

B O N  T O N

Furniture Quality Standards

&

Chargeback Policy

Revised July 2015

## *Introduction*

Each vendor relationship is important to Bon-Ton. As you find in any working relationship, it becomes critical to clearly define expectations. To this end, we have developed specific requirements for our furniture vendors. These standards apply to all of our store nameplates (Bon-Ton, Carson Pirie Scott, Bergner's, Boston Store, Elder-Beerman, Herberger's, and Younker's) that carry furniture.

All furniture vendors are required to comply with the instructions, purchase order terms, and the logistical and transportation standards contained here and elsewhere on our website. These instructions are applicable to all shipments regardless of who is responsible for the freight charges, type of product, or the terms of purchase. Compliance failure may create an additional and unnecessary freight cost, unacceptable delays in transit time, and / or unnecessary labor cost, that may be passed on to the vendor in the form of an offset chargeback for non-compliance.

Guides, standards and supporting web documents are issued or revised as necessary. Changes may be developed to address specific business needs. In the event that critical changes are necessary, e-mail notification will be made to all vendors or transportation providers. Minor informational changes may be posted to the website only, rather than a mass e-mail to all vendors. Please check the website as there are also valuable links and tools available to vendors. Note: All Logistical Standards, Vendor Compliance Standards, Store / Distribution Center Cross Reference, Non-Compliance Expense Chargeback Table and Purchase Order Terms are accessible only via the Internet.

We ask that you distribute these instructions and all other compliance documents to all appropriate personnel within your organization, who are responsible for compliance.

## Overview

BonTon will inspect and deluxe furniture prior to delivery. This process will include unpacking, removing shipping materials, assembling as needed and touching up minor imperfections, damages and defects. There will be no charge to the vendor for the normal deluxing process.

Defective furniture will be repaired prior to delivery to the consumer when possible. In most cases, repairs will not be done on items which take longer than two hours to repair. Exceptions will be made to insure prompt delivery to our customers. Repair costs will be charged back to the vendor at the current rate of \$50.00 per hour. Additional charges may also be assessed (see pg. 12).

All merchandise determined to be defective by our Furniture Vendor Compliance staff will be processed for vendor credit. Pictures of the defect will be taken and sent to the vendor, along with relevant documentation. A response is expected from the vendor within 2 weeks of being contacted by the BonTon Vendor Compliance associate. Depending on the nature and severity of the defect, the Furniture Vendor Compliance associate will negotiate a full credit for return to vendor, donation or disposal or a minimum allowance of 65% to keep the merchandise “as is”. The vendor will pay return freight costs if the merchandise is returned to the vendor. Handling charges will also be assessed (see pg. 12).

All expense associated with in home servicing of defective merchandise will be charged back to the vendor. Bon-Ton uses independent inspectors and the cost of service varies from one technician to another. The chargeback will be assessed for the actual cost of service calls (INCLUDING INSPECTION). These chargebacks will be supported with appropriate documentation. Additional charges may also be assessed (see pg. 12).

Parts that are needed to replace defective or damaged goods must be received in a timely manner and at no cost to Bon-Ton or merchandise will be processed for credit as noted above.

We occasionally give consumers an “as is” allowance to keep merchandise that has been determined to be defective. When this occurs, the actual amount of the allowance will be charged back to the vendor.

Chargebacks taken will be deducted from invoice payment. Details will be noted on the chargeback (which is available for viewing in the vendor portal) and additional supporting documentation will be available from the Furniture Vendor Compliance department upon request.

If the BonTon Furniture buyer negotiates a defect allowance or individual chargeback agreement with any vendor it will supersede the chargeback policies in this manual.

## *Minimum Furniture Quality Standards*

### *All Merchandise*

All furniture must be free of structural finish and tailoring defects.

Packaging must meet or exceed the current railroad, motor freight and or industry specifications to insure sufficient protection to the merchandise during normal handling. Damage due to insufficient packaging is not acceptable.

### *Upholstered Furniture*

1. Frames must be free of any knots and splits that would weaken it structurally.
2. All joints must be properly fitted and tight.
3. Cushions must fit properly as intended for the style of the unit.
4. Skirts must be properly lifted and secure in transit.
5. Skirts are to be evenly centered and uniform in height.
6. All covers should be free of pulls, flaws and off-shade color streaks.
7. All patterns and stripes must match as closely as possible unless our buyers have agreed upon railroading.
8. All loose threads, lint and dust should be removed before shipping.
9. All exposed wood should be properly finished in accordance with case goods standards.
10. Zig-zag springs must be firmly anchored and properly secured in the seat and back.
11. Hand tied coil spring platform should be secured with at least six-way-tie and double knot at each spring with good quality twine.
12. All springs in both seats and backs must be so fastened that there will be no noise in service.

## *Leather Goods*

1. Vendors must furnish with all pieces of leather a hang tag of explanation covering the inherent imperfections in genuine leather, such as natural scars.
2. All leather is to be free of indentations due to improper handling or installation and must be properly fitted and securely glued.
3. When used, tooling is to be continuous, fully colored and aligned with edge.
4. All leather tops must be fitted and glued flush to rim with no visible bubbles.
5. All items must be properly protected to prevent damage in handling.
6. The proper placement of hide imperfections on leather furniture is essential.

## *Case Goods*

1. All case goods must be free of lifting veneer, season splits, warping or splintered and ragged edges (unless these conditions are part of the “distressed” nature of the product).
2. Finished surfaces must free of nicks, scratches, season splits, foreign material, abnormal blemishes, unsightly burn-ins, runs and bubbles (unless these conditions are part of the “distressed” nature of the product).
3. Veneered tops should be matched for color, uniformity and free of chip outs and other defects.
4. All pieces in a group must be uniform and consistent in color.
5. Doors must be properly aligned to insure proper opening and closing.
6. Clearance distance around doors and drawers must be uniform.
7. Drawers must have a free running action and not bind at any point (unless designed to “lock” in place).
8. Joints and seams must be closed and tight.
9. Backing material must be of good quality material, securely fastened to insure stability of the case.

10. Marble and glass must not be chipped, cracked or scratched and must fit properly.
11. Table slides must work freely and smoothly and be properly aligned and secured to the bottom of the table.
12. All table leaves should be pre-fitted at the factory and the grain matched to the table as closely as possible. The holes and pins are to be in line and the center of top square so that the table top forms a tight and even seam when closed.
13. Factory repairs such as patches and burn-ins will be accepted only if they are indistinguishable.
14. All case goods must be predrilled and prefitted for hardware if it is not attached by factory.

### *Wrought Iron*

1. All metal fabricated items should have evenly flowed welds, with welding slag removed and properly cleaned.
2. Paint should not peel or chip due to improper application or cleaning.
3. All pieces must be properly assembled to insure squareness and leveling.
4. All pieces must have proper quantities of leg tips or glides securely attached or already installed.
5. All metal pieces must be free of oil residue.

### *Beds*

1. All beds must have support systems that meet or exceed the warranty standards of our bedding manufacturers.

## *Bedding*

1. Both independent coil systems and continuous coil systems in mattresses must be made in accordance with minimum industry standards, with no coil shifting or coils protruding through the quilting.
2. Must have coil support between the border rods, for proper support to the side walls.
3. Must have unitized upholstery and no lumping or shifting of upholstery materials.
4. No loose grid on the box springs.
5. No bent or loose steel span on box springs.
6. No misaligned corners on mattresses or box springs.
7. No bent border wires on mattresses or body depressions.
8. No dirty, torn or faded covers on box springs or mattresses.
9. All vendors, which manufacture pillow top bedding must construct the pillow top so that no shifting will occur.
10. The construction of the binding on the pillow top must be even with binding on the mattress.
11. Ensure all stitching of binding and quilting is done properly so that no seams or patterns pull apart.
12. Bedding with excessive odor due to the manufacturing process and about which the customer complains will be returned to the vendor.

## *Packaging Standards*

### *Upholstered Furniture*

1. Wrapped in minimum of four or six mil ply gusset bags and stapled at the bottom of the merchandise.
2. Plastic shrink wrap merchandise reinforced with cardboard sleeves on all corners and sides.
3. Merchandise wrapped in plastic bags reinforced on the inside with bubble plastic wrap and corner sleeves.
4. Legs need to be protected by bubble plastic wrap or strips of cardboard/brown paper.
5. Containers need cardboard lining on bottom and foam blocks on the sides to hold the merchandise in place.

### *Case Goods*

1. Pack in cartons of proper size and strength based on the size, weight, and bulkiness of the merchandise.
2. Attach at the base to a wooden pallet or corrugated riser to provide stability and to minimize movement.
3. Protect edges, corners, and tops against carton rubbing by use of corrugated corner blocks or felt liners.
4. Pack to eliminate wood to wood contact within a carton.
5. Pack marble with foam, stabilizers, and place in wooden crate or carton of the appropriate strength.
6. Chairs to be packed in cartons with protective wrapping taped around them.



## *Bedding*

1. Wrapped in minimum four mil plastic bags with a double boot at the bottom of the mattress and box spring.
2. All plastic bags should be sealed several inches beyond the bottom and top of the mattress and box spring so that the seal will not tear.
3. If shipped in a carton, the carton must be the proper size and strength, based on the size and weight of the product.

## *Packaging and Assembly Instructions*

1. Any piece having a finished surface directly under the center seam of the carton will have a clearly printed warning on the top or on the side of the carton stating that care should be used when penetrating the center seam.
2. The instructions for opening and handling the carton will be pre-printed on the carton. Example: open this end, cut bands, lift this end up, and truck from this side.
3. Where parts are separated in the carton, a warning to the customer must be located on the outside of the carton.
4. The proper quantity of nuts, bolts, screws will be included for use in assembly. In addition, this material will be of the highest quality to insure proper ease of fit and use.
5. Detailed, easy-to-read assembly instructions will be included in all assembly pieces. These instructions will include a listing and location of the parts required for the assembly.
6. Prominently display and package hardware packed separately from the assembly piece so that the retailer or customer does not discard it.

## *Product Identification*

1. The outer carton or other wrapping will clearly show at least on two sides of every carton the following:
  - a. The vendor's name
  - b. Name of the piece
  - c. Style number of each piece in the carton
  - d. Color and cover number
  - e. Number of pieces in the carton
  - f. Bon-Ton department number
  - g. Bon-Ton Stores purchase number
  - h. UCC-128 label if sending EDI ship notice (856)
2. In multiple-carton shipments, the carton containing the packing slip must be distinguished by notation or "packing list enclosed" on four sides of the carton. The packing slip should be included in the inside of the top of the carton or in an envelope securely attached to the outside near the address.
3. All pieces must be clearly and uniformly labeled with visible style numbers and other pertinent identifying information (including a UPC vendor barcode where applicable). This information may be applied to a tag but the tag must be firmly secured to the merchandise.
4. Proper bedding law labels must be attached in such a manner that covers the fabric but will not be damaged when label is removed.
5. Specified consumer literature must be affixed in a manner not to harm the furniture e.g., on upholstered furniture it must be attached through seams/welts. This includes UFAC tagging.
6. Any special permanent identification on the interior or exterior of the merchandise must be attached as specified in a neat workmanlike manner.
7. Where local tax stamps or exemption permit numbers are required, they must be affixed to or printed on the law label.
8. Where special arrangements are made regarding floor samples, each item must be handled in the appropriate manner as directed by Bon-Ton.
9. Consumer literature must appear on a tag indicating care instructions.

## *Damaged, Defective or Incorrect Furniture Chargeback Policy*

1. The vendor's representative or factory contact will be responsible for corresponding with Bon-Ton's Furniture Vendor Compliance office on a regular basis. The Furniture Vendor Compliance office will contact the vendor via e-mail to notify them of defective products, mis-shipped products and damaged products due to inadequate packaging. Pertinent details about the problems along with pictures of the defects will be included in the body of the e-mail or sent as an attachment to the e-mail. It will be the responsibility of the vendor's representative or factory contact to respond to the Furniture Vendor Compliance associate with an appropriate resolution (e.g., return to vendor, liquidate, donate to charity or an allowance to keep).
2. Once the vendor has been contacted, they will promptly respond to the e-mail and work out resolutions with the Furniture Vendor Compliance associate. If the vendor does not respond to the initial e-mail additional attempts will be made to contact the vendor. If there has been no response within 60 days, the full value of the merchandise and handling charges will be charged back to the vendor and the merchandise will be disposed of in a manner determined by the Furniture Vendor Compliance Office.
3. After an agreement has been reached with the vendor, the vendor will have an additional 14 calendar days to provide a return authorization and shipping instructions for product to be liquidated or returned to the vendor. Any necessary shipping labels or documents must also be provided. Product that has been authorized for donation will be given to a local charity unless the vendor specifies a charity and makes arrangements for pickup. If satisfactory instructions are not received within the additional 14 calendar days, the merchandise will be considered abandoned and disposed of in a manner deemed appropriate and at the discretion of the Furniture Vendor Compliance Office.
4. When merchandise is found damaged while it is being unloaded onto our receiving dock, standard freight claim procedure will be followed, in the case where common carriers are delivering the merchandise. When a vendor carrier is used, the damaged merchandise will be returned in that same truck whenever possible. When we are unable to refuse a damaged piece shipped to us by a vendor carrier, it will be handled in the same manner as defective product.

## Chargebacks

There are three types of chargebacks generated by the furniture warehouses. RTV chargebacks are created when furniture is either returned to the vendor or disposed of in another manner. VC chargebacks are used for repairs and other miscellaneous vendor errors. VA chargebacks are created when defective furniture is kept by BonTon or BonTon's customer and an allowance is negotiated to keep the furniture "as is".

- **RTV 3200** Defective Product Returned to Vendor, **RTV 3228** Defective Product Sold to Third Party for Liquidation, **RTV 3227** Defective Product Donated to Charity, **RTV 3211** Disposal of Defective Product
  - Full cost value of merchandise
  - Inbound/Outbound freight costs
  - Handling Charges
    - Cost to receive and warehouse
    - Cost of delivery and return to the warehouse if defective merchandise was delivered to the customer
  - \$50.00 administrative cost per incident
- **RTV 3202** Return of Complete Shipment, **RTV 3203** Vendor Recall or Accommodation Return, **RTV 3204** Return of Sample Merchandise
  - Full cost value of merchandise or agreed upon value
  - Handling Charges if the return is the result of a vendor error
- **RTV 3299** Miscellaneous RTV
  - Full cost value of merchandise or agreed upon value
- **VC 3370** - Defective Merchandise Repaired at Warehouse
  - Labor will be charged back at a rate of \$50.00 per hour
  - Cost of parts/supplies provided by BonTon to make the repair
  - \$50.00 administration cost per incident
  - Any other expenses directly related to the repair (i.e. shipping costs on parts)
- **VC 3371** - Defective Merchandise Repaired/Inspected in the Customer's Home
  - Actual cost invoiced by service company for inspection of defective product
  - Actual cost invoiced by service company for repair of defective product
  - Cost of parts/supplies provided by BonTon to make the repair
  - \$50.00 administration cost per incident
  - Any other expenses directly related to the repair (i.e. shipping costs on parts)
- **VC 3372** – Furniture Parts shipped to the wrong warehouse
  - Cost incurred by BonTon to reship parts to the correct warehouse
  - \$50.00 administration cost per incident
  - Any other expenses related to the mis-shipment

- **VC 0061 – Shipped Early**
  - If a container of furniture arrives early, Bon Ton will not pay demurrage charges or other handling charges for holding the goods for delivery within the scheduled delivery window. If, at the buyers discretion, the container is allowed to be received early there will be a 10% charge against the cost of the goods.
- **VC 0062 – Shipped Late**
  - Quick Turn Bedding Shipments received later than noon on the scheduled day of delivery will be assessed up to a \$100.00 per hour charge until they arrive.
  - Quick Turn Bedding Shipments, not received on the scheduled day, that result in customer adjustments given to save the sale, will be charged back to the vendor in the amount of the adjustment given.
  - Furniture orders that are excessively delayed, that result in customer adjustments given to save the sale, will be charged back to the vendor in the amount of the adjustment given.
- **VC 0799 – Miscellaneous Vendor Violation**
  - Bedding Order Acknowledgements not received on a timely basis may result in a chargeback.
  - Holiday or inventory closures of the bedding factories not properly communicated to the warehouse via e-mail, may result in a chargeback. A memo on the acknowledgement or bill of lading is not sufficient notice.
  - Any other miscellaneous charges assessed due to vendor error will be communicated and also explained in the comments of the chargeback.
- **VA 4000 - Defective Merchandise Kept by Customer or BonTon for an Allowance**
  - Actual amount of allowance given to customer to keep defective product or 65% of cost if the actual amount of the allowance exceeds 65% of cost.
  - Allowance amount negotiated with vendor for BonTon to keep defective product – minimum accepted will be 65% of cost
  - \$50.00 administration cost per incident