue a forwarders cargo receipt upon vendor/factory compliance with all of the following conditions:

- Delivery of a full set of documents in good order as described in the document section of this manual.
- Collection of outstanding origin charges due. (See Appendix page 76)

CARTON REQUIREMENTS

1. Product must be packed according to the following minimum/maximum conveyable carton sizes.

Minimum Master
Carton dimension

Maximum Master
Carton dimension

Length: 6 inches (15cm)
Width: 6 inches (15cm)
Height: 2 inches (5.08cm)
Weight: 2 pounds (900gm)

Length: 42 inches (107cm)
Width: 25 inches (63.5cm)
Height: 29 inches (74cm)
Weight: 75 pounds (33.75kgs)

2. **STRAPPING OF CARTONS IS NOT PERMITTED**, with the exception of heavy product, such as tools, and small cartons that can be bundled must be approved by Global Sourcing Operations.
3. Master cartons should be double wall construction with a bursting strength minimum of 275 PSI (19.33kg. cm).
4. Big Lots **DOES NOT ALLOW THE USE OF WOODEN PACKAGING MATERIALS AND/OR PALLETS**. NYKL Logistics will request a certification that shipments contain no wood packaging material to meet U.S. Department of Agriculture requirements (See Appendix pages 34-35). Wood pallets must be approved by the Global Sourcing Operations Department.
5. Pack each purchase order separately. **DO NOT** mix purchase orders in cartons.
6. Inner and master pack carton quantities **MUST** match the purchase order. Partial carton packs will not be accepted.

CARTON MARKING REQUIREMENTS

1. Every master carton imported into the U.S. must be marked conspicuously, legibly and permanently.
2. Careful attention must be given to all carton markings to eliminate mistakes and confusion. Carton markings **MUST** appear on all four sides of the master carton, excluding top and bottom. Carton marking for all distribution centers can be found in the Appendix pages 3-10.
3. If you are shipping a single unit in a color box as a master carton, contact our Global Sourcing Operations Department (listed on page 5).
4. Required Carton Marking Icons
The carton Marking icons shown in the appendix pages 11-16 and 24-33 are required to be placed in the bottom right corner of the master shipping carton when applicable. Please refer to the appendix for details regarding the placement of icons on specialized cartons.
5. Shipping Container Graphics Standards
See documentation for details – Appendix pages 17-23
6. Packaging Material Requirements.
Important! Big Lots vendors are responsible for conducting appropriate primary packaging performance testing to ensure that packaging does not fail in the supply chain or store. See Appendix page 33.

WOOD PACKAGING MATERIAL (WPM) REGULATION

The U.S Department of Agriculture’s (“USDA”) Animal and Plant Health Inspection Service (“APHIS”) has revised the import regulations for wooden packing materials. The regulations require all shipments from all countries into the United States after July 1, 2008 to include:

1. A statement that NO “Wood Packaging Materials” (“WPM”) is used in the shipment. Please note this is a change from the current wording NO “Solid Wood Packaging Material” (“SWPM”).
- OR**
2. If there are wood packing materials used, the wood packing materials **MUST** be marked with the (“IPPC”) logo, the two letter International Organization for Standardization (“ISO”) country code and a unique number assigned by the national plant protection organization of the origin country to the company responsible for ensuring the WPM was properly treated.

WPM imported after September 15, 2005 without the IPPC mark will not be allowed entry into the U.S. and will be re-exported at the Vendor’s expense.

Please see the Appendix pages 34-35 for more information on the required IPPC marking.

To comply with the new regulation, vendors are required to submit the following document to NYKL Logistics at the time of documents submission:

BENEFICIARY STATEMENT

On the commercial invoice, bill of lading or other similar document or separate document.

1) Shipment contains no “Wood Packaging Material”

OR

2) Shipment contains “Wood Packaging Material” treated and marked IPPC standard ISPM#15.

IV. VENDOR COMPLIANCE

ON TIME DOCUMENT SUBMISSION

There will be a \$100 charge if documents are submitted to NYKL later than 3 working days after sailing.

VENDOR PRE-TICKETING

All vendors are required to pre-ticket all import products. Any product not pre-ticketed or inaccurately pre-ticketed will be charged \$0.15 per unit, times the number of units shipped for manual handling.

PARTIAL SHIPMENT ACCEPTANCE

Partial shipments will only be accepted with written approval of the Big Lots Global Sourcing Operations Department. NYKL will notify Big Lots Global Sourcing Operations of any purchase order being booked as a partial shipment. Any overflow is not considered a partial shipment.

LATE SHIPMENT PENALTY

Big Lots late shipment penalties are 4% of invoice value for 1-7 days late; 7% of invoice value for 8-14 days late and 10% of invoice value for **15 days late or over**. Big Lots may reject late shipments.

UNDERUTILIZED CONTAINERS

Big Lots charges for any ocean containers that are loaded under the minimum CBM requirement for each container size. The vendor will be charged for light shipment at our referenced freight rate on IPDS from the applicable port times the unused capacity in the container.

CUBE

Big Lots requires the accurate submission of master carton dimensions. If master carton dimensions are inaccurately submitted on the IPDS and the cube is understated, the vendor will be charged back the increase in cube of the master carton times the freight cost per cubic foot (as per IPDS) times the number of units shipped.

WOOD PALLETS

The use of wood pallets must be authorized by Global Sourcing Operations. Failure to receive authorization may result in charge backs.

CHARGEBACK POLICY

Big Lots may charge back to the vendor for each instance of failing to adhere to our Manual guidelines, PO terms, or other conditions. Below is a non-exclusive list of infractions that may result in a charge back:

1. Carton markings are not on the carton.
2. Purchase order number is not on the carton.
3. Purchase orders are not separated on the container.
4. Style/Mfg#/Sku# is not on the carton.
5. Inner/master carton packing does not meet our purchase order specifications.
6. Cartons are strapped or banded without prior approval.
7. A packing list/schematic is not placed on the tail end of the container.
8. Failure to arrange shipments through NYKL, as specified, will result in the excessive charges, up to and including the refusal of the shipment being at the vendor's expense.
9. Failure to meet our cubic meter minimum requirements will result in charging the vendor back for the unused portion of the container.
10. Overweight container. The vendor will be responsible for any additional charges incurred.
11. Shipping from a FOB point other than the one specified on the purchase order. The vendor will be responsible for the difference in freight cost.
12. Requesting containers with space in excess of loading requirements or more containers than is necessary to accommodate the current shipment.

LATE SHIP GUIDELINES & PENALTIES

To avoid late shipment penalties, please review all PO's upon receipt to make sure you can meet required ship dates. If not, please advise Global Sourcing and / or the applicable agent at the time of purchase. Any changes to shipping dates must be reflected in a revised Purchase Order. Notes, emails, faxes, and phone conversations will not be acceptable. A revised Purchase Order must be issued for compliance charge backs not to be applicable. Compliance will be charged for all orders changed within three weeks of cancel date unless the cause of the change was a Big Lots caused problem or a natural disaster. If the ship date is changed within three weeks of the cancel date because of a vendor related problem, compliance will be enforced even if a new PO is issued.

SHIPPING ON-TIME REQUIREMENTS

Factory load shipment:

In order to be considered on time, your shipment **must have sailed by the cancellation date** specified in our purchase order. It is a supplier's responsibility to schedule a shipment with NYKL on a timely basis to meet all required cut off dates so that a shipment sails by the cancel date.

Consolidated shipments: Less than container load quantity:

Your shipment must arrive at the NYKL warehouse no earlier than the start ship date and no later than the cancellation date specified on our purchase order. Failure to deliver product to the consolidation facility within the ship date and cancel dates will result in a late ship penalty.

Penalties for late shipment:

It must be made clear that partial shipments and late shipments can only be allowed with the prior written approval of the Global Sourcing Department. In the vast majority of cases, late and partial shipments will be rejected. It is Big Lots expectation that all shipments will be 100% complete with no partial or back shipments. Any exceptions need to be approved by the VP of Global Sourcing. The current start ship date and cancellation dates of our purchase order are those in effect on the date you submit the container load plan to NYKL. For factory load shipment, or the date you deliver to NYKL warehouse at complete booking quantity for consolidated shipments. If your shipment is late, we will deduct the following amount from your invoice payment:

- 1 – 7 days late: 4% of invoice value
- 8 – 14 days late: 7% of invoice value
- 15 days late or after: 10% of invoice value

NYKL will notify the factory by sending a late penalty memo via fax or email and provide a hard copy with issuance of the FCR.

For wire transfer late shipment, we will directly deduct the penalty amount from your invoice. If the invoice has already been paid by Big Lots the deduction will be applied to a subsequent invoice payment.

For letter of credit late shipment, a late penalty statement with late days and deduct amount will be shown on the FCR for bank deduction.

To comply with the new guidelines and to avoid late shipment penalties, please note the following when placing your booking with NYKL:

- Your shipment is required to have sailed during the shipping window, which means the cargo ready date on shipping order should be available prior to the FIRST day of the ship window.
- You are required to submit NYKL booking 14 days before the FIRST day of the shipping window. If the booking is not submitted within 14 days, late shipment and late penalties may result.
- Any disputes regarding late shipment penalties must be coordinated through the Global Sourcing Department (globalsourcing@biglots.com).

Document Submission Requirements:

Preparation of import documents is as important as the manufacturing of the product. Without proper documentation, Big Lots cannot clear the product through US Customs and take possession of the product. The vendors import document preparer must be certain all required information is present and must match the purchase order and/or wire transfer requirements. This compliance will prevent wire transfer discrepancies so immediate payment can be made. This also allows our customs house broker to file Customs documents without delay due to obtaining missing or corrected documents.

NOTE: Big Lots expects all export documents at origin to be accurately prepared to avoid any customs delays at origin. We suggest that any failure to comply may result in additional penalties and possible purchase order cancellation.

Submission of all required documents to our Consolidator/Freight Forwarder MUST be presented no later than 3 days after sailing.

1. Customs' **24 hour Advance Manifest Rule** requires all ocean carriers to submit manifest to Customs 24 hours before containers can be loaded on the vessel. The container load plan must be in English and reflect complete and accurate information. See Appendix pages 53-54. The essential information includes:
 - Shipper name and address
 - Consignee name and address
 - Container number
 - Seal number
 - Precise product description and / or HTS code – identical from Big Lots final IPDS.
 - Lowest external packaging unit (i.e. container containing 10 pallets with 200 cartons should be manifested as 200 cartons).
2. Prior to the issuance of the Forwarders Product Receipt, all product and documents must be received in good order. (The FCR will be the final document issued to execute the letter of credit or wire transfer).
3. The number of full set commercial documents submitted must be equal to the number of bookings placed on the same vessel.
4. The number of FCRs issued must be equal to the number of bookings and the number of document sets on the same vessel.
5. In the event that all required documents have not been submitted to NYKL within 3 days of a vessel sailing, Big Lots has authorized NYKL to issue a "Document delay notice" (DDN) and to collect late fees as listed on the DDN. (See Appendix page 55)
6. Delayed documents to NYKL results in delayed documents to our customs house broker. This delays import entry and may result in storage charges. These charges will be charged back to the vendor.
7. Big Lots will charge back a vendor for any additional charges incurred due to the vendor providing required documentation late.

WIP (WORK IN PROGRESS) UPDATE

To ensure order on-time delivery, vendors are required to adhere to all import procedures prior to the shipment, which have been stated in other sections of this manual (i.e. Factory Assessment, Ticketing, Product Testing, Packaging, etc.) To help buyers and agents to monitor the orders execution status, it is required that vendors fill out the WIP form as attached and send it to appropriate buyers and Big Lots agents weekly.

The following points should be noted when you update the WIP form:

1. You are responsible to make sure the accuracy of the information.
2. All columns should be updated if applicable. Please indicate “N/A” if it’s not.
3. WIP form should be updated and sent to Big Lots agents every Thursday.
4. Please indicate any pending issues on the Remark column.
5. Information for all PO’s – including open, shipped and cancelled ones ought to be updated, not partially.
 - If PO’s are shipped, please keep the information on WIP form at least a year.
 - If PO’s are revised (for instance, with new shipping window or quantity), the change should be stated in the Remark column.
 - If PO’s are cancelled, please also keep them on WIP form and put “cancelled” in the Remark column.

If you have any questions about the process, please contact the agent in your area or Global Sourcing Department.

V. SERVICE PROVIDERS

CUSTOMS BROKER

BARTHCO International, Inc. is the national U.S. Customs Broker for Big Lots. All import entry work is handled at the Barthco U.S. Corporate Headquarter located in Philadelphia, PA. Please refer to page 41 of this manual “consignment information for documentation” which details the “Notify Party” requirements on all documentation. The Import of Record address should be listed as: Big Lots Inc., and/or West Coast Liquidators Inc., 300 Phillipi Rd., Columbus, OH 43228 USA

CONSOLIDATOR/FREIGHT FORWARDER

NYK Logistics (NYKL) has been designated to act as Big Lots’ agent for the following countries:

Bangladesh	Hong Kong	Italy	Malaysia	Philippines	Sri Lanka	Turkey
Brazil	India	Japan	Pakistan	Peoples Republic of China	Taiwan	Vietnam
Germany	Indonesia	Korea	Poland	Singapore	Thailand	

ALL shipments from these countries **MUST** be arranged through NYKL by contacting them fourteen (14) days prior to the anticipated ship date. Failure to arrange these shipments via NYKL is not permitted and any excessive charges incurred, up to and including our refusal of the shipment, will be at the vendor’s expense.

If you have product shipping from countries that are not listed above, please contact our Global Sourcing Operations Department by e-mail or fax found on page 5

Bookings with NYKL electronically are required. Please find the e-Booking registration form in the Appendix page 56. If you have any questions regarding this form or how to complete it, please contact **nlhk_biglots@hk.nyklogistics.com**.

NYKL provides the following services to Big Lots:

1. Supervises the on time delivery of our vendors and communicates product readiness.
2. Coordinates the bookings for all factory loads and provides booking details to vendor.
3. Coordinates the receiving, sorting, and checking of Big Lots CFS/CY product.
4. Performs careful inspections of LCL cargo when received to ensure it is in good physical condition. All product must be delivered to the forwarder/consolidator at the vendor's expense.
5. Advises Big Lots of any discrepancies that do not match the purchase order requirements.
6. Advises Big Lots when product is received at their warehouses.
7. Loads CFS product into a container and delivers to the ocean carrier.
8. Handles all necessary documents received from vendors. Communicates to Big Lots, any documentation not received in the required time.
9. Prepares documentation for bills of lading.
10. Confirms that all documentation is compiled and sent, via courier, to Big Lots' custom house broker, Barthco, in the U.S.
11. NYKL will report any noncompliance to Big Lots who will deduct the applicable charge back from the commercial invoice.
12. Produces a Forwarders Product Receipt (FCR), to the Vendor after NYKL has received **ALL** the mandatory documents and product/local charges as listed. ***Additional documents may be required.***

* If applicable, late shipment penalty notices are issued at the time the FCR is produced.

THE ORIGINAL FCR IS A REQUIRED DOCUMENT FOR PAYMENT

CONSOLIDATION FREIGHT STATIONS (CFS)

Please contact the nearest NYKL office for instructions on CFS product delivery. A directory of NYKL offices is provided.

NOTE: The NYKL Hong Kong office is the regional headquarters office.

CONSOLIDATION REQUIREMENTS

NYK Logistics will determine if the FOB point on the Purchase Order will allow consolidation into a full container load in a timely manner. If there is any chance the product will be delayed by delivery to the FOB point, they will instruct the vendor to deliver to the nearest consolidation point. Any additional costs incurred for delivery to the consolidation point will be at the vendor's expense.

1. All CFS product must be delivered to the consolidator at the vendor's expense (including NYKL charges) and sorted by DC#/PO#/Item/Sku#.
2. The product must be delivered within the specified ship/cancel window listed on Big Lots' purchase order. Any product delivered outside of this window requires the consolidator to obtain authorization from the Global Sourcing Department before accepting (this may not nullify any late shipment penalties).
3. The consolidator will perform careful inspection of LCL product to ensure it is in good physical condition.
4. In the event the product is received damaged from the vendor, the consolidator will refuse the product delivered and advise the Global Sourcing Department.
5. The consolidator will advise the Global Sourcing Department of any discrepancies that do not match the purchase order requirements and/or operating procedures.
6. The consolidator will produce a forwarders cargo receipt to the vendor, after NYKL receives ALL of the required documents and product/local charges.
7. If there is not a full container load in the following origins, freight must be delivered to the nearest consolidator points:

CONSOLIDATION POINTS FOR EACH PO FOB CITY

COUNTRY	REGION	PO FOB CITY	CONSOLIDATION POINT
CHINA	CENTRAL CHINA	FUZHOU	XIAMEN
		XIAMEN	XIAMEN
	CENTRAL CHINA	NANJING	SHANGHAI
		NANTONG	SHANGHAI
		NINGBO	SHANGHAI
		SHANGHAI	SHANGHAI
	NORTH CHINA	DALIAN	QINGDAO
		QINGDAO	QINGDAO
		TIANJIN	QINGDAO
		XINGANG	QINGDAO
		YANTAI	QINGDAO
	SOUTH CHINA	GUANGZHOU	YANTIAN
		HUANGPU	YANTIAN
		NANHAI	YANTIAN
		SHANTOU	YANTIAN
		SHENZHEN	YANTIAN
		YANTIAN	YANTIAN
		ZHONG SHAN	YANTIAN
	ZHUHAI	YANTIAN	
HONG KONG	HONG KONG	HONG KONG	
INDIA		CHENNAI	N.A.
		COCHIN	N.A.
		MUMBAI	NHAVA SHEVA
		PIPAVA	N.A.
		TUTICORIN (NEW TUTICORIN)	N.A.
TAIWAN		KAOSHIUNG	N.A.
		KEELUNG	N.A.
		TAICHUNG	N.A.
THAILAND		BANGKOK	BANGKOK
		LAEM CHABANG	BANGKOK
		SONGKHLA	BANGKOK
PAKISTAN		KARACHI	KARACHI
VIETNAM		HO CHI MINH	N.A.

Note: N.A. means consolidation is not available at these PO FOB Cities due to limited volume.

BIG LOTS CANADIAN IMPORT ENTRY PROCEDURES

OVERVIEW

The procedures for product entering the United States from Canada have changed. Product can no longer just “show up” at the border to be cleared by Customs. A Customs entry must be made prior to product arriving at the U.S. border for clearance. No Exceptions.

PROCEDURES

Purchase Order. When Big Lots opens a PO for a Canadian purchase, the PO should list Barthco International as the notify party. If product requires OGA (other government provider) clearance such as FDA, FCC, TOSCA, etc. should be noted in the PO with the supplier responsible for providing all required documentation.

- 1) A copy of the PO should be sent immediately upon completion as follows:

BARTHCO International, Inc.
The Navy Yard
5101 South Broad Street
Philadelphia, PA 19112
267-570-2809

- 2) Documentation / Information. **All documentation related to the transaction must be sent to Barthco no later than 10:00am one business day prior to crossing.** (i.e. if crossing will occur on Monday, documents must be received no later than 10:00am on Friday).

Required Documentation / Information include the following:

- a) Commercial invoice
 - b) Transport company name, contact person, phone number and email address.
 - c) If product is made from Canadian origin, the supplier must provide the NAFTA certificates to qualify for duty free status.
- 3) Crossing Point. Entry can only be made at one crossing point. Barthco will contact the transport company for the crossing point. Once the entry is filed at the named crossing point, the product must cross accordingly. No Exceptions.
 - 4) Exceptions. Entries that do not qualify for Remote Location Filing such as ADD/CVD (Anti-dumping and Countervailing) or Quota product must be physically submitted at the Canadian Border. Barthco will manage the outpost entry through Barthco's Border Broker Partner.

CONSIGNMENT INFORMATION FOR DOCUMENTATION

When producing documents, please use the following Big Lots addresses for the consignment/ship to address and list the respective Barthco Office as the "Notify Party" on document.

Any costs incurred from product being held in the loading port due to failure to comply with these requirements will result in the vendor absorbing the cost.

All documents should be sent to the Barthco Corporate office listed below.

U.S. Customs Broker
Barthco International
The Navy Yard
5101 S. Broad Street
Philadelphia, PA 19112-1404 U.S.A.
Tel: (267) 570-2809
Fax: (215) 238 9724

DESTINATION ADDRESS:

DC# 870 (for shipment via West Coast & East Coast)
CSC Distribution, Inc.
2855 Selma Highway
Montgomery , AL 36108 U.S.A.

DC # 873
West Coast Liquidators, Inc.
12434 Fourth Street
Rancho Cucamonga, CA 91730 U.S.A.

DC # 879
Durant DC, LLC
2306 Enterprise Blvd.
Durant, OK 74701 U.S.A.

DC# 964
Big Lots Stores, Inc.
Wisconsin Toy / Wholesale
5303 Fisher Road
Columbus, OH 43228 U.S.A.

DC# 975
Big Lots Stores, Inc.
Consolidated International/Wholesale
5305 Fisher Road
Columbus, OH 43228 U.S.A.

DC # 874
Closeout Distribution, Inc.
50 Rausch Creek Road
Tremont, PA 17981 U.S.A.

DC # 890
Big Lots Stores, Inc.
500 Phillipi Road
Columbus, OH 43228 U.S.A.

DC # 893
Big Lots Stores, Inc.
Redlands DC
1901 California St
Redlands, CA 92373 U.S.A.

FACTORY LOADING REQUIREMENTS

All vendors are permitted to factory load. The shipper will be responsible for full utilization of containers. The consolidator, NYKL, will be responsible for providing the container upon factory request, collecting all documents, and issuing the FCR. Vendors are required to notify our consolidator fourteen (14) days prior to their anticipated shipping date to secure a booking.

1. Due to additional freight costs, Big Lots **strongly** prefers to not use shipments of 20-foot containers with the exception of weight-restricted freight, such as tools. The weight requirements are a minimum of 15,000 kgs with a maximum of 17,500 kgs. Where applicable, freight less than 28 cubic meters must be delivered to the nearest NYKL consolidation point as referenced on page 48.

2. Minimum container loading requirements:

<u>Container Size</u>	<u>Minimum Requirement</u>	<u>Maximum Weight</u>
20 foot standard	28 cubic meters	17,500 kgs
40 foot standard	56 cubic meters	19,500 kgs
40 foot hi cube	65 cubic meters	19,500 kgs
45 foot hi cube	75 cubic meters	19,500 kgs

If the minimums listed above cannot be reached, or if the vendor has overflow product, the product must be delivered to the nearest authorized NYKL consolidation facility.

3. Do not mix distribution centers in a container. If there is not enough product to fill a container, the load must be delivered to an NYKL CFS for consolidation, where available.

4. If more than one purchase order is loaded in a container, they must be loaded in sequence. Factory loaded containers must be segregated by purchase order in the container.
5. Substitution of any items not listed on the PO is prohibited.
6. One carton from each purchase order must be placed at the tail of each container for U.S. Customs inspection.
7. A container loading plan (CLP) (Appendix page 53) and loading schematic must be attached to the last carton place on the tail of the container.
8. All containers must be loaded by PO# then Item/Sku. PO's should not be split across more than one container unless capacity of the PO exceeds one container.
9. Due to US Customs' 24 Hour Advance Manifest Rule, container load plans are required to be submitted to the NYKL local office before NYKL CLP cutoff (listed in the Appendix on page 54). The container load plan must be in English and reflect the complete and accurate information. The essential required information includes:

- Shipper name and address
- Consignee name and address
- Precise product description and / or HTSUS code
- Lowest external packaging unit (i.e. container containing 10 pallets with 200 cartons should be manifested as 200 cartons)
- Container number
- Seal number

NYKL CONTAINER LOAD PLAN (CLP) CUTOFF BY ORIGIN

Country	Origin	Deadline for Vendor Container load plan
Hong Kong	Hong Kong	4 calendar days before vessel CY cutoff
China	Shenzhen, Huangpu, Xiamen, Fuzhou	4 calendar days before vessel CY cutoff
	Shanghai, Tianjin, Qingdao	3 calendar days before vessel CY cutoff
	Ningbo	2 calendar days before vessel CY cutoff
	Nanjing, Dalian	1 calendar days before vessel CY cutoff
Indonesia	Jakarta, Semarang, Surabaya	5 calendar days before vessel CY cutoff
Malaysia	Pasir Gudang, Penang, Port Kelang	4 calendar days before vessel CY cutoff
Philippines	Manila	4 calendar days before vessel CY cutoff
Taiwan	Kaoshiung, Keelung	2 calendar days before vessel CY cutoff
Thailand	Bangkok	3 calendar days before vessel CY cutoff
Vietnam	Ho Chi Minh City	3 calendar days before vessel CY cutoff
India	Cochin & Mumbai	3 calendar days before vessel CY cutoff
Pakistan	Karachi	1 calendar days before vessel CY cutoff
Italy	Genoa, La Spezia	3 calendar days before vessel CY cutoff
Turkey	Izmir	3 calendar days before vessel CY cutoff
Poland	Gdynia	3 calendar days before vessel CY cutoff
Brazil	Itajai, Rio Grande, Santos, San Francisco	4 calendar days before vessel CY cutoff

NOTE: See the Appendix page 54 for an example of document cutoff timeline for CY (factory load cargo). The vendor will be expected to absorb all costs incurred for failure to comply with this requirement causing the product to be held at the loading port.

VI. PAYMENT PROCESS

Payment terms are agreed upon at the time of purchase and are listed on the purchase order. Payments made to a bank residing in the U.S. will be paid via ACH. Foreign banks will be paid via wire transfer. All payments require +45 days terms following the FCR issuance.

WIRE TRANSFER PROCEDURES

In order for Big Lots to process your wire transfers efficiently, we require the following processes:

1. Invoice each distribution center separately.
2. Vendors must complete a wire transfer form (Appendix page 79). One invoice per wire transfer.
3. All documentation must comply with the purchase order and list the following:
 - PO number
 - Both vendor item number and Big Lots SKU number
 - QuantitiesAny discrepancies will delay payment.
4. The purchase order vendor name should match the wire transfer bank account name. If the names do not match, the vendor must submit a relationship letter. For clarification, please contact the accounts payable department at apimportpayment@biglots.com.
5. Please refer to the documentation section to find the information that must be listed on each document.
6. The following documents are always required for wire transfer payments:
 - Original, signed commercial invoice and packing list.
 - Original, signed and dated forwarders product receipt issued by our forwarder/consolidator.
 - Wire transfer request form with complete and accurate banking information.Delayed, missing, or incorrect documents will result in a delay of payment and/or additional charges.
7. Documents must be sent via courier to:
Big Lots, Attn: Accounts Payable, 300 Phillipi Road, Columbus, Ohio 43228 U.S.A.

Faxed /emailed copies will not be accepted

***Failure to follow these EXACT guidelines will result in your payment being delayed.**

FOREIGN LETTERS OF CREDIT (LC):

1. Big Lots will not open LCs earlier than 15 days prior to the start of the ship date window indicated on the purchase order. Terms for letters of credit are LC+90 Days. All LC's require the advance approval from the VP of Global Sourcing.
2. LCs will be issued as FOB vessel, port of shipment, and/or FOB consolidator warehouse, CIF or C&F (as specified on the LC).
3. Marine product insurance to be provided by buyer for FOB or C&F transactions.
4. Partial shipments in full containers are permitted.
5. If Customs release is delayed at the U.S. port of entry due to failure of the vendor to provide required documentation, any storage, demurrage, or other charges incurred at the U.S. port of entry will be for the account of the vendor. NYKL late charges will be deducted from the invoice amount.
6. All customs regulations at the origin point have been complied with: commercial and documents and testing certificates (as required) have been submitted to our consolidator/forwarder.
7. All phrases must be identical throughout documentation, and as required in the letter of credit. Failure to do so will delay both payment and shipment release.
8. All amendments are processed through the Big Lots Accounts Payable Department.

If foreign letters of credit are required the following fees are involved in letters of credit (per doc set document).

- *Issuance.....\$50.00
- *Amendment.....\$50.00
- *Examination..... \$50.00
- *Negotiation.....\$50.00
- *Cable/telex.....Actual expense incurred.
- *Discrepancies.....US\$85.00 per document set.
- *Swift @ issuance.....\$50.00 (only charged on first doc set after the amendment is processed)
- *Amend Swift\$25.00 only charged on first doc set after the amendment is processed)
- *Cancellation.....\$75.00

All bank charges, in the United States and overseas, are for the beneficiary’s account.

***Failure to follow these EXACT guidelines will result in your payment being delayed.**

GENERALIZED SYSTEM OF PREFERENCES (GSP)

WHAT IS GSP?

Some Big Lots imports may qualify for duty-free entry under the Generalized System of Preferences (“GSP”). GSP is a program authorized by the Trade Act of 1974 that provides duty-free treatment for certain products imported directly from a GSP eligible country. The GSP eligible countries are listed in General Note 4(a) of the HTSUS 2006 shown in the Appendix, page 18. In addition to being origin specific, the GSP program is also product specific. Whether an article from a GSP eligible country is GSP-eligible depends on the tariff classification of that product under the HTSUS. Certain products cannot be designated as GSP-eligible. Any imported product with potentially eligible GSP must be the growth, product, or manufacture of a GSP eligible country, or the sum of the cost or value of the materials produced in the GSP eligible country plus the direct costs of processing operations performed in the GSP eligible country must not be less than 35% of the appraised value of the product.

Please refer to the GSP Memorandum (Appendix pages 36-48) for more information.

WHAT YOU NEED TO DO

The vendor must inform the Big Lots buyer, at the time of the purchase, whether the article will be eligible for GSP program. Specifically, the vendor will provide all available information as to whether the product: (1) will be shipped directly from the vendor in the GSP-eligible country to the United States; and (2)(i) is manufactured completely of materials originating in such GSP-eligible country, or (ii) if third country components are used, at least 35% value is added in the GSP-eligible country.

- The vendor must sign and submit to the Big Lots buyer, a GSP Indemnification Agreement (Appendix page 37) and the GSP Declaration (Appendix page 38) with the Import Product Data Sheet for each eligible product before an order is issued.

It is Big Lots policy that, at the time of the purchase, the Global Sourcing Department will be provided by buyers with a copy of the executed GSP Indemnification Agreement and the GSP Declaration for each potentially GSP eligible product.

- If an article is not wholly the growth product nor wholly manufacture of a GSP-Eligible country, but claimed to meet the 35% rule, the vendor must complete the GSP worksheet (Appendix pages 39-40) in addition to the GSP declaration for Global Sourcing Department to review before an order is issued.
- Upon the request of Big Lots, the vendor shall submit the supporting documents (a non-exclusive list is provided under (6)(a) and (6)(b) of the GSP Indemnification Agreement) within twenty (20) days.
- The vendor must include the GSP Declaration with shipping documents submitted to NYKLL when booking any GSP eligible shipments.

Pursuant to the GSP Indemnification Agreement, Big Lots will have the option of charging back to the vendor all duties which Big Lots pays as a result of the vendor's failure to provide Big Lots with a complete and accurate GSP Declaration (or equivalent document) in a timely manner for any product that otherwise is eligible for GSP by reason of its classification and origin.

It is the vendor's responsibility to comply with all GSP requirements and maintain supporting documents including production, manufacturing and financial records for a period of five (5) years from the date of importing.

Refer to the Appendix pages 36-48 for a detailed description of GSP requirements and forms.