

# VENDOR MANUAL

2017-2018 VERSION 2.0

*SECTION 1- Vendor Onboarding & Certification*

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# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Vendor Certification Process

The Destination Maternity Vendor Certification Process must be fully executed before a Vendor Number or any Purchase Orders will be issued. Additionally, DM Team members may not fully engage with Vendors until they have successfully completed this process. The Vendor Certification Process is initiated by the DM Vendor Relations Manager. If you are becoming a Destination Maternity Vendor for the first time, the DM Vendor Relations Manager will reach out to you to execute the necessary documents to complete the Vendor Certification Process.

This process entails **Vendor Management as well as Factory Owner or Principal** required to sign the DM Vendor Certification Package to indicate that the identified material has been read and that they agree to adhere to all statements made within the documents. DM Vendor Certification Package must be updated annually at the request of DM. Every vendor must agree to maintain certain standards in every facility involved in the manufacturing our products. Upon satisfactory completion of the DM Vendor Certification Package, Vendors will receive their DM Vendor Number within 48 hours. After Vendor Number is issued, Purchase Orders can be confirmed and Destination Maternity team members responsible may fully engage with the Vendor regarding Purchase Orders, Pre-production, Editorial, Testing etc. requirements.

### Document Turn Time

The Vendor Certification Package is due back to the DM Vendor Relations Manager within **14 business days** of date received by vendor.

The Vendor Certification Package includes the following documents or request for documents:

### SECTION 1: VENDOR Management

- ❑ Vendor Profile & C-TPAT Checklist
- ❑ International Shipping Agreement
- ❑ Country of Origin Verification
- ❑ Master Sourcing Agreement
- ❑ Conflict Minerals
- ❑ California Transparency in Supply Chain Act
- ❑ Non-Compliance Policy
- ❑ Code of Conduct
- ❑ Tax Form W-9

### SECTION 2: FACTORY Owner/Principal

- ❑ Factory Profile & C-TPAT Survey
- ❑ Resale Conditions
- ❑ COO Verification
- ❑ Code of Conduct
- ❑ Non-Compliance Policy
- ❑ ***Social Compliance Audit (Workplace Conditions Assessment Report) \* Must be current year***

***\*An Example of a Social Compliance Audit, PDF Version of Section 1 & Section 2 Certification Packages are accessible from the [Forms Link](#), on the Vendor Manual Dashboard, SECTION 1 FORMS.***

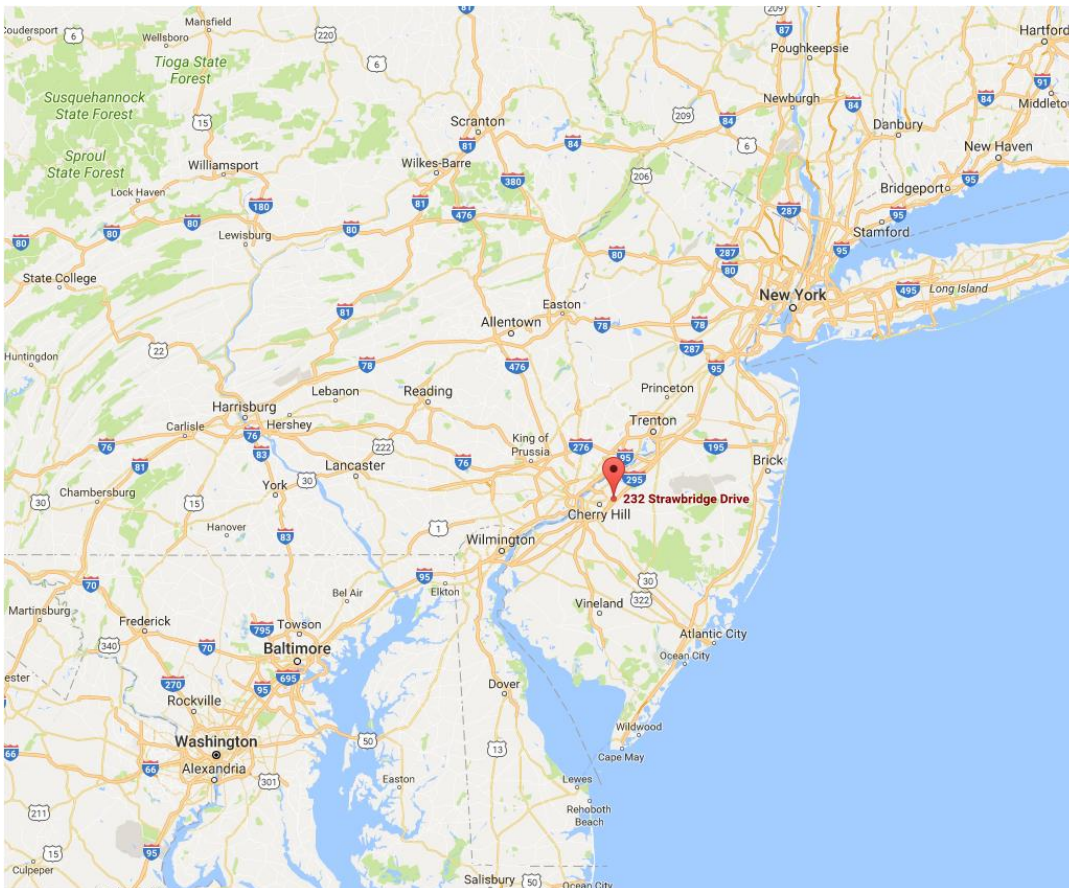
# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Vendor Certification Process:

### Corporate Headquarters

The Destination Maternity corporate headquarters is located in Moorestown, NJ. All invoices must be sent to the attention of Accounts Payable Department at our corporate address below:

[Destination Maternity](#)  
232 Strawbridge Drive  
Moorestown, NJ 08057



### FCA Factories

For all FCA (free carrier/named place delivery) shipments, Destination Maternity is responsible for the transportation from foreign port, import clearance, any duties, domestic truck pickup and delivery to our distribution center.

### DDP Vendors (Market Direct Vendors)

All DDP (delivery duty paid) shipments or Market Direct Vendors, Destination Maternity is NOT responsible for any part of the importation of the shipment. Therefore, DM is NOT the consignee of the shipment; DM is NOT the importer of record. DM will not provide our IRS or EIN number

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Vendor Certification Process

### **DM Code of Conduct**

All Agents / Vendor Management must ensure that the vendor Code of Conduct policies are adhered to as a normal routine and the signed Vendor Certification Package must be fully executed prior to the commencement of any manufacturing activity on behalf of Destination Maternity Corp.

### **Country of Origin Validation: Factory**

In order to initiate a factory order, Factory Owner or Principal must present where goods are manufactured (in the case of OPA, they must present multiple facilities) and that they duly certify the country of origin at the time of order placement. Any falsification of this statement will result in the immediate termination of any current or future orders with said manufacturer.

### **Country of Origin/Factory Validation: Vendor**

Vendors are responsible to specify the correct factory information and Country of Origin to the buyer, and to confirm that the information is correct after the purchase order is written.

### **Re-Sale Requirement**

All Destination Maternity Brands are solely owned and under the control of Destination Maternity Corp.

### **Social Compliance Audit**

A Current Year Social Compliance Audit is required for each factory manufacturing goods for Destination Maternity. Audit must be provided in English Language – no exceptions. Appropriate 3<sup>rd</sup> party resources include, but are not limited to, certified Testing Labs and Consumer Goods Audit/Inspection companies.

### **C-TPAT:**

Destination Maternity Corp. is participating in the U.S. Customs and Border Protection C-TPAT (Customs-Trade Partnership Against Terrorism). This is a government-business security initiative to build relationships to strengthen supply chain and border security. The requirements needed to comply with C-TPAT are not difficult or unreasonable and will be required by most American importers. Our lead will make it easier for our sources to comply with other importers future requirements and your facilities will also, benefit as this makes your plant safer, increases shipment accuracy and will potentially reduce outside audits. As a DM supplier, we need your assistance. Destination Maternity encourages all our Business Partners to join the program or integrate C-TPAT security criteria into your supply chain.

As a source selling to Destination Maternity on a FCA basis, supply chain security during manufacturing is the responsibility of both your organization and ours. As the purchaser of imported product, DM has the responsibility of being sure that our suppliers are taking steps to secure our merchandise from tampering.

As part of the DM Vendor Certification Process we require **C-TPAT Information (Vendor)** and **C-TPAT Security Survey (Factories)** to be completed regarding facilities that directly or indirectly produce and/or export merchandise to Destination Maternity. These forms are included in the Vendor Certification Package and may need to be updated at various times per DM's request. All facilities exporting to the U.S.A. are subject to U.S. government security verification. Any facility producing merchandise or raw materials for DM orders are subject to inspection by Destination Maternity employees or an independent inspection service nominated by DM.

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Vendor Certification Process

To protect against illegal transshipping, when an order is placed by Destination Maternity with your company, the buyer must be informed in writing of the **country of origin** for the order. If the origin is a country identified by the U.S. Government as high risk for transshipping, we may elect to have the facility audited by a service to certify the presence of the products in the factory.

If the origin country is suspected of Human Rights violations, we may elect to have the factory audited by an independent inspection service or Destination Maternity may choose to conduct the inspection ourselves. If facilities are not made available for inspection or are found to be in violation of our TERMS OF ENGAGEMENT, DM orders will be removed from the factory unless violations are corrected in a timely manner.

Destination Maternity does not want to interfere with the operations of our supply chain partners. We do diligently discharge our responsibilities under U.S.A. laws and the guidelines set forth by the U.S. Customs and Border Protection Agency. If unable to comply with our policies, please immediately advise the Destination Maternity Director of Custom Compliance:

**[customscompliance@destinationmaternity.com](mailto:customscompliance@destinationmaternity.com)**

We encourage everyone in our supply chain to consider participating in this very important security initiative.

**If you are a DDP (delivery duty paid) supplier (meaning that it is your company's responsibility to clear U.S. customs and deliver the merchandise to Destination Maternity) we do not allow any DDP agent to sell us anything that they themselves have bought DDP. We will only purchase from the actual importer, unless we know who the importer is and have the chance to decide if we want to make the purchase. We do not allow any hidden third party purchases.**

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Vendor Certification Document

The DM Vendor Certification Package is an **electronic document** sent via Doc-U-Sign signing software and all data inputted as well as signatures is to be done electronically.

Vendor Management must execute and sign **Section 1** of the Vendor Certification Package and their factory Owner or Principal must sign **Section 2** and provide a **current year 3<sup>rd</sup> party Social Compliance Audit**.

- If Vendor has multiple factories, each additional factory Owner or Principal will need to execute Section 2 of the Vendor Certification Package and provide a **current year 3<sup>rd</sup> party Social Compliance Audit**.
- **EXISTING DM VENDORS** who are adding a new factory, the new factory Owner or Principal needs to execute **Section 2** of the Vendor Certification Package and provide a **current year 3<sup>rd</sup> party Social Compliance Audit**.
- The electronic document will be generated by DM Vendor Relations Manager. Vendors must provide to DM their management and their factory Owner or Principal E-mail addresses upon engagement with DM vendor relations.
- For ease, the DM Vendor Certification document can be executed and signed on mobile devices.
- DM is responsible to generate **Section 1** to Vendor Manager and **Section 2** to each factory.
- Vendors/Factories have 14 business days to return fully executed and signed sections of the certification Package.
- Vendor Relations Manager will confirm upon receipt and will answer any questions indicated in the comments box and will complete Vendor Certification by issuing the Vendor #. Please allow 48 hours for the process to be completed once Vendor Certification Package is submitted electronically.
- **DO NOT** leave any sections blank or unsigned – Package will not be accepted for review.
- **DO NOT** use the DM Hotline for inquiries to this process – all inquiries should go direct to the vendor relations manager: [vendorrelations@destinationmaternity.com](mailto:vendorrelations@destinationmaternity.com)

Destination Maternity is continually striving to improve internal systems to get product to the DM customer when she needs it, while keeping the product competitively priced. Delays in delivery can cause poor consolidation, higher freight costs, reduced inventories and loss of sales. The following covers Destination Maternity's expectations of their Vendors. Most important among these is that **Vendors must advise DM, as early in the production process, of any delivery changes**. Vendor responsibility to DM includes checking the timely availability of raw materials that changes on a regular basis for every purchase order, production scheduling and in-line quality to ensure there are no last-minute delivery changes.

If the DM required delivery cannot be achieved, the earlier DM is advised the better our chances of adjusting delivery on another order (which could be from another source) to fill that inventory slot. The later DM is advised, the less chance we have of compensating and possibly mitigating our damages.

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## World Wide on Time System

Our intention is not to cancel orders due to late delivery, but to partner with factories and better manage Destination Maternity's inventory needs. Please note the following:

- To maintain our delivery schedules, Destination Maternity places heavy emphasis on the in-warehouse date for both FCA (free carrier/named place delivery) purchases and in warehouse date for DDP Purchases.
- If the vendor misses **the warehouse date**, buyer may cancel order with no liability or reduce/accept original quantity. If buyer keeps the order in any form, the terms are then air shipment, at vendor's expense & consigned to Destination Maternity. There is a 1% Non-Compliance charge on the FCA for each day the expedited freight forwarder date is missed. Buyer may request a price reduction if the late delivery reduces sell through potential or necessitates a markdown.
- The 1% a day Non-Compliance charge is applicable to all FCA, DDP vendors or market buy vendors who miss the original warehouse date. \*Please refer to DM Non-Compliance Matrix located in Vendor Certification Package.
- Purchase Orders may be issued in advance to block production space or allow for fabric preparation. **No** Purchase Order should be cut more than 60 days prior to the factory ship date without contacting the appropriate Buyer for acknowledgement. This will allow the buyer to adjust the size scale accordingly to current sales trends.

**UNDER NO CIRCUMSTANCES WILL DM ALLOW SPLIT SHIPMENTS. IF A VENDOR IS LATE, WE WILL NOT ACCEPT PART OF SHIPMENT ON THE ORIGINAL DATE AND WE WILL NOT CREATE AN ADDITIONAL PURCHASE ORDER TO ACCOMMODATE THE BALANCE OF THE SHIPMENT. THIS PRACTICE CREATES ADDITIONAL WORK FOR OUR MERCHANTS, PLANNERS AND WAREHOUSE DISTRIBUTION TEAMS.**



# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## World Wide on Time System

### Definition of TERMS used in the World Wide on Time Delivery System

- **Original Frt (freight) Forwarder Date:** The final day all conforming goods must be *at* the freight forwarder. Freight may be delivered up to **5 days** in advance of this date during business day.
- **Current Frt (freight) Forwarder Date:** The last approved FF date the Buyer initiated to extend delivery or the last approved FF date the Buyer initiated to expedite delivery.
- **Original Warehouse Date:** Order date designated as the expected date order will arrive at the DM distribution center during Monday – Friday business day.
- **Current in Warehouse Date:** The last approved IW Date the Buyer initiated to change the IW date.
- **Last approved IW date:** Vendor Initiated date due to late FF delivery causing late In Warehouse date.
- **Air pre-paid/Air vendor expense** – Vendor pays total air shipping cost. Cargo is consigned to Destination Maternity and forwarder is determined by DM.
- **Sea/Air difference** – Cargo is aired due to late delivery to freight forwarder. Destination Maternity pays for sea portion and vendor pre-pays for the balance of the freight costs. Cargo is consigned to DM.

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Cancellations by DM

Destination Maternity may cancel any Purchase Order without liability, including but not limited to, the following reasons:

- ❑ **Time & Action violations:** The inability of the vendor to complete product development activities on a timetable supporting on-time deliveries.
- ❑ **Sampling failures:** Inability of the vendor to furnish DM with samples meeting specifications, garment appearance requirements, construction requirements, testing standards or aesthetic criteria provided.
- ❑ **Delivery:** Inability of the vendor to deliver raw materials or finished products on the date required by the Purchase Order.
- ❑ **Quality:** Inability of the vendor to deliver product that meets DM standards for quality in regards to conformity to color standard, defects of material, defects of workmanship or fit.
- ❑ **Purchase Order Terms:** Inability of the vendor to comply with the terms of the Destination Maternity PO as it relates to FCA point, Country of Origin, delivery, and size distribution. This also includes order quantity (within the +/-3% tolerance allowed for all orders) **\*NOTE the following exceptions:**
  - ❑ **International Purchase orders: No Shortages / up to 3% Overages permitted.**
  - ❑ **Amazon Purchase orders: No Shortages or Overages permitted.**
- ❑ **Terms of Engagement:** Failure of the vendor to comply fully with the Destination Maternity Code of Conduct governing treatment of workers, safety of facilities, conduct of the vendor and compliance with all prevailing laws and regulations.

Cancellation of a Purchase Order may be necessitated by the failure of the vendor to perform on a previous order for the same style. For example:

- ❑ An initial order that is late by 15 days, although not cancelled, may cause reduction or cancellation of a backup or flow order.
- ❑ Quality rejection of an initial order may cause reduction or cancellation of later purchase orders of the same style.

Any cancellation by Destination Maternity pursuant to this section ("Cancellations by DM") shall subject vendor to a **50% Non-Compliance charge of the FCA/DDP value** as stated in the purchase order.

Destination Maternity will not be responsible for recouping duty on any damages or RTV's (Return to Vendor) for import vendors. This will be the vendor's responsibility to reimburse DM.

**\*For all Non-Compliance Charges mentioned, please refer the complete DM NON-COMPLIANCE MATRIX included within the Vendor Certification Packages. \*A PDF Version of Section 1 & Section 2 Certification Packages are accessible from the Forms Link, on the Vendor Manual Dashboard, SECTION 1 FORMS.**

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Cancellations by Vendor

Vendor may not cancel a confirmed purchase order within:

- 60 days of the FCA date or
- 90 days of the in-warehouse date if it is a DDP order.

Vendor cancellation within the above timeframe, without the authorization of Destination Maternity, will result in a charge to the vendor of **50%** of the FCA/DDP (depending on order terms) value of the order. Such charge does not limit DM's other rights or remedies.

### SHORT/OVER SHIPMENTS

Vendors are permitted to short or over ship an order by **+/-3%**. If shipment is outside the allowance, Merchant must be notified before goods are cut for instructions. Shipments should be shipped in proportion to original size scale ratio. **No shortages or overages permitted in one size.**

Any overages (shipping more than 3% allowance) will not be paid. In the case of a short shipment (shipping less than 3% allowance), vendor will incur a non-compliance charge of **50%** of the FCA/DDP value as stated above. Shortages greater than the allowance are vendor partial cancellations and are applicable to non-compliance charges. If you have an over 3% shipment, contact the buyer. Shipments above the 3% allowance will not be paid unless the purchase order is confirmed. Such charge does not limit DM other rights or remedies. DM will not be responsible for recouping duty on any damages or RTV's (Return to Vendor) for import vendors. This will be the vendor's responsibility to reimburse Destination Maternity.

**The vendor may cancel unconfirmed purchase orders** by informing DM of vendor's intent not to confirm the order.

No orders are given by Destination Maternity verbally or by written notice except by an official purchase order. Projections are not orders nor do they constitute any obligation of DM. Production commitments or raw material requirements are for projection and planning purposes only and do not form an obligation on the part of DM.

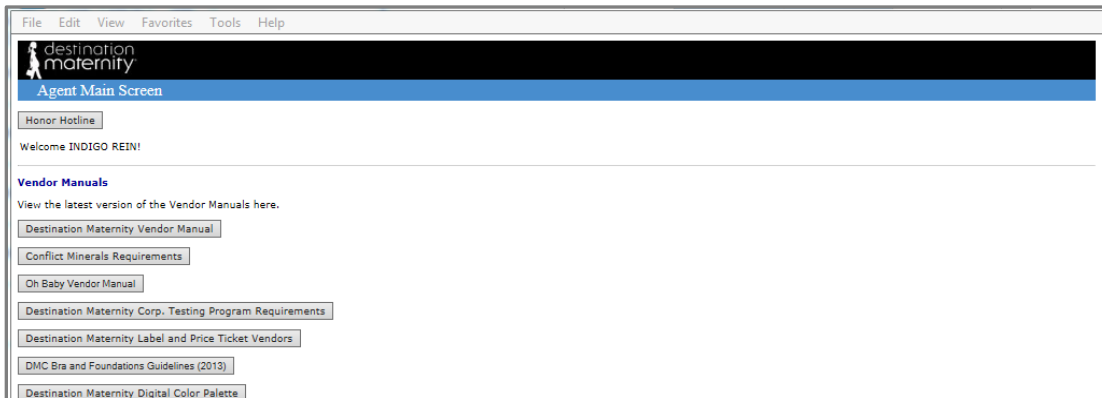
**\*To understand all Non-Compliance Charges mentioned, please refer the complete DM NON-COMPLIANCE MATRIX included within the Vendor Certification Packages. \* *Section 1 & Section 2 Certification Documents are accessible (for viewing only) from the Forms Link, on the Vendor Manual Dashboard, SECTION 1 FORMS.***

# SECTION 1 - VENDOR ONBOARDING AND CERTIFICATION

## Honor Hotline

### ACCESSING THE HONOR HOTLINE

- Destination Maternity has established an international **HOTLINE** phone number: **001-888-994-6667 or 1-888-99HONOR**
- Destination Maternity Hotline is a toll-free international phone number that is available to all agents, service providers, vendors, and employees. The telephone line and email is available 24 hours a day, 365 days a year. This is an effective line of communication to receive complaints or questions.
- This ANONYMOUS communication system is also available on the web at our World Wide on Time web-site and there is a
- **HOTLINE** button at the top of each screen for ANONYMOUS email communication to Destination Maternity.



- This is a core element of Best Practices for our Cargo and Conveyance Supply Chain Security Program. Please report to Destination Maternity all perceived problems without fear of retribution. All information will remain confidential and anonymous.
- Topics can include:
  - Violations of Local or Foreign Regulations or Laws
  - Fraud
  - Theft and Embezzlement
  - Discrimination and Abusive Practice
  - Safety/Health Violations
  - Bribery/Kickback
  - Improper Billing
  - Packing Concerns
  - Cargo Security
  - Collaboration or Collusion
  - Documentation Non-Compliance

**A written report of each call is documented and forwarded to the appropriate department for review.**