DESTINATION MATERNITY

VENDOR MANUAL

2017 VERSION 1.0

SECTION 8 QUALITY ASSURANCE REQUIREMENTS

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DM Quality Assurance Program

Overview
Quality is developed throughout the entire Destination Maternity sourcing and manufacturing process. Patternmaking and Pre-Production is conducted as a partnership between the Vendor, Factory and Destination Maternity Teams responsible. In-line and Finished Garment Inspection is the responsibility of the factory, with appropriate oversight by Vendor Management. The DM Quality Assurance Program is mandatory and must be implemented as set forth in this section.

- **Development Sample**
  The development process is necessary to identify how product will look aesthetically, how fabric and trimmings will work within a style and to develop appropriate and successful 1st sample fit parameters.
- **Fit Sample**
  Pattern corrections, spec development, fabric, trim and design aesthetic verification in addition to an emphasis on proper garment construction, will achieve the requested fit and finish. Accurate pattern, sample and sewing ensures fit samples can be approved for Pre-Production sample stage.
- **Pre-Production Sample**
  Final pattern corrections, spec, fabric, trim and design aesthetic verification in addition to confirmation of proper garment construction, labeling, branding and packaging (when applicable), ensures the entire purchase order will meet DM fit, quality and branding requirements in production.
- **In-Line Quality Inspection**
  In process quality inspection ensures that every production garment is constructed identically to the approved Pre-Production sample. In-Line inspection should catch any mistakes in spec, stitching, seams, pressing, labeling selection, labeling placement and fabric quality as early as possible.
- **Finished Garment Inspection**
  Confirms proper garment construction, focuses on garment appearance, finished measurements, and ensures that the purchase order is finished properly and that all packaging (labels, hangtags, tickets, poly bags, cartons, packing etc.) are applied correctly.

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Reporting and Quality Approval Procedure

The Destination Maternity approach to quality assurance includes the following reporting and quality approval procedures as well as Factory quality control procedures:

- Receipt of the DM purchase order initiates the pre-production process for each style. The pre-production process should yield an approved pre-production sample, a set of specifications (specs) and finalized PLM (DeSL System) Tech Pack detailing expected Fit, Fabric, Trims, Components required and Fit, Design, and Care approval.
- Upon reaching Fit Approval Stage and before Cutting Stage of the initial purchase order, the factory must submit a Pre-Production sample for approval. The Factory must make an additional Pre-Production Keep Sample to reference as a benchmark for production.
- The Factory will submit the Pre-Production sample in the appropriate DM sample size (Follow Sample Size Chart in Section 6 of this manual) for each initial purchase order of the Master PO.
- For styles with re-orders shipping past the initial purchase order ship date the Factory must submit a NEW Pre-production sample for every additional PO shipping after the Initial PO ship date. This requirement may be amended for Vendors with consistent exemplary quality performance. In these cases adjusted Pre-Pro Submittal requirements will be communicated bi-annually through the DM Sourcing Team.
- Pre-Production Sample approval will be communicated as one of the following scenarios:
    - **APPROVED AS SUBMTITED,**
    - **APPROVED WITH CORRECTIONS**
    - **REJECTED**
- In Cases where a Pre-Production Sample is APPROVED WITH CORRECTIONS or REJECTED. Corrective action will be shared in the DM PLM tech pack (DeSL System) and a 2nd Pre-Production Sample will be required for approval.
- Once DM approves the Pre Pro Sample, the Factory will be allowed to proceed into production. The Factory must have on hand their own Pre-Production Keep Sample reflective of the DM approval, for the Factory to reference for production.
- Upon reaching 10-15% completion of the purchase order, the Factory must review a size set (random sampling) of the purchase order. Purchase order garments should be reviewed against the Factory's DM Pre-Production Keep Sample to ensure consistency and that the quality system is working. The Factory must document results and the results should be available to DM immediately upon request.
- The **Final Garment Inspection 2.5 AQL Report & Measurement Sheet** must be completed for all purchase orders and automatically included with payment submission documentation checklist outlined in Section 9 Logistics (Page 12). Failure to provide will result in non-payment of purchase order. To ensure compliance, purchase orders will be audited routinely by DM dependent on Factory document compliance and quality performance.

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Factory In-Line Inspection

In-Line inspection is a critical aspect of a good quality program. Problems discovered early in production (10-15% complete) allow for early correction and prevention of costly final audit failures. Destination Maternity requires that each factory have a robust In-Line Inspection system in place. This system includes checking all components prior to sewing and in addition, inspecting the work on the line during the assembly of the garment. In-Line inspection is ongoing and continuous. In-Line inspection requires sampling pieces from the bundles daily against DM construction and measurement standards as they apply.

***Upon request**, Vendor/Factory may request assistance with setting up an In-Line Inspection Program through the Destination Maternity Certified Testing Lab:

For more information contact our Intertek Program Mangers:

1. Poorva Raut: **poorva.raut@intertek.com**
2. Archana Archana: **fnu.archana@intertek.com**

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Finished Garment Inspection

Finished product inspection should occur on two levels:

- **First Level Inspection**

  Individuals responsible for final thread trimming and final inspection should be trained to understand all quality requirements including, SEAMS AND PRESSING. They should fully inspect every product completed in production (100%). When their inspection finds a garment that is defective, they should mark the problem, tag the garment and send it back to the floor for repair. **No defective garments should be shipped to Destination Maternity.**

- **Second Level Inspection**

  Finished product quality inspectors should conduct statistical inspection audits to determine if each purchase order meets all quality standards. These inspections should include selecting statistical quantities for measurement, construction, finish and packaging inspection. These inspection audits must be documented in the **Final Garment Inspection 2.5 AQL Report** prior to shipment. Any failure of a final inspection will require a 100% Re-Inspection of the entire purchase order. **All defective units must be removed from the purchase order prior to shipment.**

NOTE: Final quality audit failure should be considered catastrophic. 100% Re-Inspection of every garment that such a failure mandates will result in missed shipping deadlines. An audit failure also indicates that the In-Line inspection process is deficient, and should be evaluated immediately.

Destination Maternity reserves the right to conduct independent quality audits as deemed necessary. These audits will be conducted in partnership with the Factory, DM Certified Laboratory (Intertek) and DM Sourcing Team. Intertek Inspection Reports will be provided to Destination Maternity and the Factory upon completion. These independent quality audits require review and disposition for shipping from DM. DM Sourcing will inform Vendor/Factory if an independent audit is required prior to shipment.

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Finished Garment Inspection

Final Inspection

The purpose of the Final Inspection Audit for Visual, Construction and Packing is to verify that the product meets Destination Maternity Standards as it relates to:

- Technical Specification Package (DM Tech Pack)
- Final Approved Pre-Production Sample
- Visual Appearance
- Packaging Requirements

The quality inspectors should be referring to their DM Pre-Production Keep Sample as a benchmark, and to appropriate reference documents for DM expectations and guidelines including but not limited to Internal Factory documents, DM Tech Pack, DM Vendor Manual etc. Inspectors should refer to the defect classification list for visual and construction defects rating by zone outlined in this section. Any major defect found must be corrected.

The final quality inspection must be conducted for Visual Quality, Fit Measurements, and for Packaging (Labeling, Ticketing, Hangtags, Cartons, Etc.) per procedures outlined below.

Acceptable Quality Level (AQL)

AQL standard refers to the maximum number of defective units that could be considered acceptable during the random sampling of an inspection. The defects that are found during inspection should be classified into 2 Levels for DM:

- **Critical**
- **Major**

***NOTE: Minor Defects are not permitted, all defects are considered Major*.**

Inspection Standard adopted is ANSI/ASQC Z.1.4 Single Sampling Plan for Normal Inspection: **General Inspection Level II.** The following AQL standard should be applied by the Factory unless otherwise instructed by Destination Maternity.

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CRITICAL NON-CONFORITY (Defective)	**NO CRITICAL DEFECT IS ACCEPTED**
MAJOR NON-CONFORMITY (Defective)	**AQL 2.5**

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Finished Garment Inspection

Sampling Table for Visual Quality Audit

TABLE A		**ALL PRODUCTS**			
		CRITICAL Defects		**MAJOR Defects** (2.5 AQL)	
PO Shipment Size (per color)	Sample Size (per color)	Accept	Reject	Accept	Reject
0 to 280	32	0	1	2	3
281to 500	50	0	1	3	4
501 to 1,200	80	0	1	5	6
1,201 to 3,200	125	0	1	7	8
3,201 to 10,000	200	0	1	10	11
10,001 to 35,000	315	0	1	14	15
35,001 and up	500	0	1	21	22

NOTE: All Defects Considered Major Defects. Minor Defects Are Not Permitted.

Inspection Procedure

- At the time of audit, obtain the 'number of units packed' data from Factory Management.
- A minimum of 80% of the purchase order garment must be ready (packed/pre heat-sealed based on the PO quantity), in order to conduct the final quality audit.
- Select a random sampling quantity of garments proportionally by size and color to be inspected based on purchase order size quantities: follow **TABLE A (**quantity per color**).**
- It is essential that the selection to garments is done randomly by the auditor. Failure to utilize a random process may skew inspection results and could allow product to be shipped that does not meet Destination Maternity quality requirements.
- Ensure that the packaging materials meet specified standards.
- Inspect the product for defects related to visual, construction and packaging.
- Defects detected is reviewed against the amount allowed (Accept) in TABLE A.
- The appropriate Accept or Reject determination is noted on the **Final Garment Inspection 2.5 AQL Report.**

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Finished Garment Inspection

- Complete the **Final Garment Inspection 2.5 AQL Report** form for Visual, Construction and Packaging. Use the report form to indicate the outcome of the finished product audit. Discuss the results with Factory Management. Factory Management is required to sign off on recommended correction action.
- If the audit fails, the purchase order must be 100% inspected by the quality inspector (all garments). Any defective garments found must be corrected (If possible) and re-packed by the Factory for follow up Finished Product Inspection. ***Garments which cannot be corrected must be discarded.***
- If the purchase order defects detected will result in a shipping delay, ***Factory must notify the DM Sourcing Team, appropriate Product Development Manager, immediately*.**

Sampling Table for MEASUREMENT Quality Audit

TABLE B	MAJOR Defects (all defects)	
Sample Size	**ACCEPT**	**REJECT**
80	**5**	**6**

Inspection Procedure

- As per Table B example above, select 80 units per color, from the random sampling (by size) used for the Visual, Construction, and Packaging audit.
- Measure 80 garments of each color as per the DM critical points of measurement (POM) highlighted on the graded spec sheet (DM tech Pack).
- Record all measurements on the **Final Garment Inspection 2.5 AQL Measurement Sheet** as variance from the measurement point – *regardless of tolerance*. See example below:

  Bust Spec is 17" (+/- 1/2" tolerance)

  Sample Measures 17 ½" – Factory will record **+1/2"**

  CIRCLE any measurement variance that is *outside of the tolerance*.

NOTE: a garment with more than one major measurement defect is to be counted as one MAJOR defective garment.

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Finished Garment Inspection

Identification of Accept/Reject Criteria For Visual, Construction and Measurement

- If a garment has one or more major visual or measurement Defects, the garment is to be counted as 1(one) **MAJOR** defective garment. Count the total number of major defective garments and refer to TABLE A to determine Accept/Reject disposition for the purchase order.
- If any garment is found to have one or more **CRITICAL** defects, the purchase order is **FAILED**.
- If shade variations are outside of Destination Maternity's acceptable shade range, the DM Sourcing Team must be informed immediately for a disposition on how to proceed and garments must be provided for review/approval.
- If the shading is within DM acceptable shade range, DM will advise how to mark, pack, and ship the purchase order.
- Carton shade marks should be checked during the shipment audit.
- During the finished production inspection, packaging and labeling should be checked closely to assure compliance to DM standards including proper Country of Origin, DM branding, Care and Fiber content markings.
- Pre-Pack assortments should be audited where applicable.
- If the number of visual defects (TABLE A) and/or measurement defects (TABLE B) are EQUAL to or LESS than the ACCEPT number in either chart, the audit PASSES. ***The defective garments found are to be extracted for repair or discarded*.** Factory will submit the **Final Garment Inspection 2.5 AQL Report & Measurement Sheet** with payment submission documentation outlined in Section 9 Logistics (Page 12).
- If the number of visual defects (TABLE A) and/or measurement defects (TABLE B) are EQUAL to or MORE than the REJECT number in either chart, the audit FAILS. If the garments cannot be repaired in time to meet the shipment date, DM Sourcing Team, appropriate Product Development Manager, must be notified immediately to determine disposition of the shipment.

NOTE: if the audit FAILS, the factory must re-inspect 100% of the purchase order. All defective garments are to be removed from the purchase order, repaired, or discarded. After 100% inspection Factory will re-audit the purchase order using the same procedure for inspection and approval as a NEW audit, including packaging.

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DM Global Inspection Protocol

Classification of Defects

The classification of defects is not all-inclusive but represents the majority of defects commonly found in apparel. All Quality Auditors are required to use this defect list as a guide to help identify:

- **Types of defects**
- **Rating as to Critical or Major**

Critical Defect

Is a defect that can harm our customer or anyone in our customer's immediate and close proximity.

- **Example of Critical Defect**: Straight Pin or other metal contamination sewn into garment and if found requires that **every garment** in the purchase order be re-inspected.

If any critical defect is found any time during the auditing process, the garment is to be rejected and the Factory is required to ensure via **100% re-inspection of purchase order**, that all critical defects have been removed before shipping to Destination Maternity.

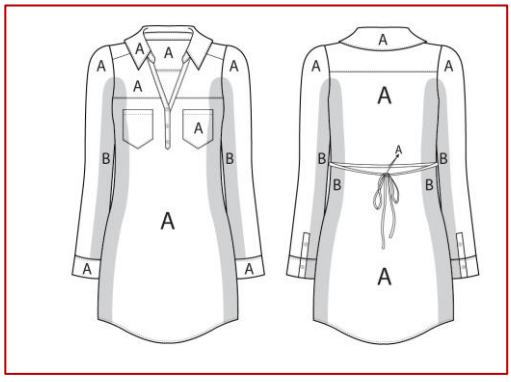
Major Defect

- Is any defect that will adversely affect the function of the garment over its expected life cycle.
- Is any defect that will cause the customer to **not purchase** or to **return** the garment.

Defect Zones

In some cases, a major defect can be considered as minor based on the location or 'zone' of the defect in a garment. For DM Inspection purposes, and the fair evaluation of our garments, DM apparel is divided up into 2 zones (**A & B**). Quality Auditors must follow the DM zoning guidelines detailed in our Inspection Protocol and mark defects accordingly when preparing audit report. See below 'zone' example:

Zone Sketch Example 'Woven Top'



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DM Global Inspection Protocol

In order to achieve quality inspection consistency between Destination Maternity Factory's, certified Testing Labs and our Distribution Center Quality Team the attached Inspection Protocol must be adhered to. This protocol is part of Destination Maternity's Certified Lab Protocol. In the event that a 3rd party Inspection by DM Certified Lab is required at the Factory or in the DM Distribution Center – all Quality Auditors methods will be aligned.

The DM Inspection Protocol encompasses the following:

- SOP Highlights & Inspection details
- Style/Color Check
- Outer Packaging Check
- Data Measurement Check (Garment Specs)
- Function check (Accessories/Trim etc.)
- Defects
    - Garment Construction
    - Garment Appearance
    - Garment Finishing
    - Zone Sketches
- Unit Packing

To access the **DM Inspection Document & Forms:**

- **Global Inspection Protocol**
- **Final Garment Inspection 2.5 AQL Report**
- **Final Garment Inspection 2.5 AQL Measurement Sheet**

These documents are accessible from the Forms Download Link, on the Vendor Manual Dashboard, SECTION 8 FORMS.

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Sewing Needle and Metal Contamination Control System

Every Factory producing Destination Maternity garments must have a Needle and Metal contamination Control System that meets or exceeds the Destination Maternity procedures outlined in this section. All DM Factories must be equipped with a needle detector. The goal is to prevent used, broken needle or other metal contamination embedded within a garment from being sold to DM customers causing bodily harm.

The DM System is outlined in the DM Needle and Metal Contamination Control System document containing the following sections:

- Needle Replacement Control Procedures
- Broken Needle Control Procedures
- Metal Contamination Control Procedures
- Needle Detection Procedures
- Needle Detector Maintenance
- Forms

Failure to comply with this system or failure to administer to it completely will result in termination of the purchase order for Destination Maternity. The costs and losses in any claim or litigation arising out of or resulting from injury caused by needle parts found in a DM garment will be passed entirely to the Vendor and/or Factory involved.

To access the **DM Needle and Metal Contamination Control System Document & Forms:**

- **Needle and Metal Contamination Control System**
- **Broken Needle Control Log**
- **Needle Detection Control Log**
- **Needle Detection Control Log**

These document are accessible from the Forms Download Link, on the Vendor Manual Dashboard, SECTION 8 FORMS.

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DM Internal Inspection

All incoming shipments undergo a random inspection. From the electronic packing list, the computer selects a cross section of cartons representing all SKU's for audit. These Cartons are inspected for:

- 2.5 AQL audit for Visual and Measurement defects
- Zero defect inspection for adherence to packing requirements

Audit failure of the purchase order will trigger a 100% inspection of the entire purchase order. Quality Assurance charges will be billed to the Vendor/Factory to cover the costs related to inspection. These expenses are outlined in the **DM Non-Compliance Matrix** located in Section 1 & 2 of the Vendor Onboarding and Certification document.

Audit failures will be notified to Factory/Vendor Management by the Destination Maternity Quality Department. The Email notification will include digital photos of the defective garments and audit details. DM Quality Team will provide defective garments to the Factory/Vendor Management as needed.

DM Internal Review

Review of audit failures is handled in partnership between the DM Quality and Sourcing Teams with oversight from SR. VP Sourcing in order to ensure appropriate disposition of purchase order. DM will not hold defective merchandise for any reason. Disposition after internal review may trigger the need for REPAIRS or REWORKS and Destination Maternity reserves the right to repair or rework the purchase order with a local outsource to prevent loss of sales and to mitigate damages. Quality expenses will be estimated according to the **DM Non-Compliance Matrix** and advised to the Vendor/Factory Management and a course of action communicated. In some cases a repair or rework may require a return to vendor (RTV), depending on the nature of the defects.

Rejected Product

If Destination Maternity rejects non-conforming product, the purchase order may be returned to the vendor and all quality assurance expenses associated with the delivery of the product will be recovered from the Vendor and/or Factory. If the purchase order can be sold at a reduced price, DM will offer the Factory/Vendor Management a price reflective of a discount. If the Factory/Vendor Management does not agree to the discount offered, the purchase order will be returned with the Vendor and/or Factory responsible for absorbing all DM Quality expenses associated with moving the product. Destination Maternity may choose to remove all trademarked material and bill the vendor for the expense. If returned to the vendor without removal of trademarked material the Factory must follow the destroy policy detailed in the **DM Resale Conditions** located in Section 1 Vendor Onboarding and Certification document.

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DM Internal Inspection

Once it is determined that the purchase order will be returned, Factory/Vendor Management will be allowed 5 business days to advise a RA# (Return Authorization). If the RA# is not advised within 5 business days, DM reserves the right to arrange for the return at the Vendor and/or Factory's expense.

Once an RA# is provided, the Vendor and/or Factory is allowed 5 business days to arrange for purchase order to be picked up. After the 5th business day, DM reserves the right to arrange for return at the Vendor and/or Factory's expense.

RTV (Return to Vendor) Process

- Final count of the purchase order garments is emailed to the Factory/Vendor Management.
- The Vendor and/or Factory will reply with RTV or RA#.
- In cases of a forced RTV (Factory/Vendor Management are not in agreement with the return of goods) DM will provide the RTV or RA# for internal recordkeeping purposes.
- Once the RTV or RA# has been issued, the defective purchase order is taken out of DM Inventory using the RTV Code.
- The purchase order goods are moved to DM loading dock and then returned to the Factory.

Quality Team Contact Information

NAME	*CONTACT INFORMATION*
Repair/Re-Work/RTV:	**qualityassurance@destinationmaternity.com**
Quality/DC/Corporate Non-Compliance Charges:	**chargebacks@destinationmaternity.com**