



## **SUPPLIER BUSINESS GUIDE**

UPDATED 3/03/2023

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# **1 WILTON SUPPLIER BUSINESS GUIDE INTRODUCTION**

All of us at Wilton Industries, Inc., and its subsidiaries and affiliates (collectively, "Wilton") welcome you as a valued supplier (sometimes referred to as "you" or the Supplier").

We at Wilton place the utmost importance on our supplier relationships and have built strong partnerships with best in class suppliers worldwide. We are pleased to have you as one of our valued partners and present our Supplier Business Guide. The guide is intended to clearly outline our policies, procedures and expectations to ensure compliance with the Wilton requirements. However, if at any time the Supplier is unable to comply with any sections of this Supplier Business Guide the Supplier must contact Wilton at once to address the area of concern.

Amendments or modifications to this Supplier Business Guide will be provided as needed and will be conveyed to the Supplier along with any applicable dates for compliance.

This Supplier Business Guide is subject to amendment from time to time by Wilton in its sole discretion. Wilton shall make available to the Supplier the amended Supplier Business Guide, and Suppliers continued performance shall be deemed its continued consent to the Supplier Business Guide, as amended. The most current version of this Supplier Business Guide must always be used, and prior versions discarded.

This Supplier Business Guide amends and restates in its entirety the "Vendor Business Guide" (Domestic or International, as applicable) and any reference in any Supply Agreement, Purchase Order, or other agreement or document between Wilton and a Supplier to the "Vendor Business Guide", shall mean this Supplier Business Guide, as amended from time to time as set forth above. Previously maintained on <http://vendors.wilton.com>, this information will now be available through your login using the TraceGains platform ([www.tracegains.com](http://www.tracegains.com)). The Suppliers continued performance shall be deemed its consent to this Supplier Business Guide, as amended.

Thank you for your cooperation and welcome to the Wilton family.

## 2 GLOSSARY

Certain definitions used in the Supplier Business Guide are set out below. Other terms are defined in the other sections of the Supplier Business Guide.

**APHIS:** Animal and Plant Health Service, a division of the United States Department of Agriculture.

**Associate:** Individuals under employment of Wilton and its affiliates.

**Chargeback:** A fee charged to the Supplier by Wilton for processing costs associated with handling and correcting shipments that are not in accordance with this guideline.

**Collect:** Indicates that the freight charge is payable by the consignee (recipient) of the freight.

**Corrugated:** A carton material built of layers of one or more fluted (or wavy) sheets of paper material sandwiched between two or more outer paper sheets. The alternative to corrugate is flat board, which does not have any flutes.

**Domestic:** Indicates shipments from a location in the US.

**Factories:** Factories that are (i) owned by the Supplier, or (ii) contracted on the behalf of Supplier.

**FOB:** FOB means free on board pursuant to Inco terms.

**Indemnified Parties:** Is defined in Section 13 hereof.

**Intellectual Property:** US (including its territories) or foreign, trade names, trademarks, logos, brand names, model names and other identifying markings, trade dress, visual design, copyrights, inventions, innovations, designs, plans, specifications, drawings, materials, components, and patent rights or the like, and other registered and unregistered intellectual property rights and all improvements, modifications and enhancements to the foregoing.

**Legal Requirements:** All applicable laws, rules, regulations, policies, procedures, standards and orders, of whatever kind and nature and of all applicable governmental and industry bodies, now or hereafter in effect, relating to the manufacture and supply of the Products in the country of origin and the country of ultimate sale to consumers, including, but not limited to, (i) labor laws including the Fair Labor Standards Act ("FLSA") (if the Supplier is a company subject to the FSLA), (ii) all environmental laws, (iii) all United States federal, state, and local governmental requirements, including the Federal Food, Drug and Cosmetic Act, California Health and Safety Code Section 252249.6 et. seq., (known as California Prop 65), and the Consumer Products Safety Improvement Act of 2008, in each case if applicable; (iv) all Canadian federal, provincial and local governmental requirements, including applicable Health Canada regulations for Products to be sold in Canada, if applicable; (v) European Union governmental requirements and directives for Products to be sold in Europe, if applicable; and (vi) any other comparable laws and regulations of any country or subdivision thereof to which the Products are intended

to be sold to consumers; the HACCP System and Guidelines, if applicable, Underwriters' Laboratories ("UL") and Canadian Standards Association ("CSA"), if applicable, and any other applicable industry body standards.

**Losses:** All liabilities, losses, claims, damages, settlement costs, demands, fines, civil penalties, judgments, and expenses (including, but not limited to, interest, court costs and attorneys' fees and costs of investigation).

**OSHA:** Occupational Safety and Health Act.

**Pre-paid:** Indicates that the freight charge is payable by the shipper of the freight.

**Print Contrast Signal (PCS):** A measurement of the ratio of the reflectivity between the bars and spaces of a symbol. PCS is calculated by the reflectivity of the background minus the reflectivity of the bars, divided by the reflectivity of the background.

**Products:** Items ordered from the Supplier by a Purchase Order.

**Purchase Order:** Is defined in Section 5.1 hereof.

**Purchase Terms and Conditions:** Is defined in Section 5.1 hereof.

**Quality Standards:** All quality assurance procedures and standards specified in writing by Wilton from time to time, including in this Supplier Business Guide and those set forth in the Quality and Compliance section in this manual. The Quality Standards includes use of only accredited testing facilities that have been approved by Wilton in writing.

**SCC:** Shipping Container Code, a code used for Inner and Master Packs (SCC-14) and is governed by the Uniform Code Council (UCC). The SCC is also used for items shipped (SCC-18) under the requirements of Electronic Data Exchange (EDI).

**SKU:** Stock Keeping Unit, the smallest unique sellable retail unit.

**Specifications:** An approval sample agreed to by Wilton and Supplier; which may be updated or changed over time upon agreement by Wilton and Supplier.

**Straight Bill of Lading:** A non-negotiable receipt and carriage contract from the carrier to the shipper for the goods received for transportation. The Straight Bill of Lading contains information on the shipment goods, the consignee (recipient of the shipment), the shipper, and the carrier.

**Supplier Business Guide:** This Supplier Business Guide, as amended from time to time.

**Supply Agreement:** Is defined in Section 5.1 hereof.

# 3 BUSINESS PRACTICE AND CODE OF CONDUCT

## 3.1 WILTON CODE OF CONDUCT

Wilton has created a Vision statement, Mission statement and our Culture Recipe behaviors that serves as a guide to define who we are as a company.

### Our Vision

We inspire the joy of creativity in everyone, everywhere, every day.

### Our Mission

Our passion is to build market-leading creative brands by developing products we know consumers want to buy, that retailers want to sell and to grow revenue profitably.

### Our Culture

Wilton Associates are driven by a passion to innovate, grow, and have fun. Wilton is proud to have a culture of high performance and continuous improvement where teammates constantly seek to develop as defined within our Culture Recipe behaviors of Inspire, Care, Educate and Grow.



Wilton’s Code of Conduct, as set forth in this Section 3 (“Code of Conduct”), reinforces the principles behind Wilton’s Vision, Mission and Values and sets forth the standards by which Wilton and its associates conduct their respective professional lives. The Code of Conduct is intended to be a tool and a guide to help the Associates, as well as others who act on Wilton’s behalf, to understand and fulfill their responsibilities in relation to Wilton’s internal policies and procedures, standards for ethical and proper behavior, and laws and regulations applicable to Wilton.

1. Wilton is required to maintain a safe workplace where Associates are free from harassment, not discriminated against, and have equal opportunity.
2. Associates are required to safeguard company assets, including confidential information and intellectual property.
3. Wilton, its products and its Associates, are required to comply with all applicable laws. These laws include laws regarding the safety of products, antitrust laws, anti-boycott laws, import and export laws, and anti-bribery laws.
4. Wilton and its Associates are prohibited from offering or paying money or anything else of value, or accepting or agreeing to accept money or anything of value, as part of a bribe, to induce improper conduct or to influence an act or decision by a government official.
5. Wilton Associates may not pay for or receive entertainment or gifts to or from any other person or entity over \$50. Charitable and political contributions are also prohibited unless approved by the Chief Executive Officer and the General Counsel.
6. The Code of Conduct also prohibits Wilton Associates (and their family members\*) from engaging in activities outside of the workplace that create or could potentially create a conflict of interest.

Examples of conduct that may give rise to a conflict of interest include:

- a. Employment in any capacity by a competitor, supplier, customer or service provider of Wilton.
- b. Acceptance by an Associate of an offer to serve as an officer, director, partner, consultant or employee of competitor, customer, franchisee or any supplier or potential supplier without disclosure and prior written approval from the Presidents.
- c. Direct or indirect ownership of any such competitor, supplier, customer or service provider. "Direct or indirect ownership" includes any ownership interest, even though an intermediary.
- d. Receiving undisclosed fees, kickbacks, commissions or other compensation, or accepting gifts, entertainment, favors or other items from a customer, supplier or service provider the purposes of a bribe, obtaining or retaining business, obtaining or rewarding favorable treatment or inducing improper conduct in connection with this Supplier Business Guide or in connection with the provision of goods or services to Wilton or its subsidiaries or affiliates.
- e. Having a financial interest in any transaction involving the purchase or sale by Wilton of any goods, materials, equipment, supplies, services or property.
- f. Directly or indirectly exploiting any business opportunity available to Wilton for personal gain.
- g. Use of non-public, privileged or confidential information for the personal gain of an associate or the disclosure of such information to any person not expressly authorized to receive it.
- h. Using Wilton materials, equipment, confidential and proprietary information or other assets for personal gain; Involvement in any other business activity, transaction or relationship which could reasonably be interpreted by others as illegal or unethical conduct or in conflict with the interests of Wilton.

\*"Family members" include an employee's spouse, child, sibling or other persons living in the same household. If a Supplier becomes aware of any violation of the Code of Conduct by an Wilton Associate, the Supplier should report such violation to any one of the following individuals:

VP Global Sourcing & Procurement

Email: [asmita.pahwa@wilton.com](mailto:asmita.pahwa@wilton.com)

Director Legal Affairs

Email : [tim.tyler@wilton.com](mailto:tim.tyler@wilton.com)



## 3.2 SUPPLIER CODE OF CONDUCT

Wilton is committed to sourcing responsibly and to conducting business in an ethical manner in accordance with applicable laws and regulations and expects its suppliers and manufacturing facilities to support and comply with our corporate values.

**Anti-Bribery and Corruption:** Suppliers must not offer, solicit, accept or provide any money, gifts or anything of value, to Wilton or any of its Associates, or any government official, or any other person or entity, for the purposes of a bribe, obtaining or retaining business, obtaining or rewarding favorable treatment or inducing improper conduct in connection with the provision of goods or services to Wilton or its subsidiaries or affiliates. Supplier certifies that it is not owned, wholly or partially, or controlled, directly or indirectly, by any government official, entity, or political party.

**Business Ethics:** Supplier will conduct business with Wilton, and its subsidiaries, affiliates, franchises, partners, divisions, sourcing agents, and trading companies, consistent with honesty and integrity and demonstrate the highest standards of business ethics. Supplier should maintain accurate and honest business records in full compliance with Legal Requirements.

**Dealings:** Supplier is now and will remain compliant with (i) all import, export and economic sanctions statutes, regulations, decrees, orders, guidelines and policies of the United States Government and the government(s) of the any country in which Supplier conducts business, and (ii) all restrictions against dealings with certain prohibited, debarred, denied or specially designated entities or individuals under statutes, regulations, orders, and decrees of various agencies of the United States Government.

**Child Labor:** No person shall be employed at an age younger than the greater of (A) 15 (or 14 where the local law allows such exception consistent with International Labor Organization guidelines); (B) the age for completing compulsory education; and (C) the minimum age established by law in the country of manufacture. In addition, Supplier must comply with all local legal requirements for the work of authorized young workers.

**Communication:** Supplier must communicate the provisions of this Supplier Business Guide, including the Code of Conduct, to its current and new employees.

**Non-Discrimination:** Supplier will practice fair and equal treatment with respect to its employees, including ensuring hiring, remuneration, benefits, advancements, termination and retirement, is based on ability not based on race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.

**Environment:** Supplier and its Factories must comply with all applicable environmental local laws, regulations and other Legal Requirements. Supplier must conduct business in a manner which minimizes its impact on the environment.

**Forced Labor, Slavery and Human Trafficking:** Supplier shall not use any form of involuntary labor, whether in the form of prison, indentured, bonded, slave and human trafficked labor or any other forced labor for all workers, including those hired through recruitment agencies, and foreign or temporary labor.

**Freedom of Association and Collective Bargaining:** Supplier must recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any association. Supplier must also respect the legal right of workers to bargain collectively in accordance with local laws and without harassment, interference or reprisal.

**Harassment and Abuse:** Supplier will treat all its employees and workers with dignity and respect. Supplier will protect all its employees and workers from abuse and harassment of any nature including verbal, mental, sexual, psychological, physical or verbal abuse. Disciplinary actions should be documented, and records maintained throughout the worker's tenure, and Supplier will not use monetary fines as a disciplinary practice.

**Health and Safety:** Supplier will provide a clean, safe and healthy working environment and takes necessary steps to prevent accidents and injuries and protect workers' health, in accordance with applicable Legal Requirements in the countries in which they operate. This includes residential facilities, if applicable. Regular health and safety training must be provided to all workers.

**Compliance with Laws and Regulations:** Supplier will comply with all applicable labor, health, safety and environmental laws and all other Legal Requirements in the countries in which it operates. Supplier is expected to stay informed of local laws and regulations and to incorporate them into its policies and procedures.

**Subcontracting:** Factories of Supplier may not utilize any contractor, subcontractor, supplier or factory to produce a finished product or any good with Wilton's Intellectual Property, including but not limited to its trade name(s) and logo(s) (or Wilton's retail partner's Intellectual Property) on the product, product packaging, or other material without Wilton's prior written consent, which consent may be withheld at Wilton's sole discretion.

**Compensation:** Supplier must pay workers on time and at least the minimum compensation required by the applicable Legal Requirements, provided that if local industry standards provides a higher compensation than the applicable Legal Requirement, Supplier must pay the higher compensation, and Supplier must provide all legally mandated benefits including, holidays and leaves, maximum hours, piece rates, statutory severance (when employment ends) and other elements of compensation, including overtime hour pay.

**Working Hours:** Supplier must ensure that, except in extraordinary business circumstances, on a regularly scheduled basis, workers shall not be required to work more than the lesser of (a) sixty (60) hours per week, including overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture. In addition, except in extraordinary business circumstances, all workers shall be entitled to at least one day off in every consecutive seven-day period.

**Books and Records:** Supplier shall maintain at its principal place of business full, complete and accurate books of account and records of its activities with Wilton, and upon reasonable notice, Supplier shall grant Wilton (or its agents) access during normal business hours to any such books.

**Contact:** Additional questions and/or requests for clarification should be directed to [factoryaudits@wilton.com](mailto:factoryaudits@wilton.com)

**Limitations:** This Code of Conduct is not intended to limit Wilton's actions regarding Supplier violations of applicable labor laws, customs or import regulations or other applicable laws and regulations. Full compliance is required by all Suppliers.

**Separation of Private and Corporate Interests:** The Staff Members of Wilton are under a duty to act and make any business decisions in the best interests of Wilton and unaffected by personal interests. Therefore, Suppliers must not seek to influence the personal interests of any Staff Members of Wilton or of any person connected to him or her. In determining its business relationships Wilton will only take into consideration objective criteria. Suppliers are chosen in accordance with appropriate objective criteria, such as price, quality and existence of quality management, reliability, technological standards, product suitability and the existence of a long-standing and trouble-free business relationship. The conclusion of a contract must not be included by personal relationships or interests. The Supplier shall be required to disclose in writing any existing and potential conflict of interest.

**Protection of Business Secrets:** Suppliers may receive from or obtain about Wilton Confidential Information whether for purposes of discussions, offers or the subsequent performance of the agreement. Suppliers are required to maintain as confidential any and all trade and business secrets of Wilton and other internal confidential matters of Wilton. All information is deemed confidential that is designated as such and with reference to which it is to be assumed that it is not and shall not be in the public domain, for instance, as it could be useful for competitors, or whose disclosure could be detrimental to Wilton or its business partners. The obligation to maintain confidentiality exists both during the term of the agreement and after its termination. Confidential Information must be protected from any unauthorized inspection by third parties; the Supplier shall ensure that confidential information may only be passed on to those of its employees, who require such Confidential Information for the performance of their duties and are under obligations of confidentiality of equivalent terms.

**Sustainability:** Wilton strives to handle environmental resources as sparingly as possible, to avoid hazards to humans and the environment and continuously improve all procedures and processes that serve to further reduce environmental pollution. Wilton expects that its Suppliers do so accordingly.

**Information on Violations:** If the Supplier obtains any information on a violation of the Supplier Code of Conduct due to its own acts, those of its employees, competitors or employees of Wilton, Wilton expects to be notified as soon as possible. The Supplier has the opportunity to either inform its contact at Wilton his or her superior or the compliance officer (email?). If the Supplier has reason to assume that the information may be to its disadvantage, it may request in its notices to the compliance officer that the information on the violation shall be investigated confidentially.

*Wilton is part of the Oetker-Gruppe family of businesses. To the extent applicable, the terms and conditions contained in the Oetker Supplier Code of Conduct, which is attached at the end of this Supplier Business Guide, also govern the relationship between us.*

### **3.3 PRODUCT SAFETY AND COMPLIANCE**

Wilton is committed to providing the safest products to our customers. When working with Wilton, Supplier also commits to high safety standards and agrees to produce products that meet the Legal Requirements, Wilton's product compliance standards, and specifications of the country(s) or jurisdiction where the products are intended to be sold to consumers. Wilton will identify the jurisdictions (such as but not limited to the United States, Canada, or the European Union) where the products are intended to be sold. However, the Supplier acknowledges that notwithstanding the jurisdiction of ultimate sale to consumers, Wilton may, in its sole discretion, require that the products conform to Legal Requirements of additional jurisdictions. The Supplier acknowledges that the specifications applicable to products may be more restrictive than applicable Legal Requirements, and in such case the Supplier will comply with the more restrictive provisions of these specifications and standards.

In the event that the Supplier is notified by Wilton or the applicable governmental or industry body that the Supplier is not in compliance with any Legal Requirement, then the Supplier shall promptly notify Wilton (to the extent not notified by Wilton) and, at Supplier's sole expense and within whatever time period is specified by any applicable governmental or industry body or, if none, promptly, comply with such Legal Requirement. Further, the Supplier must notify Wilton of any inspections of its facilities, equipment, or personnel by any governmental or industry body and must provide Wilton with a copy of the results of any such inspection and of any corrective action required or recommended by such body, all within 2 days of having received such results and requirement or recommendation. The Supplier will provide immediate assistance to Wilton in responding to any inquiry or observation from any governmental agency or industry standards organization, and will promptly investigate and respond to any.

Wilton has the right to investigate any potential violation of Sections 3.2 and 3.3 hereof, and Supplier will (i) grant Wilton unlimited access to Supplier's Factories or other locations during such investigation and (ii) cooperate fully with Wilton in any such investigation.

In Sections 3.2 and 3.3, Supplier shall mean Supplier, and any of its contractors, subcontractors, Factories, manufacturers, suppliers and vendors. Supplier shall ensure its contractors, subcontractors, Factories, manufacturers, suppliers and vendors comply with these Sections 3.2 and 3.3. and non-compliance by any such contractor, subcontractor, Factory, manufacturer, supplier or vendor shall be a deemed a breach by Supplier of these Section 3.2 and 3.3.

## 4 OSCA (Setlog) – Supply Management Software Solutions

As we continuously strive to improve how we work with our Suppliers, Wilton Brands launched a cloud-based Supply Chain Management Software Solution (also referred to as “OSCA”) provided by a New York based software company, Setlog Corporation. OSCA offers a central, easy to access and user friendly online database for the management of Purchase Orders. It features a central communications platform which enables you to connect directly with the Wilton team plus it has order tracking and prioritization capabilities.

The Wilton Sourcing Owner will determine the Supplier eligibility and will assist with the notification for the Set up in OSCA. User credentials will be sent via e-mail, along with instructions on how to install the application. Please do not share credentials. Wilton will provide as many credentials as needed to support the business.

Once you have been setup with the new OSCA log-in capabilities, these are the steps you will take:

1. The Supplier will receive notification of new Purchase Orders directly in OSCA.
2. Supplier will confirm in OSCA within 2 business days the following:
  - a. Purchase Order Quantity
  - b. Item Cost
  - c. Supplier Ship Date
3. Suppliers can request changes to the ship date on a purchase order by updating OSCA with a revised date. A request will then be sent to the Buyer for approval.
4. Suppliers can request changes to the ship date on a purchase order by updating OSCA with a revised date. A request will then be sent to the Buyer for approval.
  - a. If a change to the ship date is necessary, the Supplier will update the ETD (estimated date of departure) in OSCA.
5. Supplier can request changes to quantity and price before confirming the Purchase Order by sending a message in OSCA to the buyer. The Wilton buyer will update the PO lines in OSCA or send a response rejecting the change. The Supplier will then be required to confirm the acceptance of the new PO.
6. All purchase orders are subject to the conditions as stated in this Supplier Business Guide.

Once the Purchase as been approved, the Supplier will follow these steps for Shipping and Payment:

1. Supplier will build containers in the Container Planning Section of OSCA.
2. OSCA will provide weight and cube information to assist in building the container to maximize the container.

3. Once the container planning is completed, OSCA will generate the ASN (advanced shipping notice). A Wilton consolidator will work with the Supplier if any changes to the container plan is needed.
4. Once approved, the Supplier is required to move from ASN to FSN (Final Shipping Notice) by uploading correct shipping documents to OSCA within 24 hours after cargo departure.
5. When moving from ASN to FSN, the supplier will confirm the carrier and ETD (estimated time of departure) and will attach the following required documents:
  - a. Invoice
  - b. Packing List
  - c. BOL (Bill of Lading), Seaway Bill or AWB
  - d. Other documents required i.e. fumigation certificate etc.
6. Once the FSN is completed, OSCA will notify Wilton's Account Payable department to pay the invoice according to the agreed terms. (No additional documents will need to be faxed, or emailed, OSCA will handle this process for the Supplier except for providing documents to the Wilton Brokers as indicated in the Document Distribution of this Supplier Guide.)

## 5 PURCHASE ORDER GUIDELINES

### 5.1 WILTON PURCHASE TERMS AND CONDITIONS

This Section 5.1 of this Supplier Business Guide sets forth Wilton's standard purchase terms and conditions ("Purchase Terms and Conditions") and applies to all Purchase Orders that are placed on the Supplier by Wilton. By confirmation of a Purchase Order (as set forth below), Supplier agrees to the terms and conditions set forth therein.

1. **General:** The addressee named on the applicable purchase order (together with the Purchase Terms and Conditions, the "Purchase Order") shall be Supplier. The Purchase Orders, together with this Supplier Business Guide and the related supply agreement between Wilton and Supplier (such supply agreement, as amended over time, a "Supply Agreement"), constitutes the purchasing arrangement between the Supplier and Wilton with respect to the related Products.
2. **Purchase Order Guidelines:**
  - a. **Lead Times:** Wilton shall place a Purchase Order with Supplier via OSCA, based on total lead times (Supplier Production Time and Logistics Time) required by Supplier (as approved by Supplier and Wilton) to fulfill a Purchase Order. To the extent the Supplier Production Time changes after purchase order confirmation, Supplier must promptly provide notice thereof to Wilton, and Wilton may cancel any Purchase Order without penalty because of such change.
  - b. **Confirmations:** The Supplier must confirm all new purchase orders with 2 business days of receipt, via OSCA. The supplier shall confirm purchase order quantity, item cost, supplier ship date and delivery terms. If Supplier cannot accept the Purchaser Order as received, Wilton and Supplier will work together to come to mutually acceptable terms.
  - c. **Cancellations:** If at any time Supplier cannot meet the confirmed supplier ship date, Supplier should immediately notify Wilton, and Wilton reserves the right to cancel the related Purchase Order without penalty and Supplier shall be responsible to Wilton for all Losses incurred because of such delay or cancellation. Wilton may cancel without penalty any Purchase Order at any time that is beyond the suppliers production time requirement.
  - d. **Delivery:** Requirements for shipment are set forth in Sections 5 and 6 hereof, and unless otherwise specified on such Purchase Order, delivery of a shipment shall occur upon the Supplier's delivery of the Product and/or services to the shipping carrier (Incoterms 2000) FOB ("Delivery"). Title to Products and/or services shall pass to Wilton at the time of Delivery, free and clear of any lien, claim or encumbrance. Any loss or damage to the Product(s) in such shipment and/or services prior to the passing of title to Wilton shall be at the Supplier's risk. All Products and/or services are subject to Wilton's acceptance or



rejection. If rejected, the Product and/or services shall be returned for (i) cancellation of all or any part of the related Purchase Order and refund, as applicable, (ii) credit, or (iii) replacement or modification (or, in the case of services, the Supplier shall perform replacement services), all in Wilton's sole discretion and at the Supplier's sole cost and expense, and all risk of loss, handling and transportation charges, and other costs to ship the replacement or modified Product and/or services and returned Product and/or services occasioned by Wilton's rejection shall be assumed by the Supplier. Unless otherwise authorized in writing by Wilton, Supplier shall not sell, market, or otherwise distribute any Product rejected by Wilton, and such rejected Product shall be disposed of at the sole cost and expense of the Supplier. If Supplier receives written permission from Wilton to sell, market, or otherwise distribute rejected Product, Supplier shall remove all Wilton name(s), trademark(s), and logos from the Products before selling, marketing, or distributing the Product.

3. **Pricing:** Pricing is as set forth on a Purchase Order, and unless otherwise shown on such Purchase Order, the prices for the related Product(s) and/or services stated on such Purchase Order are inclusive of any and all taxes, fees, duties or governmental impositions whatsoever, including, without limitation, any and all customs duties and sales, use, excise, value-added, consumption and similar taxes, whether or not same are set forth separately on invoice to Wilton. If Wilton shall subsequently be required to pay any taxes or other fees relating to the production, sale or transportation of Products to the FOB point, the Supplier will reimburse Wilton upon demand. To the extent Supplier receives a refund (i) for a tax included in the price of a Product, or (ii) with respect to taxes paid by Wilton, Supplier shall immediately reimburse Wilton such refund amount. The Supplier represents and warrants that in proposing or agreeing to a price for the goods and/or services being sold to Wilton, such price has been arrived at independently, without the purpose of restricting competition and without any consultation, communication, or agreement with any of the Supplier's competitors relating to (i) the price, or (ii) the methods or factors used to calculate such price.
4. **On Time Shipment:** Shipments will be considered on time if shipped within 2 business days from the confirmed supplier ship date as shown on the related Purchase Order. If the shipment is delayed by 3 or more business days, Wilton reserves the right to require reimbursement for any expedited freight charges. Acceptance or rejections of Products is detailed in Sections 7 and 8 of this Supplier Business Guide.
5. **Intellectual Property:** The Supplier represents and warrants that, except for the Intellectual Property supplied by a Wilton Entity, the Supplier solely and exclusively owns all right, title and interest in and to all patents, trademarks, service marks, copyrights, trade dress, designs, and any and all other intellectual property rights related to or residing in the Products (including in any components) or its packaging or the manufacture of the Products or its packaging, or the services

performed by the Supplier, and that none of the Products or its packaging or the manufacture of the Products or its packaging, and/or services infringes in any manner on the intellectual property rights of any other person.

6. **Insurance:** The Supplier shall maintain such General Liability, Product Liability, Property Damage, and c Employee Liability and Compensation Insurance an occurrence forms adequate to cover the Supplier's obligations hereunder but in no event having minimum policy limits of not less than two million dollars (\$2,000,000) per occurrence, five million dollars (\$5,000,000) in the aggregate, combined coverage of personal injury, bodily injury, property damage, completed operations/product liability and contractual liability, per occurrence and which meets the requirements of this Supplier Business Guide. To the extent such insurance coverage is insufficient to reimburse Wilton for its liabilities hereunder, the Supplier shall remain liable to Wilton for any deficiency. All the Supplier's insurance required in this Section 4 shall be primary to and shall receive no contribution from any other insurance maintained by, on behalf of, or benefiting the Wilton, its subsidiaries and affiliates, and their respective officers, directors, employees, and stockholders. All the Supplier's insurance required in this Section 6 shall name the Wilton, its parent, subsidiaries and affiliated entities and their respective officers, directors, employees, stockholders, and agents as additional insured's and shall contain provisions that the Supplier's insurers shall have no right of recovery or subrogation against any of such entities.
7. **Force Majeure:** Each party shall be excused from liability for failure to perform under a Purchase Order because of Acts of God, fire, floods, unanticipated actions by governments, or other unanticipated causes which cannot be remedied by the reasonable efforts of the party whose performance is impaired; provided, however, that strikes, lockouts and other forms of labor unrest are specifically excluded and do not constitute events of force majeure. The party declaring force majeure shall notify the other party promptly in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. The parties shall use reasonable efforts to continue to meet their obligations for the duration of the force majeure condition.
8. **Proprietary Rights and Confidentiality:**
  - a. All materials including, but not limited to, any Intellectual Property provided by or on behalf of Wilton or its subsidiaries or affiliates (collectively the "Wilton Materials") shall remain the sole and exclusive property of Wilton, or such subsidiary or affiliate (Wilton, or such subsidiary or affiliate, each, a Wilton Entity"). Any enhancements, modifications and improvements to the Wilton Materials (the "Work Product") shall upon creation be considered a "Work Made for Hire" as that phrase is defined by the U.S. copyright laws (and/or the equivalent concept under non-U.S. jurisdictions) and shall be owned by and for the express benefit of the relevant Wilton Entity. In the event it should be established that the Work Product does not qualify as a Work Made for Hire, the Supplier agrees to and does hereby assign to the relevant Wilton Entity all of its right, title, and interest in the

Work Product, and Supplier hereby irreversibly assigns any and all rights it may have or acquire in any portion of Intellectual Property, at law or in equity, to the relevant Wilton Entity. The Supplier agrees to sign such further documents as may be requested by Wilton or the relevant Wilton Entity to effectuate the transfer of the Wilton Materials at no cost to Wilton or the relevant Wilton entity. The Supplier shall not authorize others to disassemble, decompile, reverse engineer, reproduce, modify or distribute the Wilton Materials, in whole or in part, or use them for the benefit of Supplier or any third party. Each Product and its packaging shall bear an appropriate country of origin legend and the appropriate trademark notice (® or ™) adjacent to any Wilton Entity registered or common law trademark used.

- b. The Supplier agrees to maintain in confidence, and not to disclose to third parties or use, without the prior written consent of the relevant Wilton Entity, the Wilton Materials or any other information and materials of or about any Wilton Entity, including, but not limited to, information or materials provided by a Wilton Entity in connection with the Supply Agreement, any Purchase Order or the Supplier Business Guide, the content of any of the foregoing, information identified or marked as confidential or any other information that, due to its character and nature, a reasonable person under like circumstances would treat as confidential (collectively, "Confidential Information"). Supplier shall only provide such Confidential Information to its employees that need to know such Confidential Information to provide Supplier's services under the Supply Agreement, a Purchase Order and this Supplier Business Guide, and then, only to the extent necessary to carry out those services. Supplier shall ensure that any employee of Supplier receiving Confidential Information shall be subject to confidentiality obligations that are equal to or greater than those set out herein.
- c. In addition to the foregoing, the Supplier acknowledges and agrees that its breach of this Section 5.1.8, in any instance, shall result in immediate and irreparable damage to the Wilton Entities; that money damages would not be a sufficient remedy for a breach of Section 5.1.8, and that no adequate remedy at law exists for such damage; and in the event of such failure or breach or threatened failure or breach, the Wilton Entities shall be entitled to equitable relief by way of temporary, preliminary and permanent injunctions, and such other and further relief as any court of competent jurisdiction may deem just and proper, in addition to, and without prejudice to, any other relief to which Wilton may be entitled at law or in equity. The Supplier waives any requirement for the posting of a bond or other security by the Wilton Entities in connection with Wilton obtaining any such temporary, preliminary and/or permanent injunction.
- d. The provisions of this Section 5.1.8 shall survive the termination of the Supply Agreement and any Purchase Order.

9. **Representations, Warranties and Covenants:**

- a. The Supplier represents, warrants and covenants that competent, knowledgeable, and experienced personnel in the type of services to be performed under the Supply Agreement, any Purchase Order and this Supplier Business Guide shall perform such services in a professional and workmanlike manner consistent with industry standards and such services shall meet all specifications set forth in the Supply Agreement, any Purchase Order and in this Supplier Business Guide; provided, however, that where any such Purchase Order specifies a particular standard or criteria for performance more particular than the foregoing, this warranty is not intended to and does not diminish that standard or criteria for performance. Further, in any case where detailed requirements for a service are not mutually agreed upon or set forth in the Supply Agreement, Purchase Order or in this Supplier Business Guide, such services shall be fit and sufficient for the purposes expressed in, or reasonably to be inferred from, such Supply Agreement, Purchase Order or this Supplier Business Guide, as the case may be.
  - b. The Supplier expressly represents and warrants that the Product and/or services shall be of good and merchantable quality, free from defects (latent or otherwise) in material and workmanship (and free from defects in design if the design is owned by or provided by the Supplier) and strictly conform to the Specifications, Quality Standards and the terms of this Supplier Business Guide. The Supplier acknowledges that the Supplier knows Wilton's and Wilton's consumers intended use and expressly warrants that Products covered by a Purchase Order have been and will be selected, designed, manufactured, and assembled by the Supplier based upon such intended use and will be fit and sufficient for the purpose intended. In addition to its other rights and remedies, Wilton reserves the right to cancel a Purchase Order in whole or in part or have the Supplier reimburse the Wilton for any direct, indirect, incidental, special, and consequential damages caused by nonconforming Product and/or services, including, but not limited to, costs and expenses incurred by the Wilton for inspecting, sorting, repairing, and replacing such nonconforming Product and/or services, if said Product and/or services do not satisfy the foregoing representations and warranties.
  - c. Supplier covenants that it will comply with any labeling requirements provided by Wilton (whether herein or separately provided).
10. **Compliance:** The Product and/or services called for in the Supply Agreement, any Purchase Order, and in this Supplier Business Guide have been produced, manufactured and delivered, as applicable, in accordance with, and the Supplier's provision of the services complies with, the Supply Agreement, any such Purchase Order, this Supplier Business Guide, the Quality Standards, the Specifications and all applicable Legal Requirements including, but not limited to, and all export, health and safety, equal opportunity, immigration and environmental laws,

restrictions and regulations. The Supplier shall comply with all Legal Requirements in connection with the conduct of its business. The provisions of this Section 5.1.10 shall survive the Delivery of the Product and/or services and the receipt and acceptance thereof by Wilton.

**11. Miscellaneous:**

- a. The Supplier may not assign or delegate its rights or obligations, or permit any subcontractor to perform, under any Purchase Order in whole or in part without the prior written consent of Wilton, which consent may be given or withheld at Wilton's sole discretion. The provisions of the Supply Agreement, any Purchase Order, and this Supplier Business Guide will be binding upon and inure to the benefit of Supplier and Wilton and upon and to their respective permitted successors and permitted assigns.
- b. The Indemnified Parties shall be third party beneficiaries of these Purchase Terms and Conditions, the Purchase Orders, the Supply Agreement, and this Supplier Business Guide, and other than the Indemnified Parties, there are no third-party beneficiaries to these Purchase Terms and Conditions, any Purchase Orders, the Supply Agreement, and this Supplier Business Guide.
- c. Supplier is an independent contractor and not an employee or agent of Wilton.
- d. The Supplier may not issue a press release, public announcement or other public statements regarding this Supplier Business Guide, any Purchase Orders, or the Supply Agreement without Wilton's prior written consent.
- e. If any term of the Supply Agreement, any Purchase Order or this Supplier Business Guide is found to be invalid or unenforceable under any statute, regulation, ordinance, order, or any other rule of law, such term shall be deemed reformed or deleted, but only to the extent necessary to comply with such statute, regulation, ordinance, order, or rule, and the remaining provisions of the Supply Agreement, Purchase Order or this Supplier Business Guide shall remain in full force and effect.

## 5.2 SUPPLY CHAIN SECURITY (CTPAT) GUIDELINES

Wilton is committed to strengthening its supply chain by working with international trade partners (manufacturers, carriers and Customs brokers) to ensure compliance with the requirements of the U.S. Customs and Border Protection CTPAT (Customs - Trade Partnership Against Terrorism) security guidelines. The goal of this commitment is to optimize supply chain performance to mitigate the risk of loss, theft, and contraband smuggling that could potentially introduce terrorists and implements of terrorism into the global supply chain.

1. **Procedural Security:** Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.
  - a. **Documentation Processing:** Procedures must be in place to ensure that all information used in the movement of merchandise/cargo, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Maintaining the accuracy of information received, including names and address of the shipper, consignee, any notifying parties, all product information and shipment documents. Documentation control must include safeguarding computer access and information.
  - b. **Manifesting Procedures:** Procedures must be in place to ensure that the integrity of the cargo and the information received from business partners is reported accurately and timely.
  - c. **Shipping and Receiving:** Departing cargo being shipped should be reconciled against information on the cargo manifest. The cargo should be accurately described, and the weights, labels, marks and piece count indicated and verified. Departing cargo should be verified against purchase or delivery orders. Drivers delivering or receiving cargo must be positively identified before cargo is received or released. Procedures should also be established to track the timely movement of incoming and outgoing goods.
  - d. **Cargo Discrepancies:** All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. U.S. Customs and other appropriate law enforcement agencies must be notified if anomalies, illegal or suspicious activities are detected - as appropriate.
2. **Physical Security:** Procedures must be in place to prevent, detect, or deter undocumented material and unauthorized personnel from gaining access to conveyance, including concealment in containers.
  - a. **Cargo handling and storage:** Facilities should have physical barriers and deterrents that guard against unauthorized access. There should be physical security criteria throughout your supply chain.

- b. Fencing: Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.
  - c. Gates and Gate Houses: Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.
  - d. Parking: Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.
  - e. Building Structure: Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.
  - f. Locking Devices and Key Controls: All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.
  - g. Lighting: Adequate lighting must be provided inside and outside the facility including the following areas – entrances and exits, cargo handling and storage areas, fence lines and parking areas.
  - h. Alarm Systems and Video Surveillance Cameras: To prevent and monitor unauthorized access to cargo handling and storage areas, Alarm systems and video surveillance cameras should be used.
  - i. Challenging and Removing Unauthorized Persons: Procedures must be in place to identify, challenge and address unauthorized/unidentified persons.
3. **Physical Access Controls:** Access controls prevent unauthorized access to facilities and conveyances, maintain control of employees and visitors, and protect company assets.
- a. Employee Positive Identification Controls: An employee identification system must be in place for positive identification and access control purposes. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security personnel must adequately control the issuance and removal of employee, visitor and supplier identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.
  - b. Visitors: Visitors must present photo identification for documentation purposes upon arrival. All visitors should be escorted and should visibly display temporary identification.
  - c. Deliveries (including mail): Proper supplier ID and/or photo identification must be presented for documentation purposes upon arrival by all suppliers. Arriving packages and mail should be periodically screened before being dispersed.

4. **Personnel Security:** Processes must be in place to screen prospective employees and to periodically check current employees.
  - a. Pre-Employment Verification: Application information, such as employment history and references must be verified prior to employment.
  - b. Background Checks/ Investigations: Consistent with foreign regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.
  - c. Personnel Termination Procedures: Companies must have procedures in place to remove identification, facility, and system access for terminated employees.
5. **Conveyance and Container Security:** Ensure that containers are sealed, inspected and properly stored. Seal numbers are recorded, on file and stored properly.
  - a. Container and Trailer Security: Container and trailer integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At the point-of-stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers and trailers. A high security seal must be affixed to all loaded containers and trailers bound for the U.S. All seals must meet or exceed the current PAS ISO 17712 standard for high security seals. In those geographic areas where risk assessments warrant checking containers or trailers for human concealment or smuggling, such procedures should be designed to address this risk at the manufacturing facility or point-of-stuffing
  - b. Container Inspection: Procedures must be in place to verify the physical integrity of the container structure prior to stuffing, to include the reliability of the locking mechanisms of the doors. A seven-point inspection process is required for all containers:
    - i. Front wall
    - ii. Left side
    - iii. Right side
    - iv. Floor
    - v. Ceiling/Roof
    - vi. Inside/outside doors
    - vii. Outside/Undercarriage
  - c. Trailer Inspection: Procedures must be in place to verify the physical integrity of the trailer structure prior to stuffing, to include the reliability of the locking mechanisms of the doors. The following ten-point inspection process is recommended for all trailers:
    - i. Fifth wheel area - check natural compartment/skid plate
    - ii. Exterior - front/sides
    - iii. Rear - bumper/doors



- iv. Front wall
    - v. Left side
    - vi. Right side
    - vii. Floor
    - viii. Ceiling/Roof
    - ix. Inside/outside doors
    - x. Outside/Undercarriage
  - d. **Container and Trailer Seals:** The sealing of trailers and containers, to include continuous seal integrity, are crucial elements of a secure supply chain, and remains a critical part of a foreign manufacturers' commitment to CTPAT. The foreign manufacturer must affix a high security seal to all loaded trailers and containers bound for the U.S. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals. Only designated employees should distribute seals for integrity purposes. Written procedures must stipulate how seals are to be controlled and affixed to loaded containers and trailers. Procedures must include instructions for recognizing and reporting compromised seals and/or containers/trailers to US Customs and Border Protection or the appropriate foreign authority.
  - e. **Container and Trailer Storage:** Containers and trailers under foreign manufacturer control or located in a facility of the foreign manufacturer must be stored in a secure area to prevent unauthorized access and/or manipulation. Procedures must be in place for reporting and neutralizing unauthorized entry into containers/trailers or container/trailer storage areas.
6. **Security Training and Threat Awareness:** A threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorists and contraband smugglers at each point in the supply chain. Employees must be made aware of the procedures the company has in place to address a situation and how to report it. Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.
7. **Information Technology:**
- a. **Password Protection:** Automated systems must use individually assigned accounts that require a periodic change of password. IT security policies, procedures and standards must be in place and provided to employees in the form of written documentation and training.

- b. Accountability: A system must be in place to identify the abuse of IT including improper access, tampering or the altering of business data. All system violators must be subject to appropriate disciplinary actions for abuse.

In the event of a supply chain security breach it is important that Wilton be notified immediately. For any supply chain security issues please contact Wilton, Attn: Import Compliance Specialist, [importhelp@wilton.com](mailto:importhelp@wilton.com).

### 5.3 SUPPLIER PAYMENT PROCEDURES

Invoices from a Supplier must be uploaded to OSCA within 3-5 days after cargo departure.

One (1) complete set of original documents, consisting of:

1. One (1) original commercial invoice – The invoice must include the ETD date, Purchase Order number and SKU numbers.
2. One (1) Seaway bill or original bill of lading- The BOL must include the ETD date, Purchase Order number and SKU numbers.
3. One (1) packing list.

Inquiries regarding invoices and payment are to be directed to the Accounts Payable department @ APDOCS@WILTON.COM

Price paid will be price shown on a Purchase Order unless authorized in writing by Wilton's Sourcing Department.

The Supplier agrees (i) to render promptly after each delivery of Products a correct and complete invoice to Wilton, such invoice to include Wilton's Item and Part number(s) and Product code(s) and quantities that apply to such invoice; and (ii) to accept payment, at the discretion of Wilton with regard to specific relevant invoices, other cash equivalent (including electronic transfer of funds).

The time period for payment shall not begin until correct and complete invoices are received, and any cash or quick-pay discount privileges to Wilton shall be extended until payment is due. Wilton may withhold payment pending receipt of evidence, in such form and detail as Wilton may direct, of the absence of any liens, encumbrances, or claims on the Products covered by the relevant Purchase Order.

All Purchase Orders and payments between the parties shall be made in U.S. dollars unless Wilton provides its written consent to another currency for payment of some of all the payment between Wilton and the Supplier in advance of the creation of the payment obligation.

Wilton shall have the right to offset against any payment it owes to the Supplier any amount owing from the Supplier to Wilton or its affiliates.

**CHANGE IN BANK ACCOUNT INFORMATION:** Banking Changes must be submitted to AP and include Sourcing Representative. All banking information for Wire and ACH transfer vendors are housed in SAP Business Partner and reviewed by either the Treasury & Risk Manager (Rob Begala) or AP Manager (Donna Kintzel) for new vendors or those requested banking changes. When a vendor requests a banking change, the change needs to be confirmed by a telephone call to a known vendor employee/phone number to make sure there are no fraudulent changes made to our beneficiaries banking.

## 6 TRANSPORTATION ROUTING

All container shipments are required to be sealed in accordance with the ISO 17712 standard.

Inco terms are FOB-origin port with all origin charges for the account of the Supplier.

All FCL shipments are to be arranged for CY-CY or CY-SD delivery.

Seaway bills must be used; use of original bills of lading is prohibited.

### 6.1 MODE SELECTION AND GENERAL INFORMATION

#### 6.1.1 WEIGHT BREAK SPECIFICATIONS

International:

- a) Weight **MUST** be distributed evenly in the container and **MUST** stay within legal load limits.
- b) All charges incurred because of an overweight container will be for the account of the Supplier.
- c) Effective July 1, 2016, the loaded weight of the container must be verified through 3rd party certifications in accordance with SOLAS regulations. Containers with unverified weights will not be loaded onboard the vessel.

Container Length		Minimum Cube		Maximum Cube	
Feet	Meters	Cubic Feet	Cubic Meters	Cubic Feet	Cubic Meters
40	12.2	1588	45	1977	56
40H	12.2	1977	56	2330	66
45	13.7	2330	66	2753	78

Feet	Max Weight/lbs.	Max Weight/kgs
20	38,000	17,236
40	42,000	19,051
40H	42,000	19,051
45	42,000	19,051

### 6.1.2 INTERNATIONAL~OCEAN CARGO BOOKINGS TO THE UNITED STATES

Suppliers must contact the Wilton nominated booking agent, Hecny Group, for all FCL shipments.

Use of 20' containers are prohibited if shipping from Yantian or Ningbo.

<b>ORIGIN</b>	<b>ROUTING FOR SHIPMENTS TO THE UNITED STATES</b>
YANTIAN, CHINA	If cargo is greater than 45cbm, book FCL with Century. If cargo is under 45cbm, book with Century CFS
NINGBO, CHINA	If cargo is greater than 45cbm, book FCL with Century. If cargo is under 45cbm, book with MOL Consolidation Services
HONG KONG	If cargo is greater than 45cbm, book FCL with Century. If cargo is under 45cbm, book with MOL Consolidation Services
HO CHI MIHN CITY, VIETNAM	If cargo is greater than 17cbm, book FCL with Century. If cargo is under 17cbm, book with Century for Ocean Standard LCL service
SURABAYA, INDONESIA	If cargo is greater than 17cbm, book FCL with Century. If cargo is under 17cbm, book with Century for Ocean Standard LCL service
HAIPHONG, VIETNAM	If cargo is greater than 17cbm, book FCL with Century. If cargo is under 17cbm, book with Century for Ocean Standard LCL service

### **6.1.2 DOMESTIC SHIPMENTS**

For routing of any domestic cargo shipped collect to Wilton, please contact [dom\\_traffic@wilton.com](mailto:dom_traffic@wilton.com) for carrier assignment.

### **6.1.3 WILTON DISTRIBUTION CENTER RECEIVING ~ HOURS OF OPERATION**

#### **Romeoville 1**

1125 W Taylor Rd

Romeoville, IL 60446

Hours: 7:00 am to 11:00 pm \*CST\* Monday through Friday

Receiving phone: (630) 810-2040/2030

Receiving fax: (815) 834-9385

#### **Romeoville 2**

1010 W Taylor Rd

Romeoville, IL 60446

Hours: 7:00 am to 11:00 pm \*CST\* Monday through Friday

Receiving phone: (630) 810-2147

Receiving fax: (815) 886-6867

Delivery appointments are not required for FCL Cargo. Delivery appointments are required for Airfreight and LCL shipments.

### **6.1.4 SHIPMENTS TO THE NETHERLANDS**

From Yantian, please contact Century Distribution to schedule bookings. Bookings need to be made under the name of Wilton Industries, Inc. Minimum volume to ship 40' equipment is 45cbm.

Century Distributions Systems Inc. (A consolidator)

Room 3708, 37/F & 38/F, Panglin Plaza Office Tower

No. 2002 Jiabin Road, Luohu District, Shenzhen

On Behalf of Wilton Industries, Inc.

## 6.1.5 BILL OF LADING INSTRUCTIONS

For shipments to the United States:

Consignee:

Wilton Industries, Inc.

535 East Diehl Road, Naperville, IL 60563

1st Notify:

List designated broker as indicated in section 6.2.4

2nd Notify:

List information for whichever DC is indicated on the purchase order shipping. If shipping multiple PO's, please list destination/2nd notify as whichever location is supposed to receive the largest percentage of cargo on the container.

United States DC Locations:

Rom 1: 1125 W Taylor Road, Romeoville IL 60446

Rom 2: 1010 W Taylor Road, Romeoville, IL 60446

Notify Party for shipments to the Netherlands is:

Consignee

Cake Supplies

New Cakes

Casablancaweg 20

Westelijk Havengebied

1047 HP Amsterdam NH

Netherlands

Notify Party

Neele-Vat Logistics

Seattleweg 3

3195 ND Rotterdam – Pernis

Tel : +31 88 996 4678

## **6.2 DOCUMENTATION FOR INTERNATIONAL SHIPMENTS**

### **6.2.1 COMMERCIAL INVOICES**

A separate Commercial Invoice must be provided for each division loaded on a container. The commercial invoice(s) must contain the following information:

- Supplier Name and Address
- Division
- Invoice Number
- Consignee Address
- Port of Loading
- Vessel/Voyage
- Sailing Date
- Country of Origin
- Inco term
- Currency
- Wilton purchase order number
- Wilton item number and product description
- HTS code
- Quantity (in cartons and eaches)
- Unit Price
- Total Price
- Signature of Authorized Party

Statement: "I/We hereby certify that the information on this invoice is true and correct and that the contents of this shipment are as stated above"

If products invoiced contain wood or plant material, please see Section 12.2.2 for additional invoice requirements.

### **6.2.2 PACKING LISTS**

A separate packing list must be provided for each Commercial Invoice in the container to include the following information:

- Supplier Name and Address
- Invoice Number
- Division



- Port of Loading
- Vessel/Voyage
- Sailing Date
- Wilton item number and product description
- Wilton purchase order number (group items by purchase order)
- Quantity (in cartons and eaches)
- Total net weight (kgs)
- Total gross weight (kgs)
- Total cube (cbm)

Any special instructions or reference numbers (i.e. air freight authorization numbers)

### **6.2.3 DOCUMENT DISTRIBUTION**

A full set of documents must be emailed to the designated Customs broker (see section 5.2) and uploaded to OSCA within 5 business days of cargo departure:

- Commercial Invoice
- Packing List
- Seaway Bill or Forwarder Cargo Receipt
- Visa (if applicable)
- Certificate of Origin (if GSP country)

### **6.2.4 BROKER SELECTION**

All ocean and air cargo shipped to the United States will be cleared by Breeze Customs. Please list the following information as the 1st notify party contact:

Breeze Customs

Main Contact – Tameka Raysor

Phone: (701) 825-6474 ext 744

Email: cds@breezecustoms.com

Address – 121 Executive Center Dr

Columbia, SC 29210

## 6.2.5 IMPORTER SECURITY FILING (ISF) REQUIREMENT

U.S. Customs requires that an ISF entry to be transmitted to U.S. Customs and Border Protection (CBP) at least

24 hours prior to ocean vessel departure for any cargo shipping to the United States.

**To comply with the ISF regulation shippers are required to provide a completed ISF Coversheet to [wiltonisf@wilton.com](mailto:wiltonisf@wilton.com) at least 72 hours prior to ocean vessel departure.**

Full enforcement of the ISF requirement went into effect on July 9, 2013. Customs can issue liquidated damages claims (penalties) for ISF violations. Failure to file a timely or accurate ISF will result in a claim for liquidated damages from U.S. Customs & Border Protection (CBP) in the amount of \$5,000 per violation.

Should Wilton incur an ISF penalty from U.S. Customs due to a Supplier ISF documentation error or omission, a chargeback will be issued to the Supplier responsible for the oversight. Additional details can be found in the Cost Recovery Chargeback Schedule in our Vendor guide. (section 8.2.1).

The shipper will need to provide the following shipment information for the ISF Coversheet:

- Bill of Lading Number
- SCAC Code
- Port of Lading and ETD
- Port of Arrival and ETA
- Seller (name and address)
- Manufacturer (name & address)
- Ship to (name and address)
- Buyer (name and address)
- Container Stuffing Location (name and address)
- Consolidator (name and address)
- Container Number(s)
- Invoice Number
- HTS Number(s)
- Country of origin

### **6.3 AIR FREIGHT ~ INTERNATIONAL**

- All airfreight shipments must be pre-approved by Wilton before booking with the designated forwarder.
- Airfreight authorization number provided by Wilton must be noted on documents. If shipping via courier service, list the AF number under the “Reference” field.
- Forwarder selection and the AF number for authorization will be provided to shippers after the shipment has been approved by the appropriate level of Wilton management. For all shipments made by Air, the documents should be provided the same day that the shipment leaves from the airport of loading.

#### **6.3.1 EXPRESS SHIPMENTS**

Any air shipments less than 45kgs should be shipped via FedEx Express International Economy service with billing to account number 366772146.

#### **6.3.2 AIR FREIGHT FORWARDERS**

- Shipments routed for air that are over 100 lbs (45 kgs) need to be sent with an approved Air Freight Forwarder.
- Terms for shipments moving via an air freight forwarder are freight collect Airport to Door.
- All origin charges are for the account of the Supplier, unless pre-approved by Wilton.
- Any prepaid air shipments must be arranged for door delivery.

## 7 GENERAL SHIPPING GUIDELINES

### CARTON PACKAGING REQUIREMENTS

The following guidelines are for shipments to be received directly at a Wilton warehouse, if the Products are to be shipped to another location Wilton may provide alternative guidelines specific to such location.

#### 7.1.1 CARTON WEIGHT SPECIFICATIONS

Due to Wilton's automated conveyor system and lifting considerations, all carton weights must be between the following values:

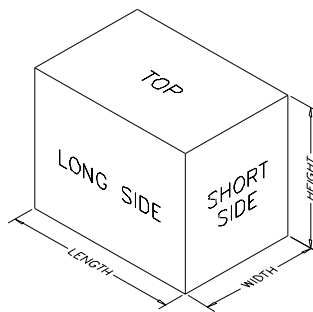
- Minimum weight: 1 pound (0.5 kg)
- Maximum weight: 50 pounds (22.68 kg)

Cartons that do not comply with the above weight limits are considered oversize and non-conveyable and require written approval from Wilton.

#### 7.1.2 CARTON SIZE SPECIFICATIONS

In addition to weight restrictions, all cartons must be between the following values:

	Length	Width	Height
Minimum	12.5 in. (320 mm)	9.5 in. (245 mm)	4.0 in. (105 mm)
Maximum	23.5 in. (595 mm)	20.5 in (520 mm)	19.5 in (495 mm)



#### Note:

- Please print carton size specifications on the side panel.
- Corrugated inner and master cartons must remain consistent from shipment to shipment. The allowable tolerance for carton variances in length, width, height and/or weight is 4%. Any

necessary changes more than this tolerance must first be approved by the Wilton Sourcing Team in advance of the shipment. Failure to notify the Wilton Sourcing Team in advance will result in a fine of \$1,000.00 per SKU, per PO for each violation.

### 7.1.3 CORRUGATED SHIPPING CARTON MATERIALS

The following requirements must be followed to ensure that the corrugate material that is used for shipping cartons is adequate:

<b>Corrugate from International Suppliers</b>			
Use For:	Corrugated Board Type	Minimum Burst Test	Minimum Edge Crush Test
<ul style="list-style-type: none"> <li>• Retail Package</li> <li>• Displays</li> <li>• Inner Packs (if the master carton is the shippable unit for retail)</li> </ul>	Single Wall A,B,C,E & F flute	200 lb./in <sup>2</sup> (1379 kPa)	32 lb./in width or 7.5 kg/cm
<ul style="list-style-type: none"> <li>• All master pack cartons</li> <li>• Inner cartons that are used as "shippable inners" for retail</li> </ul>	Double Wall	200 lb./in <sup>2</sup> (1379 kPa)	42 lb./in width or 7.5 kg/cm

<b>Recommended Minimum Corrugate Requirements for Domestic Suppliers (North America)</b>			
Use For:	Corrugated Board Type	Minimum Burst Test	Minimum Edge Crush Test
<ul style="list-style-type: none"> <li>• Retail Package</li> <li>• Displays</li> <li>• Inner Packs (if the master carton is the shippable unit for retail)</li> </ul>	Single Wall A,B,C,E & F flute	200 lb./in <sup>2</sup> (1379 kPa)	32 lb./in width or 7.5 kg/cm
<ul style="list-style-type: none"> <li>• All master pack cartons</li> <li>• Cartons that can be shipped (ie. Shippable inners/ Shelf Ready Packaging/ etc)</li> </ul>	Double Wall	200 lb./in <sup>2</sup> (1379 kPa)	32 lb./in width or 7.5 kg/cm

**Note:** All packaging must be able to pass ISTA Series 1 testing; regardless of recommended requirements provided above. Exceptions to the above recommendations will be given on the case by case bases; and confirmed in writing. Stronger board grade must be used any time additional strength is needed to provide structural integrity for a carton, package, or component.

### 7.1.4 BOX MANUFACTURER CERTIFICATES FOR GENERAL REQUIREMENTS

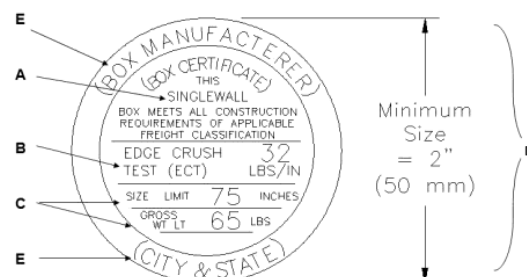
All corrugated inner and master cartons must have a carton manufacturer's certificate on the outside surface, of underside flap, with a minimum of the following:

- a) Carton Wall Type (Single wall, Double wall, Solid Fiber, etc.).
- b) Minimum Edge Crush Test, Burst Test, or Puncture Test strength.
- c) Maximum carton size and gross weight limit (maximum weight of box and contents)
  - a. Note: The weight that is reflected on the BMC may exceed Wilton established requirements. The information provided on the box manufacturer's certificate follows United States transportation guidelines.
- d) Minimum size of 2 inches (50mm) +/- .25" (6 mm) and maximum size of 3" (76 mm) +/- .25" (6 mm).
- e) Name and location of the entity certifying the information

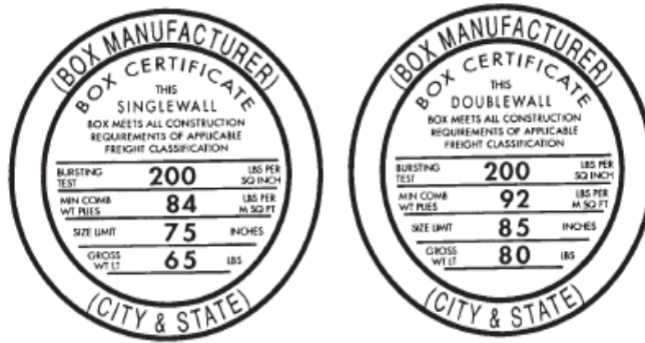
See example 1 for a box manufacturer's certificate specifying single wall with a minimum of 32 edge crush test below. The information for the box manufacturer's certificates is published in the National Motor Freight Classification Item 222 or the Uniform Freight Classification (Rail) Rule 41. Note: In this example the numbers on the Box Manufacturer's Certificate for size limit and weight exceed Wilton's routing guide requirements for maximum size and weight (see Sections 6.1.1 and 6.1.2). All master cartons must meet Wilton's minimum guidelines or require written approval from Wilton.

It is preferred that the BMC is placed on the bottom of all shippers (inner and master corrugated cartons). For more examples to correctly fill in the information for the Box Manufacturer's Certificates for various test strengths and material combinations contact Wilton Sourcing Team.

Example: (1) Single Wall 32 Ecl BMC



Example: (2) Single wall and double wall 200# burst test BMC



Example 3 – International Box Manufacturer’s Certificates 42 ECT Double Wall. Image 1 maximum size, image 2, minimum size.



For recommendations and guidelines for carton and corrugated materials, refer to your corrugated carton distributor or to industry organizations such as:

- International Corrugated Case Association available on-line at <http://www.iccanet.org/> Fibre Box Association on-line at <http://www.fibrebox.org>
- National Motor Freight Traffic Association on-line at <http://www.nmfta.org/>

Wilton may request package integrity or material testing and certification at any time to insure sufficient protection and compliance with above specifications.

Single wall, double wall, and solid fiber cartons can be certified according to burst test (TAPPI T-810), or Edge Crush Test (TAPPI T-811). For triple wall corrugate certify using puncture testing (TAPPI T-803).

### **7.1.5 PRODUCTS WITH ARTWORK ON EXTERIOR OF SELLABLE CARTON**

All SKUs that have any artwork or unique logos on the face of the carton require approval from the Sourcing Team as part of all new and modified products.

### **7.1.6 CARTON SIZE RECOMMENDATIONS FOR BULK PRODUCT**

When a new product is in development stages and a set quantity is not required for the master pack shipper (i.e., it is a bulk product like flower petals) the following are recommended case pack sizes that will maximize warehouse storage space when the product is received and palletized at Wilton. The following are recommended sizes for bulk product (outside dimensions provided). Note that this does not mean other sizes cannot be used. These are guidelines for very efficient box sizes.

Optimum case sizes:

- 24 x 20 x 18.313"
- 16 x 10 x 11"
- 20 x 16 x 13.75"
- 20 x 13.375 x 13.75"
- 10 x 8 x 9.125"
- 16 x 10 x 4.1875"
- 13 x 12 x 5.5"

### **7.1.7 PALLET DISPLAYS**

Shrouds should be used to fully contain the product on the load unless approval is given otherwise. The shroud should completely cover the product, so none is exposed to theft or damage and be secured to the pallet. To secure the shroud in place bands or stretch wrap should be secured around the display using enough banding or stretch wrap to keep the product fully contained.

**Note:** All pallet displays must conform and have the ability to pass ISTA 3e testing.

For half pallet displays preferred orientation on pallet is 24 x 40 x 60\*".

**Note:** \*60" height, includes height of pallet. If product is double stacked to deliver to Wilton, height including pallet should not exceed 51".



## 7.1.8 SHIPPING CARTON PACKING

The following is a series of requirements to establish how Wilton products are to be packaged.

- a) Corrugate inner and master packaging must be designed and manufactured to meet the specific requirements of its content. It is imperative during the development stage of a new item that product is properly fitted to achieve maximum carton utilization.
- b) Accurate inside dimensions must be determined to ensure the proper fit for the product. Corrugate inner and master packaging must not be changed from the first shipment without prior written approval.
- c) Air space: Maximum allowable free air space may not exceed 1" inch in the length, width or height dimensions. Corrugate cartons that arrive with greater than 1" or more of free air space may require a rework.

If rework is necessary for an air space non-compliance issue then materials such as corrugate, labels and labor fees will be charged back to the Supplier.

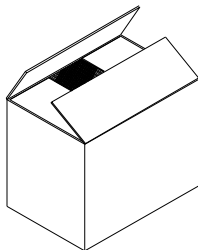
See the following examples of non-compliance air space reworks and chargebacks to the Supplier for non-compliance.



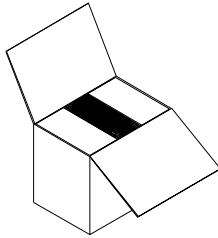
- d) Each shipping carton must protect its contents from damage during shipment, handling, and storage. Pallet configurations as well as the effects of carton weight at different pallet layers must be considered during the carton design phase. Shipping cartons on the lowest layers will be subject to higher crush factors than cartons on the top layers.
- e) Shipping cartons containing glass or plastic bottles must have dividers to protect merchandise from breakage, crushing, and finish damage. Internal dividers are part of the initial carton design process.

The following shipping carton styles are allowed by Wilton:

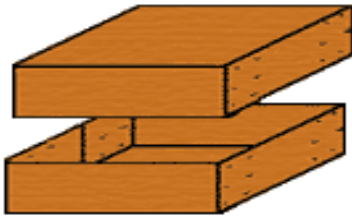
- Regular Slotted Container (RSC) International Box Code 0201



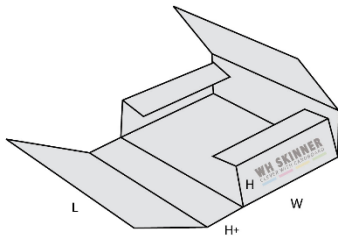
- Full Overlap Slotted Container (FOL) International Box Code 0203



- Full Telescope Design Container (FTD) International Box Code 3031



- One Piece Folder (OPF) International Box Code 0401



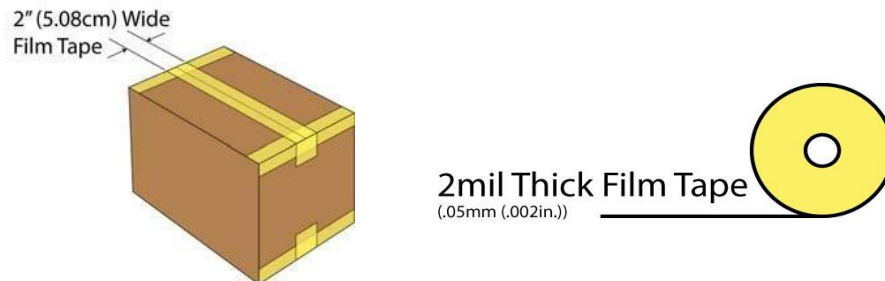
### 7.1.9 CARTON SEALING

The following is a series of requirements to establish how cartons containing Wilton merchandise are to be sealed:

- All corrugated cartons must be sealed using a minimum of 2-inch wide by 2-mil thick pressure sensitive polypropylene film (plastic) box-sealing tape.
- Sealing tape is to be used across the top and bottom flaps and overlap the ends of the box by at least 2" to properly seal cartons.
- Sealing tape must have adequate adhesion to resist changes in temperature and humidity over reasonable periods of time.

- d) No cartons are to be sealed with metal or fiber banding or strapping of any kind. There are no banding restrictions on oversized, overweight non-conveyable items. See sections 7.1.1 and 7.1.2 for conveyable carton restrictions.
- e) No cartons are to be sealed using staples.
- f) No cartons are to be sealed using paper tape that uses a water-based adhesive.

These rules will be enforced with all Wilton Brand's suppliers and there are no exceptions to these requirements.



### 7.1.10 CORRUGATED SHIPPING CARTON MARKINGS

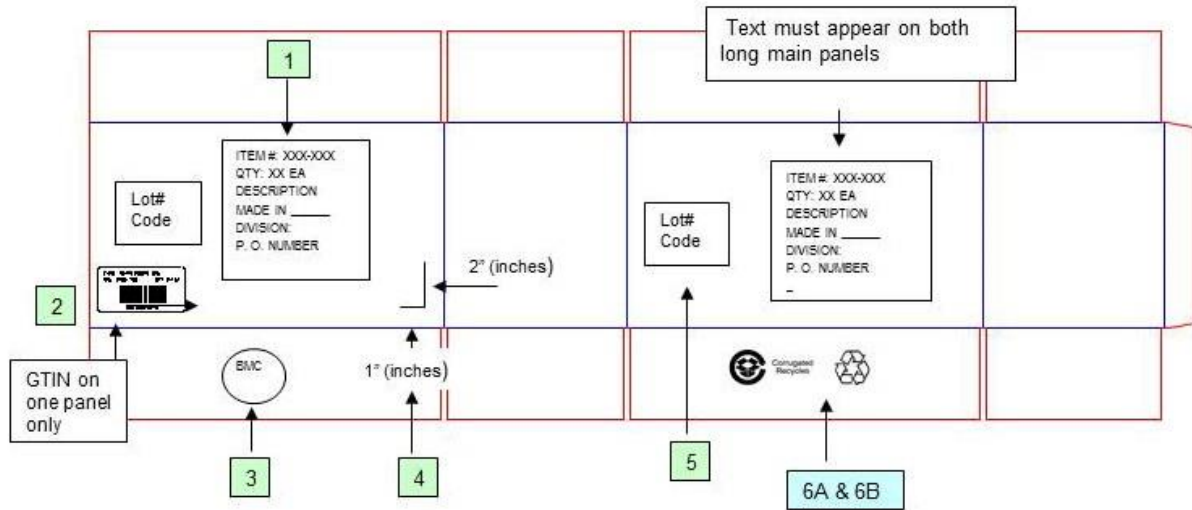
The following section contains information on carton markings and labels. Carton markings are preferred, although pre-printed labels are allowed in instances of unique carton designs.

- a) All human readable information must appear on at least two (2) long carton sides.
- b) The Interleaved (SCC-14) 2-of-5 bar code should appear on the (2) sides long sides of the carton.
- c) Stenciling and handwriting are not acceptable. Information must be printed directly on the carton or label.
- d) Cartons are preferred to be top load however; end load is acceptable.
- e) The Supplier Name and/or Address **MUST NOT** appear on any visible carton surfaces. On shipping labels, Wilton is to be listed as the Sender.

**Note:** Additional carton markings may apply. For more information regarding customer specific or item specific carton markings requirements, please follow up with the appropriate product manager.

Refer to the illustrations below, and the following page for detailed description of each of the numbered items shown below:

Flat print layout for master carton :



Please note that there may be customer specific print information for master cartons and/or routing instructions. The sourcing & procurement team will communicate any such specific requirements if applicable to your product portfolio.

**Illustration Details; the following print information is required for all master cartons:**

Item #	Description	Printing Specification	Other
	Carton Printing		
1	Item# or SKU# XXXXXXXXX	Must be largest print on carton. Minimum size W' (13 mm) bold.	Unique SAP material number assigned for each item (format XXXXXXXXX)
1	XXXX-XXXX	Must be largest print on carton. Minimum size W' (13 mm) bold.	Unique Wilton Item# or SKU# assigned for each item
1	Quantity (unit of measure)	Minimum size ◆" (7 mm) bold	Must indicate the number of sellable units
1	Description	Minimum size ◆" (7 mm) bold)	Include color, size, or unique detail
4	Country of Origin	Minimum size ◆" (7 mm) bold)	Country the product originates from
1	Division (i.e. Wilton Industries)	Minimum size ◆" (7 mm) bold)	Division that the product is manufactured for

1	P. O. Number	Minimum size ◆" (7 mm bold)	Required for foreign suppliers. Optional for domestic suppliers. Number format may be SAP or JDE.
2	SCC-14 Master Pack/Inner Pack Label	See Sections 6.1.7, 6.1.8, and Appendix B.  Required on two long carton panels	Must be I 2-of-5 format on matte white back ground. Must be left justified. Position a minimum of .75" from left edge and 1.25" from bottom
3	Box Manufacturer's Certificate (Mandatory on corrugated master cartons and inner cartons)	Maximum size: 3" +/- .25" Minimum size: 2" +/- .25" (Please contact your carton manufacturer to obtain this certificate)	Center top to bottom and left to right on panel. For narrow boxes such as a full telescope or full overlap style carton place on bottom main panel in upper right corner.
4	Shipping Label Marking	1" wide x 2" tall shipping label marking - positioned 2" from bottom of carton and 3" from side	Add shipping label marking to lower right corner of main panel
5	Lot Code# Label (Mandatory for food products only)	Min size ◆" (7 mm bold)	Must be left justified. Position a minimum of .75" from left edge and center top to bottom.

**The following print information is recommended for master cartons:**

Item #	Description	Printing Specification	Other
6A	Corrugated recycles symbol	See the section on recycling for notes on image size	Center top to bottom on panel and left to right on panel
6B	Universal (chasing) arrows recycling symbol	See the section on recycling for notes on image size	Place centered next to the corrugated recycles symbol

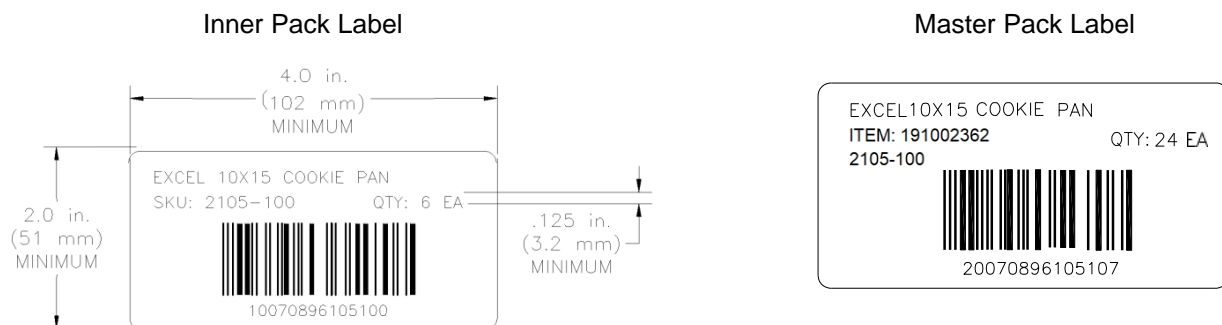
### 7.1.11 UPC SHIPPING CONTAINER CODE OR SCC.14 (I 2-OF-5) BAR CODE GUIDELINES

The Interleaved 2-of-5 (I 2-of-5) Bar Code, also referred to as the UPC Shipping Container Code, is used to identify products which are boxed and shipped in “standard factory packs.” This code uses a packaging indicator in the first position followed by a zero in a sequence of numbers reference from the UPC code.

The I 2-of-5 symbology is capable of encoding digits 0 through 9 and requires either five bars or five spaces to represent each character.

- a) Wilton is responsible for developing the I 2-of-5 numbering scheme for its different package levels and conveying this scheme to our Suppliers.
- b) All cartons require a I 2-of-5 barcode on the lower left corner. This code is not required on the sellable product that contains a UPC bar code (see section 6.1.7).
- c) The I 2-of-5 bar code must be placed on the two (2) long sides of the carton in the lower-left corner as detailed in sections 6.1.7.
- d) The Wilton UCC Manufacturer ID Number must be 7 digits within the I 2-of-5 bar code.
- e) The packaging indicator is assigned by Wilton.
- f) I 2-of-5 bar codes may be applied as labels or directly printed on the corrugated carton material. See the next section for the label specifications.
- g) If you have any questions on the I 2-of-5 (SCC-14) data structure, please contact the GS1 US at their website at [www.GS1US.org](http://www.GS1US.org)

The following figures specify the I 2-of-5 adhesive label with example information:



- Inner Pack and/or Master Pack label can be a level 10, 20, 30, 40, 50, 60, 70, or 80. You will be provided the correct level at time of new product information.
- A new level will be issued in the event of:
  - An inner pack and/or master pack quantity change, or
  - A significant physical size changes to the inner pack or master pack packaging.
  - Customized markings as required by a Customer

- Assignment of new levels follow the GS1 rules ([www.GS1US.org](http://www.GS1US.org)). Any carton dimension change over 20% over the lifecycle of the product requires a new level assigned.

If a supplier identifies a packaging change where a new level (GTIN) is required, the supplier must contact the Sourcing Team to request a new GTIN. Wilton will review the request and assign a new GTIN accordingly. The supplier must not ship the product without first obtaining the new GTIN levels and applying the updated labels to the carton. Permission to ship without the updated GTIN labels must be obtained in writing from Wilton **7.1.12 FRAGILE MARKINGS AND DIRECTIONAL ARROWS.**

As a rule, fragile markings and directional arrows should NOT be included on the inner and master cartons as a standard and managed by exception only.

Fragile: Definition: An item should be considered fragile if it is likely to break or sustain damage from impact, crushing, or dropping when subjected to typical handling throughout the supply chain.

Whether or not an item is considered fragile depends upon the combination of construction materials and design. Items made from glass, ceramic, and potteries are inherently more fragile than many other materials but may not break easily. A small, delicate item, or even a large item with delicate features, may be fragile even when made of typically more durable material (e.g. resin, wood). Even metal products that dent easily should be considered fragile.

Suppliers should be the experts on the products they supply to Wilton and should apply sound judgment when determining whether an item is fragile.

### **7.1.13 FLEXIBLE FILM BAG THICKNESS REQUIREMENTS**

The thickness of flexible film bags and flexible plastic sheets used for Wilton products is determined by the type of product.

<b>If your plastic film bag is used for...</b>	<b>Then the average thickness of the plastic bag is...</b>
Toys and Children's Products	1.5 mil or greater
General Merchandise	1.0 mil or greater

#### **Warning Statement Requirement**

Include a warning statement when:

- A plastic film bag used for a toy or children's product is larger than 4 inches in diameter.

- A plastic film bag used for general merchandise if the opening is larger than 4 inches in diameter and the length plus width is greater than 25 inches.

**Warning Statement Format**

The suffocation warning is:

- Printed in text that is clear, distinct and conspicuous in color, layout, contrast, etc.
- Repeated at 20-inch intervals for bags whose length and width are greater than 40 inches.
- Printed in a type size based on height and width of the bag with a minimum type size of 10 point. See the table below.

Total Length and Width of the Bag Combined	Minimum Type Size
less than 25 inches	10
25-39 inches	14
40-59 inches	18
60 inches or more	24

**WARNING:** Plastic bags can be dangerous. To avoid danger of suffocation, keep this bag away from babies and children. Do not use in cribs, beds, carriages or playpens. The thin film may cling to nose and mouth and prevent breathing. This bag is not a toy.

**MISE EN GARDE :** Les sacs de plastique peuvent être dangereux. Pour éviter le danger de suffocation, ne laissez pas ce sac à la portée des enfants ni des enfants. N'utilisez pas ce sac dans un berceau, un lit, une poussette ou un parc pour enfants. La mince pellicule de plastique peut coller au nez et à la bouche et bloquer la respiration. Ce sac n'est pas un jouet.


**ADVERTENCIA:** Las bolsas de plástico pueden ser peligrosas. Para evitar el peligro de asfixia, mantenga esta bolsa fuera del alcance de bebés y niños. No la use en cunas, camas, cochecitos o corrales. Es posible que la película fina se adhiera a la nariz y a la boca y les impida respirar. Esta bolsa no es un juguete.

**7.1.14 RECYCLE SYMBOLS**

Use the following symbols on the bottom of all shipper cartons if carton is recyclable. Place images side by side (centered top to bottom and left to right) on the bottom major panel. For image size use the following guidelines:



Box Length Panel	Image Size
>20"	3"
10-20"	2"
<10"	1" or scale down to fit

Symbol	Locations	Recommended Placement	Notes
 <b>Corrugated Recycles</b>	Use globally for all corrugate master packs, corrugate inner packs and bottom of corrugate display trays for counter displays.	Center on bottom major panel (See print layout in 6.1.5.).	Cannot be used on wax coated or other treated materials that impair recycling.
More information is available on-line at: <a href="http://www.iccanet.org/Info/CorrugatedSymbol.aspx">http://www.iccanet.org/Info/CorrugatedSymbol.aspx</a>			
<b>PLEASE RECYCLE</b> Contains X% Pre-Consumer Recycled Fiber* Contains X% Post-Consumer Recycled Fiber*	Use globally for all corrugate master packs, corrugate inner packs and bottom of corrugate display trays for counter displays.	Center on bottom major panel (See print layout in 6.1.5.).	Cannot be used on wax coated or other treated materials that impair recycling.
*If the % of recycled material is known, please include. If unknown, do not include the highlighted area.			

## **7.2 PALLETIZING – DOMESTIC SHIPMENTS**

### **7.2.1 GENERAL HANDLING**

- a) Wilton requires that all Suppliers ship product on quality 48” deep x 40” wide (1,220 mm x,020 mm) 4-way pallets and must conform to the requirements in section 7.2.4
- b) Total load height, including pallet, must not exceed 60” inches.
- c) All pallets must be stretch-wrapped according to section 7.2.4
- d) Wilton will notify a Supplier in the case of pallet shipping exceptions.
- e) Wilton participates in private pallet exchange programs. For questions on this program, contact the Wilton receiving warehouse at the end of this Supplier Business Guide.
- f) Product must not overhang the pallet.
- g) Corner Protectors must be used whenever possible.

### **7.2.2 PACKING LISTS**

A separate Packing List must be provided for each Parcel and LTL or TL Purchase Order on the shipment. At a minimum, the packing list must have the following information:

- Supplier Information
- Ship to Address (Wilton Enterprises, EK Success)
- Ship Date
- Carrier Name
- Carrier PRO Number
- Invoice Number
- Trailer Number
- Wilton Stock Number
- Wilton Stock Description
- Purchase Order Number – group items by Purchase Order Number
- Number of Cartons shipped for each Wilton Stock Number
- Total number of eaches
- Gross Weight
- Unit of Measure for the above

**Sample Packing List:**

SUPPLIER NAME

Freight Terms: PPD

SUPPLIER STREET ADDRESS

SUPPLIER CITY, STATE, ZIP SUPPLIER

Sold To:

Ship To:

Wilton Industries, Inc.

WILTON DIVISION

535 East Diehl Road

WILTON PO	Ship Date	Carrier	Pro	
123456	01/01/2017	RPS		
Wilton Stock	Eaches	Cases	Cases	Item Description
Number Ordered		Ordered	Shipped	
1912-2347	12 EA 1 CASE 2	1 CASE		CLEAR LOLLIPOP BAGS
415-307	12 EA 2 CASE 6	1 CASE		PARTY CUPS
415-306	6 EA 1 CASE	6	1	PARTY CUPS
2113-2317	3 EA 1 CASE	3	1	DOLL PIK
2811-246	6 EA 1 CASE	6	1 CASE	CANDLES – 10 PACK
704-212	3 EA 1 CASE	3	1 CASE	ICING TUBE
1103-62	6 EA 1 CASE	6	1 CASE	NEWBORN BABY – 6 PACK
710-3000	18 EA 3 CASE	6	1	ICING DECORATIONS
703-1266	6 EA 3 CASE	6	3	CASE CAKE SPARKLES
703-1302	6 EA 3 CASE	6	3	CASE CAKE SPARKLES
703-1308	6 EA 3 CASE	6	3	CASE CAKE SPARKLES
2310-613	2 EA 1 CASE	2	1 CASE	COMFORT-GRIP FLOWERS
710-3206	6 EA 1 CASE	0	0	ICING DECORATION
2811-231	6 EA 1 CASE	6	1 CASE	CANDLE COMBO PACK

### 7.2.3 STRAIGHT BILL OF LADING

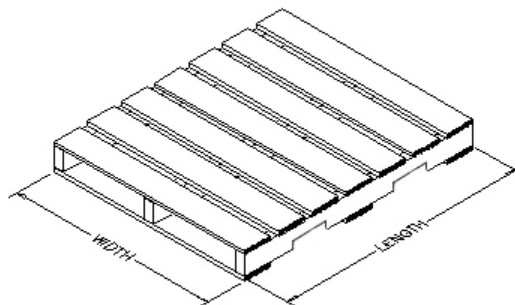
The following are the minimum requirements for the Straight Bill of Lading for each Purchase Order:

- a) Date Shipped
- b) Shipping Point, expressed in City, State, Zip Code, and Country format
- c) Destination, expressed in City, State, Zip Code, and Country format
- d) Carrier PRO Number and Bill of Lading Number
- e) Supplier Information
- f) Purchase Order Number
- g) Prepaid or Collect
- h) Carrier Name
- i) Trailer Number
- j) Seal Number, if applicable
- k) Total number of Cartons
- l) Total number of Pallets
- m) Total Load Weight
- n) Description and details of any Hazardous Material per DOT regulations
- o) Any special shipping instructions

### 7.2.4 SHIPPING PALLET AND LOAD WRAPPING REQUIREMENTS

#### Wooden Pallet Requirements

The purpose of this policy is to establish the minimum standard of what is considered an acceptable pallet. The following specifies the requirements of HARDWOOD wooden pallets used for receipt of all domestic products.



## Minimum Standard for Grade AAA. #1 Pallet

The wooden pallet dimensions are to remain within the following limits:

Minimum Length: 47 1/4 inches (1,210 mm)      Minimum Width: 39 1/4 inches (1,005 mm)

Maximum Length: 48 1/4 inches (1,230 mm)      Maximum Width: 41 1/4 inches (1,050 mm)

Maximum Weight: 60 pounds (27.2 kg)      Depth Range: 4.0" – 5.0" (102 mm – 130 mm)

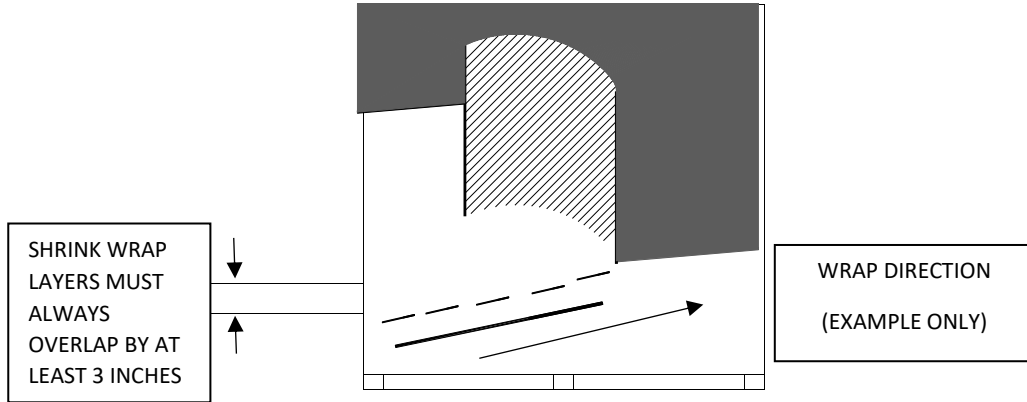
- Dimensions: 48" x40"
- Open on the 40" side, with 4-way slots on the 48" side
- Double-faced (boards on the top and bottom of the pallet)
- Non-reversible (only one side may be considered the top)
- Flush Type (no over-hang of top boards)
- Stringers: Three 2"x4"x48" 4-way boards
- Top Deck: Minimum 1/2" thick decking, with maximum spacing between boards of 4"
- Bottom Deck: Minimum 1/2" thick decking with 3 center boards
- 6" bottom and top lead boards
- No extensions (making a 48" pallet from a 44" pallet)
- Top & bottom deck boards must be continuous from side to side
- No exposed nails
- Only one center stringer positioned at the center of the pallets width
- Only nail construction (no staples or glue)
- No foreign substances
- No boards from CHEP pallets, or any other color-coded pallet

Any exceptions to the above requirements require approval from the Receiving Warehouse prior to shipment. See the Wilton Contact List.

### **Stretch Wrapping**

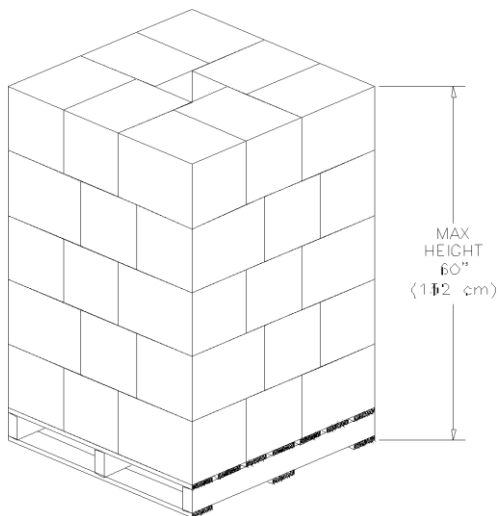
- a) All product delivered to Wilton must be stretch-wrapped.
- b) The stretch wrap must secure the product and not allow shifting or bowing and must be secured to the pallet.
- c) Automatic stretch wrapping is preferred. Do not use tape, twine, bands, or nylon rope, in addition to, or instead of, stretch wrap. However, Customer Display Units (CDUs) may be banded.
- d) Colored or tinted stretch wrap is not acceptable unless Wilton has specified it for security reasons.

- e) Size:                      Manually Applied                      Automatic  
    18 inch width (455 mm)                      20 inch width (510 mm)  
    60-gauge thickness                      80-gauge thickness
- f) Type: Clear, Polyethylene
- g) Pre-stretch: Medium to High (up to 175 %)
- h) Wrap Quantity: Top and Bottom layers require 3 complete wraps. Middle layers require a minimum of 3" over-lap with NO GAPS:

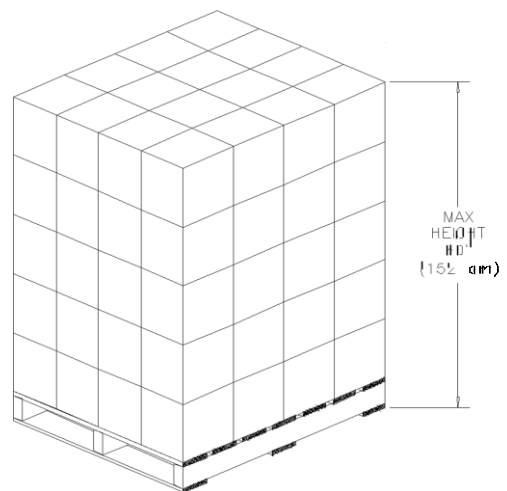


### 7.2.5 SINGLE SKU PALLET LOADS

- a) All pallet loads are restricted to a height of 60 inches (152 cm) including pallet.
- b) All single-SKU pallet loads should be stacked in an inter-locking method, as shown below, to optimize the stability of the load.



Inter-locking Stack Preferred



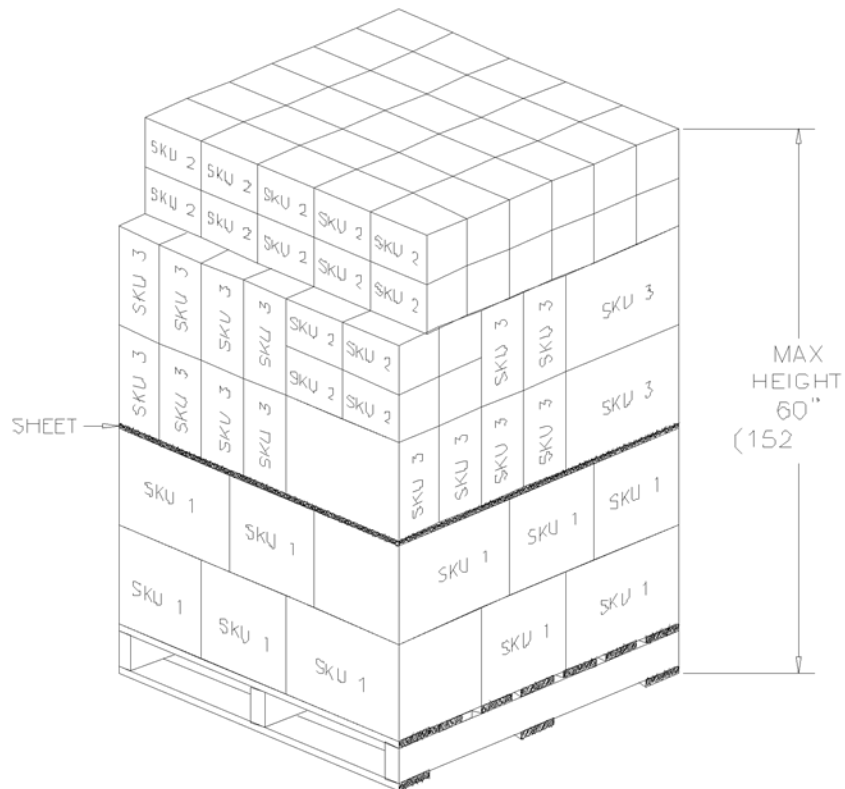
Column Stack Acceptable

The preferred method to stack loads is to interlock them; provided, however, column stacking is also acceptable for heavy loads. Configurations must conform to best practices as outlined by ISTA and must be able to pass ISTA 3e testing if requested.

## 7.2.6 MULTIPLE SKU PALLETS

If multiple SKUs are shipped on one pallet, the following requirements apply:

- Like SKUs must be kept together (see sample drawing below).
- Product on pallet must be stacked so that the largest and/or larger quantity cartons are on the bottom layer and the stacking is uniform so as not to create an unstable pallet load.
- Cartons of the same items from the same Purchase Order must be kept together on one pallet.
- Cartons from any one item must not be spread across different Multiple-SKU pallets.
- Slip-sheets must be used to separate SKU layers whenever possible. If slip-sheets are not available, flat corrugated is appropriate.
- Interlock SKUs if possible to preserve the load's integrity.
- Pallets containing mixed SKUs must be marked "MIXED PALLET".



### **7.2.7 MULTIPLE PURCHASE ORDER PALLETS**

- a) It is allowable to combine more than one Purchase Order on a single pallet given that each Purchase Order is separated and segregated by slip-sheets.
- b) When Purchase Orders are separated on a mixed pallet, the different Purchase Orders must be identified with a label or header to clearly identify the:
  - a. The Purchase Order Number
  - b. The number of cartons within that Purchase Order.
- c) As stated in section 7.2.6, cartons from the same Purchase Order cannot be spread across different mixed pallets.

### **7.2.8 LOOSE CARTON SHIPMENTS**

Loose cartons should not be placed on top of a palletized SKU. If there are extra cartons they must be independently palletized and marked with the appropriate pallet label.

### **7.2.9 CUSTOMER DISPLAY UNITS**

- a) There are no height or size restrictions for Customer Display Units
- b) All display pallets must have one label or header stating, "Customer Display Unit", and must be placed on the front of the pallet.

### **7.2.10 OVERVERSIDED PALLETS**

- a) Over-sized Pallets must not be used unless an individual carton overhangs a 48" x 40" 4- way pallet and written approval on the over-size dimension(s) has been granted by Wilton. See section 6.1.2 for carton size limits.
- b) Over-size pallet loads must be marked "Over-size Pallet" with a label or header and must be placed on the front of the pallet. Any oversize pallets must conform to the center stringer and width restrictions stated in section 7.2.4.

### **7.2.11 SLIP SHEETS**

- a) Slip-sheets are not to be used in place of wooden pallets, unless directed by Wilton.



- b) Slip-Sheets that are used to separate layers or protect the top of pallet loads must measure no larger than the pallet.
- c) Any slip-sheets that are used must have the flaps folded so that they will not protrude past the pallet when the shrink-wrap is applied.
- d) Slip-sheets made of standard corrugated or paperboard construction are acceptable.

## 7.2.12 EXCEPTIONS TO PALLETIZATION REQUIREMENTS

Some merchandise is not appropriate for palletization. Examples include UPS, RPS and other small-parcel shipments and need not be palletized.

The Supplier should address any needed exceptions to the Wilton Palletization Requirements with their Wilton Sourcing Owner; once agreed upon will be confirmed in writing.

## 7.3 PARCEL AND PALLET SHIPPING LABELS

### 7.3.1 PARCEL SHIPMENTS

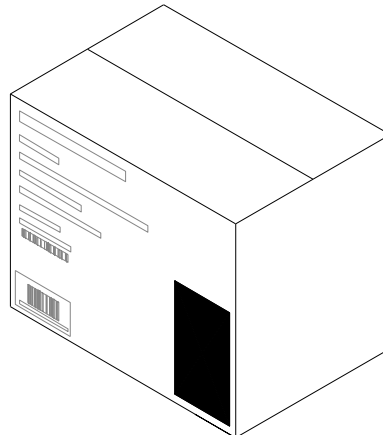
Shipped Carton Count – this information must be on each Parcel Shipping Label near the Purchase Order Number and Item Number Information. The first value must be the carton number, followed by “OF”, and the last value is the total number of cartons shipped on the respective Purchase Order. For example, if a Purchase Order contains 5 shipped cartons, the labels must read:

“1 of 5”, “2 of 5”, “3 of 5”, “4 of 5”, and “5 of 5”, respectively. Placement of Shipping Label on Parcel

The shipping label must be placed on the longest side opposite the carton markings as shown in the following diagram. The label must be located in the lower left-hand corner of the appropriate side as shown in the diagram:



Inches from edge : 7 mm



### 7.3.2 FLOOR LOAD SHIPMENTS

Domestic Suppliers are prohibited from floor-loading shipments unless written approval has been granted from Wilton.

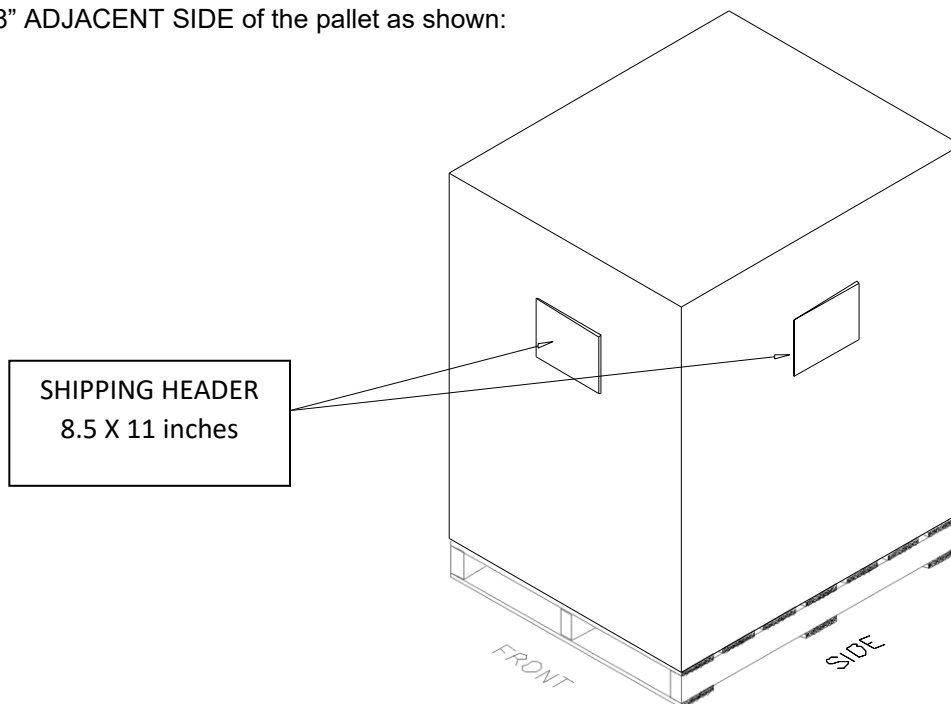
### 7.3.3 LTL PALLET SHIPMENTS

Pallets and Customer Display Units must have:

- W' x 11' (215 mm x 280 mm) pallet header as shown in the following diagram:
- Deliver To: Wilton Division (50 -pt. Font or % inch) Wilton Industries Division Street Division  
City, State, Zip
- STOCK #:
- Wilton P.O. Number (50 -pt. Font or % inch) Carton Quantity (quantity on pallet) (50 -pt. Font or % inch)

### 7.3.4 PALLET HEADER PLACEMENT

The pallet header must be placed on two adjacent sides of the pallet: the 40" FRONT of the pallet, and any 48" ADJACENT SIDE of the pallet as shown:



The pallet headers must be applied to the pallet BEFORE any stretch wrapping is applied.

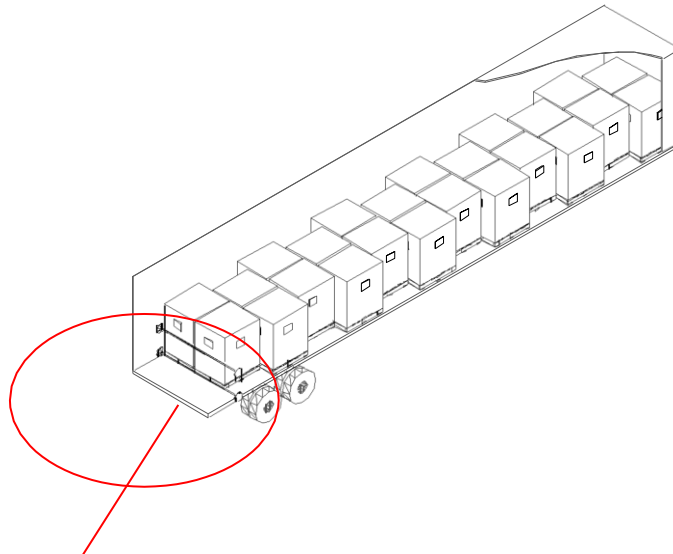
## 7.4 TRAILER LOADING & OVERSEAS SHIPPING CONTAINERS

### 7.4.1 SMALL PACKAGE SHIPMENTS

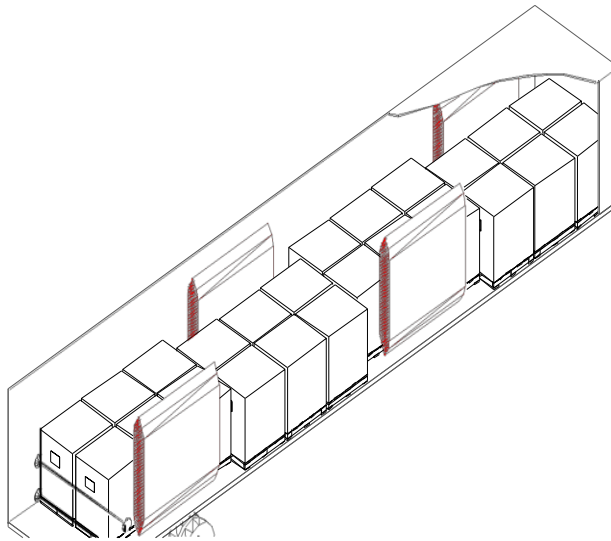
Product shipments are to be palletized according to Section 7.2, except for parcel carriers such as UPS, RPS, and Federal Express. The Supplier shall be responsible to ensure carriers adhere to the shipping requirements set forth in this Section 7.4, except for parcel carriers such as UPS, RPS, and Federal Express.

### 7.4.2 TRAILER SHIPMENTS (TL AND LTL)

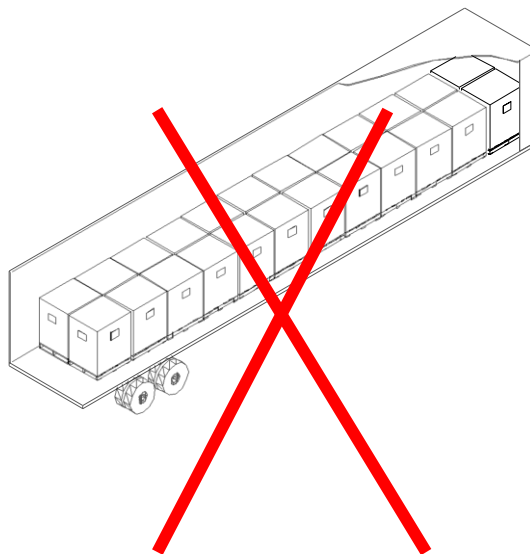
- a) All document requirements are specified in sections 7.2.2, 7.2.3, and 7.4.
- b) The pallets must be positioned so that the Pallet Headers are visible from the entrance of the trailer. If pallets are rotated 90 degrees to allow better cubing, the position of the headers and labels must still be viewable from the front.
- c) Pallets must be staggered when loading trailers, as in the following figure, to ensure proper pallet inter-locking. This interlocking will limit the amount of shifting in transit and limit product damage.



- d) Carriers are responsible for using Load Braces prior to closing the trailer to prevent pallets from shifting rearward. If multiple Wilton divisions are loaded on the same trailer, place the division with the largest order size in the nose of the trailer and the smallest order size in the tail to allow quick unloading of small division orders.
- e) An option to staggering loads is to use air bags to cushion the load as shown below:



- f) DO NOT load pallets to one side of the trailer, as shown below, since this will create an unstable trailer and will affect the trailer's handling characteristics in transit.



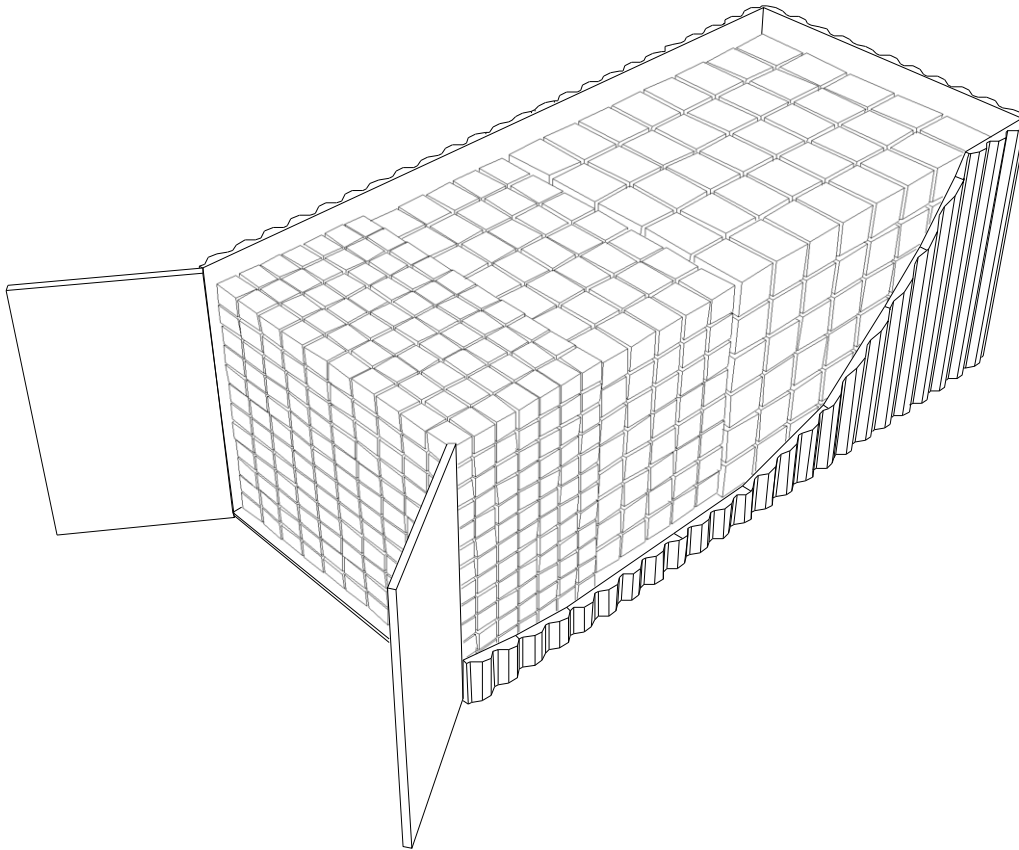
### 7.4.3 OVERSEAS SHIPPING CONTAINERS

For efficient unloading of containers, it is important that you load the containers so that items with the same stock # s' are all together as shown below in the drawing.

Even if you have more than one Purchase Order for the same item being loaded into the container, all items with the same stock number must be loaded together.

This is very important to avoid excess time and charges for unloading. If our Distribution Center is required to use extra labor to unload because of a violation in container loading you may be charged back for the incorrect loading. If container is less than full, you must load evenly.

After being loaded, the container should be secured with a high-quality seal as per ISO guidelines (ISO/PAA 17712, Freight Containers – Mechanical Seals, adopted May 2003).



## **7.5 TIMELY SHIPMENTS**

When a purchase order is issued and confirmed by the Supplier, the order must ship according to the Purchase Order confirmed date.

Do not ship earlier or later than specified.

Any shipments later than 1 week will need to be shipped via airfreight, if needed, at the Supplier's expense

## **8 NON-COMPLIANCE AND CHARGE BACKS**

### **8.1 PROCESS OVERVIEW**

All areas of this Supplier Business Guide have been reviewed from a financial standpoint to determine the minimum administrative and operational expenses that:

1. Wilton must bear in order to correct Supplier non-compliance violations as defined by this Supplier Business Guide
2. The minimum incentive cost that can reasonably be charged to a Supplier to correct its non-compliances to avoid any future infringements.

In the case of a compliance issue, the Supplier will be contacted as soon as possible by Wilton, so that the Supplier can immediately correct any pending shipments. Any administrative and incremental charges resulting from compliance issues will be deducted from an outstanding payable at Wilton's discretion. A report explaining the non-compliance will be sent to the Supplier.

Upon notification of the noncompliance to the supplier, if there is an opportunity for the supplier to correct the noncompliance, particularly for Quality related issues (rework, re-inspection, return to supplier, lot reject), the supplier will be offered the opportunity to correct. Wilton reserves the right to decide the correction method if it is not logistically possible to have the supplier correct, or if there is insufficient time due to customer demand. The supplier will be notified in such cases

For general questions on non-compliance's and charge-back fees, please address with your Sourcing contact.

A Supplier who seeks to contest non-compliance charge backs must submit its dispute, in writing, to the Sourcing Department. The non-compliance reference number should be noted on all correspondence.

In addition to the Chargeback fees and other rights as described herein, if the Supplier fails to perform or comply with this Supplier Business Guide, Wilton may pursue all other remedies available at law or in equity, including, but not limited to, seeking damages, including attorneys' fees and court costs, specific performance, injunctions, or any combination of these. No right or remedy provided herein or permitted by law or in equity is exclusive of any other. All such rights and remedies will be cumulative and may be enforced concurrently or individually from time to time.

Any non-compliance noted in this Section 8.1 shall include non-compliance of any provision in this Supplier Business Guide, including without limitation, non-compliance with Section 5.1.9 and Section 5.1.10.

## 8.2 COST RECOVERY CHARGEBACK SCHEDULE

### 8.2.1 TRANSPORTATION AND ROUTING FOR DOMESTIC SHIPMENTS

Guide Requirement	Non-Compliance Action
All truckload and foreign container shipments must be sealed.	\$1.00 per carton + \$250 process fee chargeback
Domestic shipments sent Collect to Wilton must use Wilton-specified LTL carrier for shipment over 150 lbs.	\$1.00 per carton + \$250 process fee chargeback
Domestic Suppliers do not Pre-pay and add shipping charges to Shipments.	\$1.00 per carton + \$250 process fee chargeback + additional freight charges
Domestic shipments sent Collect to Wilton via Air Freight must have written approval from Wilton General Manager or higher.	\$ 250 processing fee chargeback + Air Freight Charge
Domestic carriers must contact the Divisional Receiving Department of the appropriate D.C. a minimum of 24 hours in advance of delivery to obtain an appointment time (48 hours' notice is preferred). <b>No shipments will be received after 6:00 PM central time.</b>	\$50 per pallet up to 6 pallets OR \$300 per truckload
Domestic carries must show for their scheduled appointments.	\$250 processing fee

### 8.2.2 GENERAL SHIPPING GUIDELINES

Guide Requirement	Non-Compliance Action
All US Bound ocean vessel shipments require an ISF to be filed 72 hours prior to departure. Shipments with late or no ISF submission will result in penalty.	\$250 process fee, plus applicable fines from Customs.
Bill of Lading - must be submitted electronically.	\$250 processing fee

Cartons must be sealed adequately with sealing tape. Strapping and staples are not to be used.	\$250 process fee chargeback and rework cost (\$28 per hour of labor)
Carton markings, carton specifications (dimensions) and carton air space must comply with this Supplier Business Guide.	\$250 processing fee chargeback and rework cost (\$28 per hour of labor)
Product must arrive at Wilton Free of damage.	\$250 processing fee + inspection cost, scrap cost, or rework cost (\$28 per hour of labor)
The product quantities shipped must match the Purchase order (no shortages or overages).	\$250 processing fee
The product unit of measure must match the Purchase order	\$250 processing fee
Purchase orders must ship within 1 week of the confirmed ship date (No early or late shipments).	\$250 processing fee, if airfreight is needed for late shipments, it will charged back

**8.2.3 BAR CODES**

<b>Guide Requirement</b>	<b>Non-Compliance Action</b>
The UPC bar code must be on the outside of all Wilton sellable units.	\$250 processing fee will apply plus labor rework cost (\$28 per hour of labor)
UPC must be of proper quality and conform to this Guide.	\$250 processing fee will apply plus labor rework cost (\$28 per hour of labor)
The I 2-of-5 bar code must be placed on 1 side of the carton.	\$250 processing fee will apply plus labor rework cost (\$28 per hour of labor)
The I 2-of-5 bar code must be of proper quality and conform to this guide.	\$250 processing fee will apply plus labor rework cost (\$28 per hour of labor)



## 8.2.4 PALLETIZING/CONTAINER LOADING

Guide Requirement	Non-Compliance Action
A packing list must accompany all shipments and contain the information specified in this Supplier Guide.	\$250 processing fee
A Bill of Lading must be supplied for each Domestic LTL or TL shipment order and contain the information specified in this guide.	\$250 processing fee
Wooden Pallets on Domestic shipments must be good 40" x 48" 4- way and meet requirements as specified in this guide.	\$1.00 per carton + \$250 process fee chargeback
All Domestic pallet loads must be stretch-wrapped according to this guide.	\$250 processing fee
All Domestic pallet loads are restricted to a height of 60 inches.	\$250 processing fee
On Domestic multiple-SKU pallets, like SKU's must be kept together and the pallet must be marked "MIXED PALLET".	\$250 processing fee
On Domestic shipments, products must not overhang pallets and must be properly stacked to avoid product damage and preserve load stability.	\$250 processing fee
All shipments that require rework will be charged for the cost of the materials required to complete the rework (e.g. additional shrink wrap, corner boards, pallets, etc.)	Price of material is a variable cost subject to change due to market conditions

**8.2.5 SHIPMENT LABELING**

<b>Guide Requirement</b>	<b>Non-Compliance Action</b>
Domestic Shipments cannot be floor-loaded.	\$1.00 per carton + \$250 process fee chargeback
Domestic pallet loads must have an 8 w' x 11' pallet header as required in this guide.	\$250 processing fee

**8.2.6 COMPLIANCE**

<b>Guide Requirement</b>	<b>Non-Compliance Action</b>
Chargeback will occur in conditions of re-audit after initial retailer audit or Wilton COC audit failed, access deny, supplier cancel or postpone an audit without enough notice, and supplier request to audit sub- contractor or additional facility.	Chargeback rate varies from detail audit program. Supplier will be informed before a chargeback invoice will be issued.

## 8.2.7 QUALITY

Guide Requirement	Non-Compliance Action
Re-inspection will be performed by Wilton inspectors after an inspection is failed for suppliers located in China.	\$250 processing fee will apply for each working day for re- inspection.
3 follow up inspections will be performed by Wilton inspectors after a CPAR is issue for quality issues detected in Wilton US, International, and customer side. This requirement is applicable for suppliers located in China.	\$250 processing fee will apply for each working day for re- inspection.
Rework or re-inspection of a lot received at the US Distribution Center is required due to the lot failing Wilton Quality Acceptance Criteria. Return to supplier of a lot received at the US Distribution Center due to the lot failing Wilton Quality Acceptance Criteria.	\$250 processing fee, plus additional labor rework cost, and the cost of any product rejected from the rework or re-inspection. \$250 processing fee
Rejection of a lot received at the US Distribution Center due to the lot failing Wilton Quality Acceptance Criteria.	\$250 processing fee, plus the cost of the rejected product

## 9 QUALITY AND COMPLIANCE

### **Introduction:**

The contents of this section reflect the general expectations for developing and enhancing the safety and quality management systems of companies that food and nonfood manufactured products, as well as raw materials and/or ingredients on behalf of Wilton products. Satisfactory compliance with the necessary components of this section will be determined by the Wilton Quality Assurance through audits, documentation and/or manufacturing system reviews. Approval to supply Wilton products will be based in part on reviews and evaluations performed by the Quality Assurance department or their designees.

In this section, a supplier of raw materials, broker, importer, agent, co-packer, or a co-manufacturer of Wilton branded products will be referred to as a “supplier.”

Many of the expectations in this section are based on regulatory requirements or industry best practices. Wilton Brands reserves the right to make modifications as often as necessary. The supplier’s responsibility is to comply with all applicable international, federal, state, and local regulations and contract obligations.

### **Purpose:**

This Quality and Compliance section sets the rules, standards, and requirements with a focus on safety, quality and regulatory compliance for Wilton Suppliers to meet Wilton expectations. These are also applied when Wilton considers and evaluates new potential Suppliers, including suppliers, that produce finished products on behalf of Wilton Brands, which are categorized as Branded and Traded Products.

### **Scope:**

This section is applicable to all existing and potential new suppliers of purchased materials, products, and services. It outlines the minimum activities and quality performance required of the supplier’s safety, quality management system and the delivery of material. It is our intent to partner with our suppliers who have demonstrated a commitment to safety, quality and continuous improvement in the product they produce or services provided. We intend to develop a desirable and mutually beneficial long-term relationship with our suppliers.

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**9.1 Food Safety and Quality Management System**

A food manufacturer for Wilton Brands is required to maintain a formalized system that documents processes, procedures, and responsibilities for achieving food safety and quality policies and objectives. The systems and processes required of a supplier must be defined to ensure consistent product quality and conformance to specification. The food manufacturer's food safety and quality management system helps coordinate and direct a supplier's activities to meet Wilton Brands and regulatory requirements and improve its effectiveness and efficiency on a continuous basis.

**Food Safety and Quality Requirements for Suppliers:**

- At minimum, all facilities that produce Wilton food products must have certified food safety and quality systems and be certified in one of the internationally recognized GFSI schemes. See [www.mygfsi.com](http://www.mygfsi.com) for reference and all facilities that produce Wilton non-food products must have certified quality systems and be certified in one of the internationally recognized quality standards, for example, ISO 9001. For suppliers who are not yet certified to the GFSI, FSSC 22000 and specified ISO standards, it is required that they have a plan in place to become certified.

- All facilities that produce Wilton food products must comply with all Wilton food safety and quality and regulatory expectations outlined in this section.
- Brokers, importers, manufacturers and agents shall verify that Wilton food safety and quality expectations are properly implemented at facilities that they contract to produce Wilton food products.
- Approved food, food contact or co-packer suppliers shall maintain GFSI certification and post unabridged copies of all certificates of completion and audit reports for each approved production facility into Wilton designated data management system (TraceGains) prior to the previous certification's expiration date.
  - A facility failing to post certificates of completion, unabridged audit reports and corrective actions within 30 days of the previous certification's expiration date, may, at the discretion of Wilton Quality Compliance, be placed on Restricted or Conditional Status (no new business) or Suspended Status (no product accepted from affected facilities).
- All 3rd party warehouses where Wilton products are stored shall be identified and audited once per year under a FSP (food safety plan) and/or HACCP based audit.

**Management Commitment:**

Senior management must demonstrate a commitment to food safety and quality and provide the resources necessary to effectively manage the food safety and quality management System. They must consistently manufacture product within specification while meeting all regulatory requirements. Appropriate communication processes should be established that allow communication of the effectiveness throughout the organization.

The supplier's management team shall have the responsibility to ensure the following aspects of a Food Safety and Quality program are in place to support the overall strategy, purpose, and direction of the business: Food Safety and Quality policy, Regulatory compliance, Continuous improvement, Change management, Crisis management, Business continuity, etc.

**Food Safety and Quality Policy & Objectives:**

A Food Safety and Quality Policy should be documented and communicated to all levels within the supplier organization/company. The Food Safety and Quality Policy must be in alignment with the vision of the company and Quality Management System.

Food Safety and Quality objectives must be established with measurable goals and reviewed on a documented, regular basis.

**Good Manufacturing Practices:**

Good manufacturing practices provide guidance for manufacturing, testing, and quality assurance in order to ensure that a manufactured product is safe for human consumption or use. Many countries have

legislated that manufacturers follow GMP procedures and create their own GMP guidelines that correspond with their legislation.

All guideline follows a few basic principles:

- Manufacturing facilities must maintain a clean and hygienic manufacturing area.
- Manufacturing facilities must maintain controlled environmental conditions in order to prevent cross-contamination from adulterants and allergens that may render the product unsafe for human consumption or use.
- Manufacturing processes must be clearly defined and controlled. All critical processes are validated to ensure consistency and compliance with specifications.
- Manufacturing processes must be controlled, and any changes to the process must be evaluated. Changes that affect the quality of the products are validated as necessary.
- Instructions and procedures must be written in clear and unambiguous language using good documentation practices.
- Operators must be trained to carry out document procedures.
- Records must be made, manually or electronically, during manufacture that demonstrate all the steps required by the defined procedures and instructions were in fact taken and the quantity and quality of the products met expectations. Deviations must be investigated and documented.
- Records of manufacture (including distribution) that enable the complete history of a batch to be traced must be retained in a comprehensible and accessible form.
- Any distribution of products must minimize any risk to their quality.
- A system must be in place for recalling any batch from sale or supply.
- Complaints about marketed products must be examined, the causes of quality defects must be investigated, and appropriate measures must be taken with respect to the defective products and to prevent recurrence.

The regulation (21 CFR 117 Subpart B - cGMP) lists the components that establish the conditions and practices that food industry must follow for processing safe food under sanitary conditions: Personnel, Plant and grounds, Sanitary operations, Sanitary facilities and controls, Equipment and utensils, Process and controls, Warehousing and distribution, Holding and distribution of human food by-products for use animal food, Defect action levels.

### **Personal Hygiene:**

A written employee hygiene program, compliant with GFSI standards and Good Manufacturing Practices, shall be in place. Personal hygiene practices shall be defined to prevent product contamination from employees. Direct contamination from skin, mouth, hands, and hair or indirect contamination from clothing, footwear, utensils, and tools should be considered. Protective clothing must be laundered to ensure the sanitary condition of the material if applicable. Hand washing shall be required after eating,

smoking, and restroom use at minimum. Communicable diseases that may affect product safety or quality must be communicated to management.

### **Employee Illness:**

Employees who exhibit symptoms of injury or illness that may have an effect on food products or packaging shall not be permitted to work in areas where product or packaging could be impacted. Suppliers shall have a program addressing employee illness and its impact on product safety. The program shall include, at a minimum, the following:

- Personnel shall be instructed to report such health conditions to their supervisor immediately.
- Open sores, cuts and other lesions shall be covered with clean and impermeable coverings issued by the facility.
- Any person who, by medical examination or observation, appears to have an illness, open lesion, boils, sores, or infected wounds, or any other abnormal source of microbial contamination by which there is a reasonable possibility of food, food-contact surfaces, or food-packaging materials becoming contaminated, shall be excluded from any operations which may be expected to result in such contamination until the condition is corrected.
- Facilities shall have a blood borne pathogen program stating affected employees shall be immediately removed, all contaminated equipment cleaned and sanitized, and all contaminated product and packaging destroyed. The program shall include specific instructions for cleanup and preoperational inspection.

### **Facility Security & Food Defense:**

All facilities shall have a documented facility security program in place. Controls shall be in place for personnel, facility, and product. This program shall be designed to follow established industry standards (i.e. USDA Food Defense and Emergency Response) and the Food Safety Modernization Act (FSMA) to prevent intentional adulteration. At a minimum, the following provisions shall be in place.

### **Personnel:**

- Visitors, including contractors, shall enter through designated entryways and be required to sign in.
- Visitors and contractors shall be accompanied at all times.
- Background checks shall be completed for all new hires and temporary employees prior to hiring.
- New and temporary employees shall receive training on the facility's bioterrorism program.
  - Training shall include, but not be limited to, product tampering, food safety, and preventing contamination. Training shall also include the procedure for anonymously reporting potential tampering issues within the facility.



**Facility:**

- All food production and packing facilities shall be registered with the FDA's Biennial FSMA

**Registration requirements:**

- Procedures shall be in place to prevent unauthorized access to the manufacturing facility.
- Facility boundaries shall be clearly defined on a site plan and have adequate measures in place to prevent unauthorized access.
- Procedures shall be in place to ensure that only authorized individuals have access to manufacturing and storage areas through designated access points.
- All exterior doors shall be equipped with locks, alarms, or cameras in order to control and monitor access.
- Periodic security audits shall be performed and documented.

**Cleaning & Sanitation:**

There shall be policies and controls in place to ensure that the facility is operated in a sanitary manner. There shall be a qualified and trained person accountable for overseeing all sanitation functions at the facility.

A cleaning and sanitation program covering equipment, utensils, and facility must be implemented. Cleaning frequencies, methods, detergents, and sanitizers should be documented. Effectiveness of cleaning and sanitation of product contact surfaces should be verified as applicable.

Sanitation Standard Operating Procedures (SSOPs) shall be in place for all sanitation activities within all product processing and storage areas.

- An SSOP shall include the responsible party, equipment to be cleaned and method and chemicals to be used.
- Sanitation schedules shall be determined by risk assessment. The risk assessment shall be used to determine the different types and levels of cleaning required on specific equipment between batches, shifts, etc., as well as frequency (e.g. daily, weekly, monthly, etc.).
- Where sanitation contractors are used, the facility shall designate internal personnel responsible for contracted sanitation activities.
- All chemicals used for sanitation shall be properly labeled, stored and locked when not in use.
- Only chemicals acceptable for use in food processing establishments may be used.

### **Food Safety Plan Preventive Controls:**

A written Food Safety Plan, specific to the facility, is required. Food Safety Plan includes the assessment of risk and hazards defined in terms of the 4 key Preventative Controls categories below. An analysis of Biological, Chemical, Physical, Radiological, and Economical Adulteration risk is performed in the overall Supply Chain to identify hazards. The overall FSP shall include:

1. Facility Information
2. Preliminary Steps
3. Good Manufacturing Practices (GMP) & Prerequisite Programs
4. Hazard Analysis & Preventive Controls Determination
  - a. Process Preventive Controls
  - b. Food Allergen Preventive Controls
  - c. Sanitation Preventive Controls
  - d. Supply-Chain Preventive Controls
5. Recall Plan
6. Reanalysis of Food Safety Plan every 3 years
7. Food Safety Plan Report
8. Signature
9. Implementation Procedures
  - a. Validation studies
  - b. Monitoring
  - c. Corrective actions
  - d. Verifications
10. Important Contacts
11. Supporting Documents

### **Hazard Analysis & Critical Control Point (HACCP):**

Suppliers shall have a documented, effective and accurate HACCP plan in place for each type of Wilton product/process. This HACCP plan shall be developed using HACCP principles in accordance with GENERAL PRINCIPLES OF FOOD HYGIENE CAC/RCP 1-1969.

Requirements:

- Training programs shall be in place to ensure that appropriate personnel are trained to effectively execute the HACCP plan.
- All personnel working with Wilton products shall be trained in HACCP upon hire and receive annual ongoing training.
- All personnel in the plant who monitor CCPs must have an understanding of HACCP and have specific training on monitoring procedures.

- All personnel responsible for making HACCP based decisions shall have a clear understanding of critical limits and corrective actions relevant to Wilton products.
- A HACCP flow diagram for each product type, including identified CCPs shall be posted in Wilton designated data management system (i.e. TraceGains).
- HACCP Plans for Wilton products shall be submitted to Wilton on an annual basis.

**Pathogen Environmental Monitoring (PEM):**

For processing of micro-sensitive materials or manufacture of micro-sensitive products an environmental monitoring program shall be established to monitor surfaces, air, and areas as appropriate that may contribute to contamination risks. Microbiological profiling of the facility may be conducted to identify potential sources of pathogens or indicator organisms.

A pathogen environmental monitoring program shall be implemented for products where post process contamination is likely to occur. Pathogens monitored shall be specific to the product, process, and environment from which the product is produced.

Requirements:

- Facilities shall conduct a risk assessment of the product, process and environment to determine if post process product contamination is likely to occur.
- Environmental pathogen monitoring programs shall identify and target specific pathogens of concern.
- Environmental pathogen monitoring programs shall include: identification of test sites, test frequency, corrective actions, data analysis and trending.

**Allergen Controls:**

Suppliers shall have an allergen program in place to control allergens and to reduce the risk of cross-contact. Controls shall be in place to reduce contamination of non-allergen containing products. This program and methods shall be risk based, documented and implemented throughout the facility.

Requirements:

- Employee Training – All staff must receive allergen training upon hire and at a minimum of annual frequency. Where allergens are used, staff shall be aware of the risks regarding cross- contact.
- Ingredient Selection – Ingredients, food contact materials and processing aids used in the production of all products shall be reviewed to ensure that all allergenic components are identified prior to receipt.
- Transport of Materials – Transport of materials shall not pose a risk of cross-contact. Bulk tankers used for both allergenic and non-allergenic raw materials shall be able to provide cleaning records.

- Facilities shall allow for a proper flow of personnel and equipment to prevent contamination between raw and processed zones.
- Receipt and Storage of Materials – Segregation of allergens shall be based on risk assessment. Allergens shall be received and stored in a manner that protects other non- allergenic materials from inadvertent contamination. Products that contain allergens shall be clearly identified and segregated from products that do not contain allergens.
- Labeling – All allergens must be clearly labeled in a way that minimizes potential for cross- contact at all times within the facility. Written procedures shall be in place to ensure that labeling is accurate and consistent throughout all points during the receiving, storage, manufacturing and shipping process.
- Rework controls – Rework that contains allergenic ingredients shall be reworked only into products that contain that allergen. Based on risk assessment, processing aids such as oils and fats used for the processing of allergenic foods shall not be subsequently used for frying products not containing allergens. Controls shall be in place to ensure that WIP or rework is only incorporated into similar products.
- Production Sequencing – Order of production should be scheduled so that products containing allergens are produced last and followed by full sanitation.
- Sanitation – Procedures shall be in place to ensure that equipment used for the production of allergen-containing products is cleaned and sanitized prior to producing products which do not contain the allergen.
- Sanitation methods shall be validated to determine if target allergens are effectively removed. This may be accomplished by:
  - Utilizing a third party, allergen surface swabs, etc. to confirm that sanitation procedures are effective at removing target allergens.
  - Sanitation methods shall be reviewed annually or after any change in the equipment or procedures.
  - The cleaning of equipment where allergens are used shall be verified by documented visual inspections at a minimum.
  - Free standing equipment shall be dismantled to remove all visible debris after an allergenic product is processed.
  - The area around the equipment shall also be cleaned.
  - Utensils and tools used for handling allergens shall be chemically cleaned after use or dedicated to specific ingredients.
  - Product Disposition - Protocols shall be in place to provide disposition of co-mingled products. Re-labeling to provide an accurate ingredient statement or destruction are acceptable dispositions. Open product that has been in contact with allergenic material must be disposed of, if not being used in like product.

**Foreign Material Control:**

Supplier shall have a program to identify and manage foreign material hazards:

- A hazard assessment of the raw materials, process, and environment shall be completed in order to determine the potential hazards.
- The foreign material program shall include, but not be limited to the following:
  - Identification of all potential hazards (e.g. metal, wood, bone, glass, etc.)
  - Detection equipment shall be calibrated to an appropriate frequency.
  - Detection limits should be appropriate and effective for the products being inspected and be based on risk.

**Business Recovery Plan:**

A business recovery plan must be established including contingency plans, alternative product sourcing options, and emergency contacts.

A team shall be in place to manage situations involving food safety, regulatory issues, natural disasters, or public relations issues.

- Roles and responsibilities shall be well defined and documented.
- A Wilton QA/Compliance contact person **MUST** be contacted and notified of any potential risks to product quality or safety.

**Mock Recalls:**

- A mock recall shall be conducted and documented twice per year with at least one of the tested products being Wilton Branded.
- Within 4 hours of initiating the mock recall, the supplier shall be able to identify where 100% of product was shipped.
- A mock recall exercise shall be conducted once per year on Wilton product and shared with Wilton upon request.

**Foreign Supplier Verification Program (FSVP):**

Per FDA requirements, Wilton is required to maintain a Foreign Supplier Verification Program for imported food products into the United States, where Wilton is the importer of record. Wilton's FSVP is intended to verify imported food product meet safety standards and ensure the purity and quality. The below section is a summary of Wilton's FSVP program and further details are available through Wilton's policy "Wilton Foreign Supplier Verification Program"

The Wilton Foreign Supplier Verification Program includes the following records and validation steps:

1. Document the review and assessment of vendor hazard analysis, including documenting that the hazard analysis was conducted by a qualified individual.
2. Document the evaluation of a Foreign Supplier's performance and the risk posed by a food.
3. Maintain a required minimum set of documentation requested from the supplier. The specific documentation requests shall be maintained in TraceGains
4. Document approval of the foreign supplier
5. Document the reevaluation of a Foreign Supplier's performance and the risk posed by a food when Wilton becomes aware of new or changed information
6. Document the following
  - a. Onsite audits
  - b. Sampling and testing of a food product
  - c. Review of the foreign supplier's relevant food safety records
  - d. Other appropriate supplier verification activities as defined in Wilton's FSVP plan
7. Document any corrective actions taken and promptly take appropriate corrective actions if it is determined that a foreign supplier of imported food does not produce the food in compliance with processes and procedures that provide at least the same level of public health protection as those required under Title 21 of the Federal Food, Drug, and Cosmetic Act

Wilton must be able to produce FSVP documentation to the FDA in English within 24 hours of a request. As a result, all required documents must be provided by a Foreign Supplier in English.

## **9.2 Food and Nonfood Supplier Requirements**

### **9.2.1 Quality Management**

#### **Organizational Structure:**

An organizational chart shall be available for review. Responsibility for safety and quality shall be understood at every level of the organization. Organizational responsibility and commitment for management of safety programs, regulatory compliance, and quality systems shall be defined and documented. An independent, competent quality unit must be identified on the organizational chart and have the authority to enforce quality requirements. Current company contacts must be maintained within Wilton Data Management System (i.e. TraceGains).

#### **Resource Management:**

Resource Management ensures that resources are available, identified, and assigned to implement, maintain, and improve the Safety and Quality Management System to create safe and quality products and ensure customer satisfaction. Necessary resources include Human Resources to ensure personnel

are competent to perform job functions with training, infrastructure (such as facilities, utilities, equipment, information systems, and communications) and the work environment.

**Job Descriptions:**

Written job descriptions must be available defining each position's responsibilities, education, experience, and training necessary to perform the job duties.

**Training:**

Suppliers shall have procedures and training programs that will be executed to ensure that products manufactured will be safe and meet the quality expectations of Wilton.

Training requirements and assessment of training needs must be defined in writing. Records of training must be documented and maintained for each employee. Training effectiveness should be evaluated.

- Training programs shall be in place and administered to appropriate employees at a frequency appropriate for the topic.
- Training shall be designed to ensure thorough understanding and retention of the material.
- Training shall be documented.
- Training shall be adequate for those responsible for safety and quality and include provision to cover for the absence of key personnel, temporary and part-time employees.
- Training programs shall include but are not limited to the following topics:
  - Wilton Product Specifications
  - Allergen Management
  - Identity Preserved Products (Kosher, Halal, Organic, etc.)
  - Employee Illness
  - Food Defense
  - Food Safety Plan – Preventive Controls for employees with FSP related responsibilities
  - HACCP for employees with HACCP related responsibilities
  - Maintenance Procedures
  - All Prerequisite programs for all employees as appropriate to their function
  - Customer Complaint Management
  - Handling of Nonconformance and CAPA
  - Environmental Controls
  - Good Manufacturing Practices (GMPs)
  - Hold and Release Program
  - Recall / Product Recovery
  - Sanitation procedures and chemical handling instructions

- Receiving and Shipping Procedures

Wilton also may provide occasional supplemental training on Regulatory, Quality, Safety topics. Attendance by a company representative suitable to summarize the training materials is strongly recommended.

Contractors must be trained in all GMP, hygiene practices, regulatory requirements, and facility requirements prior to entry into the facility as appropriate. Wilton records and intellectual property must be kept confidential.

#### **Change Control:**

Changes to a product or system must be introduced in a controlled and coordinated manner. Changes to products, specifications, materials, formulation, processes, inspection, testing, packaging, labeling, equipment, software, facility, locations, suppliers that may affect safety, quality, or performance must be communicated to Wilton in writing. These changes are reviewed, approved, and tracked by both the supplier and Wilton prior to the implementation of the change.

To initiate this process, the supplier shall contact the Wilton sourcing owner to request initiation of a change at least 6 months or agreed date between Wilton and Supplier prior to the requested change. This request shall include what the change is, the reason for the change, and the impact on safety, performance, appearance, specification, bill of material and/or regulatory requirements (if any), etc.

The notification of the change must be reviewed and approved by Wilton Sourcing owner, Wilton Quality owner, Wilton Product Manager, and Wilton compliance team, etc. Risks associated with a change shall be evaluated and controlled.

If the change is accepted, Wilton will request the re-validation and verification of the product and process. A submission of validation and verification is requested when the project is completed.

Final written approval notification for the change will be sent out to the supplier by Wilton Sourcing or designated representatives, and all documentation will be available in Wilton Data Management System – TraceGains.

For further details for Wilton Supplier Change Control documents, please reference the Wilton Supply Change Control Policy

#### **Document & Record Control:**

All documents related to the Quality Management System must be controlled with only current revisions available for use. A written document control program must be established addressing the creation, revision, approval, review, and obsolescence of controlled documents.



Document Control Measures shall be established to control the issuance of documents, such as instructions, procedures, and drawings, including changes thereto, which prescribe all activities affecting food safety and quality. These measures shall ensure that documents, including changes, are reviewed for adequacy, approved for release by authorized personnel and distributed to and used at the location where the prescribed activity is performed. Changes to documents shall be reviewed and approved by the same organizations that performed the original review and approval, or designee.

Quality Assurance Records shall be maintained to furnish evidence of activities affecting food safety and quality. The records shall include at least the following: Operating logs and the results of reviews, inspections, tests, audits, monitoring of work performance, and materials analysis, etc. The records shall also include closely-related data such as qualifications of personnel, procedures, and equipment. Inspection and test records shall, as a minimum, identify the inspector or data recorder, the type of observation, the results, the acceptability, and the action taken in connection with any deficiencies noted. Control of records must be established in writing addressing the identification, storage, protection, retrieval, retention time and disposal of records. Wilton requires the supplier to retain records as per Wilton Records Retention policy. In the event that Wilton ceases to carry on its business or exceed retention periods, the Supplier must, upon request by Wilton, transfer all Records pertaining to Wilton.

**Good Documentation Practices (GDP):**

Good documentation practices (GDP) must be established in writing regarding the completion of records including legibility, use of permanent ink, how to properly correct an error so the original remains legible, and how address blank fields in records. The use of significant figures and rounding of numbers shall be defined.

**Computer Systems & Electronic Records:**

Electronic systems shall require unique user identification and password with no shared log-ins and passwords. Passwords shall be updated at defined frequencies. Software systems used to manage product or product testing shall be validated as necessary and meet regulatory requirements for electronic records. Electronic records must remain retrievable for a defined retention period.

**Wilton Designated Data Management System (TraceGains):**

Wilton designated data management system is an online network allowing for secure storage, sharing and management of documentation, information and communications with suppliers. All Suppliers shall participate in the Wilton designated data management system and ensure their account is current at all times to provide and access pertinent information for Wilton.

- Registration is required each time a new manufacturing facility is added and shall be renewed annually.
- Wilton designated data management system registration is the responsibility of the supplier.

- Suppliers are responsible for ensuring that current and valid documents are submitted and shared with Wilton (e.g. certifications, audit reports, emergency contacts, revised Hazard Safety Plan and/or HACCP plans, product specifications, testing, technical data, etc.)

Wilton designated data management system representative is solely responsible for responding to all technical or systems related inquiries.

**Internal Audit Program:**

An internal audit program shall be established to verify compliance to the Safety and Quality Management System at a defined frequency with trained auditors independent of area being audited. Internal audit records should be maintained.

**Management Review:**

Senior management must review the suitability and effectiveness of the Quality Management System on a regular basis at minimum annually. The inputs to the Management Review shall include the following information:

- Customer feedback
- Process performance
- Product conformity
- Audit results
- Corrective and preventive actions
- Changes that may affect QMS
- Actions from previous reviews
- Recommendations for improvement

The outputs from the Management Review should include the following information:

- Meeting notes
- Action items
- Improvements to the QMS, processes, or products as applicable
- Resource needs as applicable

**Annual Product Reviews:**

Annual product reviews (APR) must be completed for the products as requested. The following quality systems shall be included, but not limited to, in the review:

- Compliance to process and specification requirements
- Deviations and Out of Specifications (OOS) trending
- Trending of in-process and finished product test data

- Stability data review confirming adequate expiration dating
- Product returned for quality issue
- Customer complaints, denoting increase or decrease issue categories
- Retention samples evaluation
- Validations performed and results
- Corrective Action and Preventive Action (CAPA) and effectiveness
- Withdrawals, Recalls

**Corrective Action/Problem Solving System:**

A program for the management and implementation of corrective and preventive actions (CAPA) resulting from the investigation of complaints, nonconformances, recalls, deviations, audits, product test failures, and product quality monitoring must be established in writing. Effectiveness of corrective actions shall be evaluated. Records of corrective and preventive actions must be maintained.

Wilton expects our suppliers to apply and execute the problem solving methodology in their corrective and preventive action system.

**Supplier Complaints and Satisfaction:**

Wilton QA/Compliance has a formal system in place to document, track and communicate/follow up on complaints with suppliers. It is critical that all complaints are sent to Wilton Corporate Headquarters so they can be logged in a centralized database and properly managed.

- All suppliers shall have a documented product complaint program which includes a system to collect, track, and trend complaints.
- Suppliers shall acknowledge receipt of all Wilton product complaints and begin investigation within 24 hours.
- A full investigation and corrective action report may be required prior to producing additional Wilton product.
- Upon resolution, suppliers shall submit a written investigation and corrective action report to Wilton QA Department, and effectiveness of corrective actions verified as applicable.
- In some cases, crediting the customer may be necessary, but credit alone is not an adequate response to the complaint. The supplier and Wilton shall directly work together for all credit related resolutions.
- If a complaint is received directly by the supplier's sales team, Wilton QA/Compliance shall be notified in writing as to the nature of the complaint.

## **9.2.2 Buildings & Facilities**

### **Facility Disclosure:**

Each facility that engages in the manufacture, compounding, processing, packaging, and labeling of Wilton's product must be disclosed to Wilton. Contract manufacturers and subcontracted facilities not owned by the supplier are included in this requirement. Facility layout diagram shall be available upon request.

Facilities must be of adequate design and construction for manufacturing of safe, quality products. Adequate lighting, airflow, and appropriate surfaces must be available. Facilities must be maintained, clean, and in good repair without roof leaks. Grounds should be maintained to prevent external contamination with no standing water near the building.

Food manufacturing facilities shall be constructed so they are cleanable and allow operations and storage to be conducted in a safe and sanitary manner.

Facilities shall be designed to ensure adequate separation of raw and processed product zones.

Facilities shall allow for a proper flow of personnel and equipment to prevent contamination between raw and processed zones.

All utilities within the production and storage areas shall be designed, constructed, maintained, and monitored to effectively control the risk of product contamination.

### **Pest Control:**

A pest control program must be established to prevent and eliminate pests including rodents, birds, insects, and flying insects.

If some level of pest control is managed internally, provisions shall be made to reduce likelihood of contamination with food, equipment and packaging materials.

All documentation including the site map, pest control log, license, insurance, etc. shall be maintained and available for review for Wilton Brands.

Pest control activity trending and analysis shall be completed at a predetermined frequency as recommended by the pest control provider and in accordance with GFSI standards.

### **Work Environment:**

The Supplier should ensure that the work environment conditions are properly maintained to not adversely affect product safety and quality and compliance to applicable laws and regulations. All

requirements for working procedures and environmental requirements should be documented and monitored. Personnel should be trained on environmental requirements.

Different operations should be separated to prevent cross contamination as appropriate (i.e. allergens, micro-sensitive ingredients, etc.). An eighteen-inch perimeter should be maintained along exterior walls of warehousing to prevent pest harborage and facilitate housekeeping. Waste must be appropriately controlled. Processes and procedures must be established to provide safe and healthy working conditions for all employees.

#### **Water, Air, & Gas Systems:**

The quality of water, air, and gases that come in contact with product or product contact surfaces must be suitable for intended use and controlled to prevent contamination risks. Monitoring and control of critical systems with defined action levels and corrective actions should be defined in writing.

#### **Temperature and Humidity Controls:**

All temperature-humidity controlled areas of production and storage shall be continuously monitored using a system appropriate for the product and facility.

#### **Equipment & Utensils:**

Equipment used in manufacturing of product must be of good sanitary design and allow maintenance and cleaning to protect product from contamination. Equipment must be maintained in good repair. All utensils and containers used in production must be of adequate sanitary design and in good repair. Utensils should not be used across different applications that may introduce cross contamination.

#### **Equipment Maintenance:**

- A preventative maintenance (PM) program shall be in place, including a schedule of activities and records of completion.
- A PM program must be established to prevent equipment failures, ensure product consistency, and avoid foreign material contamination. Maintenance activities must be controlled to prevent cross contamination. Records of maintenance must be maintained.
- A process shall be in place to ensure and document that all equipment is cleaned and/or sanitized after maintenance activities.
- A process to identify repairs needed to the facility and equipment shall be in place.
- Repairs shall be completed in a timely manner while maintaining sanitary conditions.
- All repairs shall be documented and performed by qualified, trained personnel.
- Temporary repairs should have an action plan for permanent repair. If a microbial risk is present around place of repair, tape, cardboard, and wood must be avoided.

## 9.2.3 Product Specifications and Requirements

### Product Specifications:

Wilton requires that a completed and approved specification template be submitted in Wilton designated data management system (TraceGains) for each item produced at the facility.

- All specifications shall be developed using the Wilton designated specification template, submitted through the Wilton designated data management system for approval, and maintained in Wilton designated data management system.
- Changes in formulation, MATERIALS, ingredients and packaging, shall be adequately assessed for legal and safety issues, documented, and communicated to Wilton in accordance with Wilton Supplier Change Control Policy for pre-approval a minimum of six months before change.
- Changes to products and specifications cannot be made unless authorized by Wilton.
- Proposed changes shall be reviewed, discussed and approved by your Wilton QA/Compliance Contact.
- Approved changes will be communicated in writing from Wilton QA/Compliance.
- Where suppliers transpose information from Wilton designated data management system (i.e. TraceGains)-based specification to an internal document, systems shall be in place to ensure accuracy of the information and updates are made when applicable.
- Access to all Wilton product specifications shall be limited to authorized personnel only.

New Development items or items which have had changes made shall not enter production prior to finalization of a product specification and/or any necessary change approvals.

Food specifications shall include the following at minimum as applicable:

- Net contents
- Formulation including quantities, material suppliers, and countries of origin
- Lot code information
- Label reference
- Test properties for microbiological, chemical, physical, and sensory attributes including test method/standard, unit of measure, and acceptance criteria
- Packaging information and references changes to specifications must be communicated to the Wilton Brands Tech team, reviewed and approved prior to changes

Non-food specifications at a minimum will contain attributes from the following categories (as determined by Wilton Quality/Compliance/Technical Development):

- Chemical information on materials
- Label reference

- Technical Drawings
- Performance Criteria
- Physical criteria such as capacities, dimensions, etc.
- Chemical safety requirements
- Claims or Certified Marking-related attributes
- Other Safety requirements such as those related to candles, electrical items, or other consumer safety regulations

Wilton's product safety standards and requirements are subject to amendment periodically by Wilton at its sole discretion. Wilton shall make available to the Supplier the amended product compliance standards and specifications. The most current version of the product compliance standards and requirements shall always be used, and prior versions should be discarded.

**Product Development & Content (Food):**

- All specifications shall be accurately developed by supplier's qualified QA/Engineering personnel.
- It is the responsibility of the supplier to ensure accuracy and completeness in all sections of the specification.
- Each section (nutritional, ingredient, claims, net weight, etc.) of the specification shall be verified against proposed product labels, packaging and internal specifications prior to product launch.
- Key product indicators used to ensure food product quality and consistency shall be developed and listed within the specification. These may include:
  - Size (Length, Width, Weight, etc.)
  - Color
  - Texture
  - pH
  - Flavor
  - Acceptable Quality Limits, etc.
- Specifications shall be developed to include physical and sensory attributes to allow proper testing and monitoring of quality and consistency.
- Suppliers shall have controls in place to ensure that products are meeting all aspects of the specification at all times.
- Suppliers shall be responsible for verifying that co-packed product meets Wilton finished product specifications.
- Where a product claim (e.g. Kosher, Gluten Free, 150% Vitamin C, etc.) is made on the product specification, scientific data and/or a certificate shall be submitted in Wilton designated data management system to substantiate the claim. The supplier shall provide a 3rd party validation as required.

- All specifications shall be reviewed by the Wilton QA/Compliance Department.

**Verification of Wilton Product Specifications:**

- Each facility shall have a program in place to ensure that all products are being produced to meet Wilton's specifications.
- Facilities shall have a documented program in place for testing and evaluating product against Wilton's Product Specifications.
- If a supplier contracts a co-packer to produce Wilton products, the supplier shall ensure that co-packer product meets Wilton's Product Specifications.
- Documented in-process quality checks of all Wilton products shall be done at a frequency to ensure compliance to the specifications.
- All finished product testing shall be documented.
- Retain samples shall be held, as required, for the durations of product shelf-life. The quantity of retain samples shall be adequate to conduct necessary testing for full analysis.
- All QA checks shall be documented and records shall be made readily available to Wilton for review.

**Specification Maintenance:**

- Additional technical information shall be made available to the Wilton upon request.
- All updated specifications supersede previous specifications.
- Proposed changes to any of the following must be reviewed by the Wilton prior to implementation:
  - Product formulations
  - Processes
  - Equipment
  - Finished products
  - Raw materials and ingredients
  - Components
  - Processing locations
  - Equipment locations
  - Packaging specifications
  - Labeling specifications

**Product Approval:**

- Approval of product by Wilton will include:
- Authorization from Wilton for plant to submit any bench samples deemed necessary by Wilton in order to formulate and/or evaluate product.
- Authorization from Wilton for plant to conduct in plant trial or "scale up" runs:



- The facility shall be prepared and equipped to lead all plant trials and testing to verify that product formulation and/or manufacturing processes are capable of producing safe and quality products (e.g. cook/chill, microbiological testing, label claims, risk of allergens, suitability of packaging for food products and dimension or functions for non-food products and others, etc.)
- Adequate raw materials with at least 50% shelf life remaining, equipment, personnel and scheduling shall be allocated to successfully complete these trials.
- The facility shall maintain production records and all relevant documentation related to these trials. This documentation shall be provided to Wilton upon request.
- First production-run product(s):
  - The facility shall ship representative product to Wilton Headquarters for evaluation and approval.
- Routine product monitoring:
  - All new products will be subject to an increased frequency of quality monitoring by Wilton.
  - If product is found to be out of compliance with specification, root causes must be identified, corrections, corrective/preventive actions shall be taken against the supplier, which may include but not be limited to a request for additional samples, lot code rejection, restriction, suspension or requirement to participate in an ongoing product monitoring program at the supplier's cost.
- Approval of non food product could be subject to, but not limited to, engineering review, end use testing, material safety review, and compliance testing

**Stability Testing:**

Stability testing or shelf life study should be performed according to a written procedure to determine product shelf life as required. Preservatives must be verified to remain effective throughout product shelf life as applicable. Records of stability testing results must be maintained. Changes that may affect stability results and require further testing must be defined.

**Labeling and Claims (Food):**

- Wilton packaging and labeling approval process shall be completed to ensure all corrugate, labels and claims meet the U.S. regulatory requirements.
- Wilton may require some claims to be validated by an independent third party or laboratory.
- Claims shall be validated for the entire duration of the product's shelf life.
- If any formulas or specifications have changed, the claim must be validated again.
- Suppliers shall store and share validation documents on the Wilton Designated Data Management System (i.e. TraceGains) for each necessary Wilton product.

- Suppliers are accountable for complying with all current federal, state and local regulations regarding labeling.
- Packaging graphics shall include Country of Origin information as required by state and federal authorities or by Wilton.
- Packaging graphics approval includes a check for all ingredients that are considered allergens. Labels that include allergenic ingredients shall have the common name of the allergen clearly stated per FDA labeling regulations.
- The allergen statement on all Wilton labels shall be located below the ingredient statement. The statement shall read “Contains: [Allergens]”.
- Suppliers are responsible for verifying that the printed packaging components match approved artwork for content and color.
- Suppliers are responsible for managing their packaging material inventory. This includes disposal of old, inactive, or obsolete packaging.
- Coded packaging that is inactive or obsolete shall be discarded and the quantity documented
- Suppliers will provide die lines (drawings) for all printed packaging components.
- Upon request, ink color draw downs, proofs and printed packaging samples will be required prior to first production.

**Claim Substantiation:**

Product claims must be verified for regulatory compliance. Suppliers should have competent and reliable evidence to substantiate any ingredient-related claims and marketing claims. Suppliers need clinically and statistically significant data to support performance claims.

**9.2.4 Packaging & Labeling**

Packaging must be sufficient to minimize contamination risks and ensure product integrity is maintained throughout shelf life. Packaging shall be inspected for compliance to specification. Labels must contain necessary product information such as product identification, lot number or date code, quantity, purchase order, UPC and GTIN barcodes on primary and secondary packaging as defined. Labels should be controlled to prevent mislabeling; automated label inspection is preferred. Product labels should meet all regulatory requirements and include allergen labeling, nutrition labeling, etc. in the appropriate format and font size as applicable.

Primary, secondary, and/or tertiary packaging must be structurally sound to ensure integrity is maintained through distribution center and store handling.

## **Packaging & Graphics:**

All Wilton products shall be placed in packaging and cases as defined by the Wilton packaging standards. All packaging to be used for Wilton products shall be approved by Wilton Packaging Engineering or other Departments

Requirements:

- An effective packaging supplier control system shall be in place for all packaging. All packaging suppliers must be risk assessed, based on:
  - Functionality
  - Contact with food
  - Volume of product supplied
  - Supplier history
- Risk assessment shall be used to determine:
  - Method of supplier approval
  - Method of supplier monitoring
  - The packaging supplier risk assessments shall be reviewed on an annual basis.
- Where sites (or sister companies) manufacture their own food contact packaging (e.g. cans, blown bottles, bags, pouches, etc.) these operations shall be treated as external suppliers.
- All suppliers shall be approved. Details of suppliers and the packaging supplied shall be kept on an approved supplier list.

Packaging specifications shall be agreed to by both parties. Once packaging is approved by Wilton Brands, no changes shall be made prior to or after production, unless reviewed and approved by Wilton.

Food and packaging suppliers are legally responsible for the accuracy of all ingredient and nutritional information, and claims on Wilton products. All claims made on labels shall be noted on the specification and verifiable through scientific data.

Food packaging shall also comply to the appropriate food contact regulations based off product distribution. Packaging suppliers shall provide relevant reports, declarations when requested by Wilton.

Wilton Brands reserves the right to determine the final product naming convention as well as what, if any, claims will appear on the packaging.

Wilton approved printed packaging shall be controlled to prevent misuse and mislabeling of product. Destruction of food product labelling must be accompanied by documentation supporting destruction.

## **Packaging Specifications:**

All Wilton products will be packaged in such a way that the product is protected throughout the lifecycle of the product.

#### Requirements:

- Upon request, suppliers shall provide material specifications for all packaging components.
- The strength of all corrugated cases shall be, at a minimum, sufficient enough to support the weight of a full pallet of product under normal shipping and storage conditions.
- All corrugated packaging shall be marked with the box manufacturer's certification.
- The corrugated materials used shall be recyclable and be produced using a minimum of 35% post-consumer recycled content.
- All primary, secondary and tertiary packaging shall be provided with an appropriate amount of headspace (proper fill) to ensure maximum product protection and avoid misleading the consumer on contents.
- All packaging shall incorporate a minimum of one level of tamper evidence. The end customer shall be able to identify if the package was previously opened.
- No staples of any kind shall be used to package produce items.
- All primary food packaging should be hermetically sealed whenever possible.
- All products shall be supplied with a pallet pattern that provides a minimum of 90% pallet utilization.
- Product shall not overhang the edge of the pallet.
- Any exceptions to these requirements shall be preapproved by the Wilton Packaging Department.

### **9.2.5 Procurement Controls**

A program shall be in place to approve and manage suppliers. Suppliers shall only source raw materials from suppliers they have approved. Wilton's suppliers shall have controls in place to ensure that raw materials, products and facilities adhere to specifications, all applicable laws, regulations and industry standards.

#### **Requirements:**

Programs and controls shall be in place to assess and approve the suppliers of raw materials and food contact packaging. Key aspects of the programs shall include:

#### **A. Supplier Management**

Raw material suppliers and contract manufacturers should be qualified, approved, and comply with regulations and requirements. Means of qualification may include but not be limited to a technical/quality/compliance survey, document review, visit, or audit. Supplier quality performance should be actively managed to Wilton expectations, measured, and reviewed to hold suppliers accountable and responsible.

- Defined food safety and other food, non-food and packer's quality criteria and supplier classification that is used to select and approve suppliers.
- Monitoring the food safety and other food, non-food and packer's quality of suppliers on an ongoing basis.
- At a minimum, a valid 3rd party food safety and food, non-food and packer's quality audit certification to a recognized food standard shall be required.
- New supplier and current supplier audits
- Raw materials, components or sub-assemblies specification and qualification
- Non-conformance and corrective and preventive actions

**B. Raw Material and Component Management:**

Raw materials should be inspected, quarantined, sampled, and tested as appropriate before material release. Raw materials must comply with defined raw material specifications. Materials should be stored to prevent damage and contamination.

- Written specifications shall be developed and available for all raw materials and packaging purchased and used for Wilton products.
- Monitoring the food safety and non-food and packer's quality of raw materials on an ongoing basis.
- Documentation supporting the compliance, safety, or performance (where applicable) of a raw material shall be collected from raw material manufacturers and kept by the non-food manufacturer. This information should be available to Wilton upon request, and the purchaser shall have an incoming raw material inspection plan in place to ensure the material is acceptable prior to use in Wilton product.

**9.2.6 Manufacturing, Processing, and Rework Controls**

Supplier shall have manufacturing, processing, and service programs that ensure products and services meet all Wilton safety, quality, and material specification requirements. They shall also maintain compliance to all applicable laws and regulations. All rework procedures must maintain strict adherence to product safety.

**Personnel:**

- Shall be trained and understand the manufacturing, processing, and services they are responsible for per their job descriptions.

- Job descriptions shall exist and include Food Safety, Regulatory, and Quality expectations.
- Shall ensure Food Safety, Regulatory, and Quality objectives, targets, and needs are met.

**Specifications:**

- Ensure written specifications/contracts for materials and services exist that cover Food Safety, Quality, and Regulatory requirements.
- Establish method for change control and approval of specifications, which includes notification to and approval from Wilton when appropriate for the supply chain relationship agreement.

**Operational / Service Controls:**

- Procedures, work instructions (WI), product requirements, and specifications that define key activities.
- Scientific justification and studies for decision on any critical activities that control Food Safety “Kill Steps”, allergens, or sanitation.
- Processes that are in control and proven capable of meeting specifications through appropriate Statistical Process Control (SPC) methodology, systems, data, and records.
- Incoming material, in-process, and finished products/services inspected and tested to ensure on-going conformance to requirements and specifications. Data shall be shared with Wilton in the form of a Certificate of Analysis (COA) or other format as agreed to by contract and/or specification.
- Documented process for hold and releasing of product or services.
- Trained employees that have access to and can demonstrate competency on documented procedures and work instructions.
- Records must be kept for process/service data, inspections, and testing results.
- Tracking and trending of SPC data and specification compliance that manages on-going process, service, material, and product improvement.

**Rework:**

- Supplier shall have a documented program that defines and controls the use of reworked material to the process, service, or product. It shall consider the risk of physical, biological, chemical, or allergen contamination that can occur through rework handling. Handling shall not result in a food safety issue and/or have a negative impact on Quality.
- Any reintroduction of reworked product back into production must be defined in writing and approved by Wilton. Verification that reworked product incorporated into production should be documented and confirmed such that product performance, quality, and safety are not affected

- Procedures and work instructions on how to properly and safely handle rework. This shall include the type of rework that is generated, what formulas it may be used in, and the % of rework allowed.
- Trained personnel that evaluate and document the use of every rework batch to ensure it is used safely.
- Rework shall follow a “like into like” material approach
- Rework should be used during the same lot number it was generated.
- Rework labeling - identified with the product name, production date, and original lot number(s) in order to maintain full traceability for every batch of rework created. Rework containing allergens shall be clearly identified.
- Rework shall be segregated from other materials and products either via an inventory management system and/or physical separation.
- Rework shall only be stored under conditions (i.e. temperatures) and for a period of time that has been verified as safe to prevent deterioration or a Safety/Quality issue.

**Test and Hold:**

Any product subjected to pathogenic microbial testing shall be controlled by the supplier until product safety is confirmed. A program shall be in place to prevent product from being shipped to/received by Wilton prior to completion of pathogen testing.

- If an initial hazard test result is confirmed positive or above acceptable limits, a re-test result is not acceptable for releasing product to Wilton.
- Any Wilton product testing confirmed positive or out of specification for a defined hazard (i.e. microbiological, chemical, antibiotic, etc.) shall not be shipped to Wilton.
- Products and processes that are sensitive to pathogen contamination or products that have a historical industry occurrence of pathogen presence may require finished product pathogen testing. In such cases, Wilton may require ongoing COA’s listing pathogen test results for all relevant production lot codes

**Line Clearance & Product Changeover:**

Line clearance and product changeover processes must be defined in writing. Previous order materials shall be removed from production line before start-up of next order to reduce mislabeling risks. If multiple order materials are permitted on the line, materials must be controlled. Line clearance step should be documented.

**Work In-Process Controls:**

- All applicable standards shall be maintained for identity preserved products (Kosher, Halal, Organic, etc.) in an effort to prevent cross contamination during production and storage.

- Production records shall include lot identification for all raw materials used for that production sequence.
- Controls shall be in place to manage work-in-process inventories to ensure they are used in a timely manner.

**Control of Nonconforming Material:**

The control of nonconforming material must be defined in writing. Non-conforming product or semi-finished components shall be logged in accordance with production control policies and dispositioned appropriately. Nonconforming materials shall be quarantined at designated areas and labeled to prevent unintentional use or distribution. Disposition of nonconforming materials shall be determined with Quality approval.

**Product Hold and Release:**

A written product hold and release program is required to manage non-conforming product. Controls shall be in place to ensure that non-conforming product does not inadvertently get shipped to Wilton.

Components of this program shall include, but not be limited to:

- Written procedures for managing non-conforming products.
- Identification of plant and corporate personnel with decision making responsibility for releasing product from hold.
- Documenting and monitoring all products on hold to ensure timely and effective disposition.
- A defined method for segregating product on hold.
- Inventory checks shall be conducted at predetermined frequencies.
- Product release should occur after product quality, safety, and conformance to specification are assured.
- Robust hold programs must be implemented to ensure product is not released if any testing is pending for the lot. Additionally, if mixed pallets are used, hold programs must ensure that all pallets containing any lot still pending test results are placed on hold and not released until full approval is given.
- Suppliers are expected to ensure any third-party warehouses used also have robust hold programs to prevent release of any pallets prior to full approval.

**Product and Packaging Disposition for Non-Conforming Product:**

- A program shall be in place to ensure Wilton labeling is removed from all non-conforming product prior to leaving the supplier's control. Wilton may request documentation of label removal from all affected product.



- Any obsolete or rejected Wilton labeled product shall be securely disposed of through an authorized means or be completely removed and destroyed. Evidence of proper disposal shall be provided to Wilton upon request.

## **9.2.7 Quality Control**

### **Raw Material Inspection:**

There shall a documented procedure for management of received material and criteria for inspection or acceptance of material used in production. The acceptance status of a material must be clearly identified.

### **In-Process Inspections:**

The manufacturing process shall be monitored as appropriate. In-process inspections shall be performed and documented as necessary.

### **Finished Product Inspections:**

First article inspections should be completed to ensure product is set up appropriately. Finished product must be inspected and/or tested to ensure conformance to Wilton specification per an established sampling frequency at minimum per lot, a control plan is preferred. Direct Import (DI) products may also require inspection in accordance with retail customer specific requirements

### **Control of Measuring & Monitoring Devices:**

A written program for the control of measuring and monitoring devices must be established. The calibration and verification frequencies, methods, and responsibilities must be defined. Devices should be tagged with calibration status and next calibration due date as applicable. Records of calibrations must be maintained. Calibration standards should be traceable to an accrediting body. Actions to be taken if a device fails calibration and how to manage testing performed between last good calibration and failed calibration must be defined.

Wilton requires Gage Repeatability & Reproducibility (R&R) and Measurement System Analysis (MSA) for all variable gages that are used to accept product against product specifications. In order to ensure the accuracy of the measurement systems, supplier shall only use devices traceable to national standards when performing MSA (Gage R&R) assessments. The standards may be based upon NIST (National Institute of Standards Technology) or national equivalent.

A Gage R&R study measures the total repeatability and reproducibility of a gage system as a percentage of the total specification. MSA studies ensure the total system variation (including Gage R&R) of a measuring system as a percentage of the total part and process variation.

**Good Laboratory Practices (GLP):**

Testing laboratories must be constructed to provide appropriate lighting, air flow, and surfaces. Different testing operations should be separated to prevent cross-contamination. Good laboratory practices should be defined in writing.

Receipt, handling, storage, preparation, use, and disposal of chemicals, standards, reagents, and solutions used in the laboratory should be defined. Test solutions created in-house shall be assigned a unique identification code for traceability. Reagents and standards must be labeled with identity, lot/batch number, and expiration date at minimum. Chemicals, standards, reagents, and solutions must be stored per storage requirements.

Measuring equipment used for material acceptance decisions shall be kept within calibration tolerances and verified at regular intervals by an accredited body. Daily calibration/maintenance logs for all laboratory equipment should be maintained in accordance with GDP.

**Sampling & Handling:**

Samples must be labeled appropriately for traceability and handled to decrease contamination risks. Sampling frequencies should be established based on standards or data analysis.

**Test Methods & Testing:**

Microbiological, chemical, and physical testing must be performed as appropriate. Test methods must be defined in writing. Test methods should be based on standards and validated as necessary. Aseptic technique should be used for any microbiological testing. Test records must be maintained including analyst, date, test performed, material lots, test equipment, and results. Results should be reviewed, verified, and approved as appropriate.

To the extent applicable, Supplier is required to monitor raw material suppliers, component suppliers, and control manufacturing processes. When requested, the Supplier agrees to provide Wilton all test results within 2 days upon request. The Supplier agrees to keep all such test results for at least six (6) years.

**Third Party Testing:**

The Supplier will only use accredited testing facilities that have been approved by Wilton in writing. However, it is Supplier's responsibility to Wilton to assure compliance with all Legal Requirements of any country(s) or jurisdiction(s) thereof in which the products Supplier produces are intended by Wilton to be sold.

**Out-of-Specification Results:**

For any analytical and microbiological testing a written procedure regarding handling of out-of-specification (OOS) results must be available including the review of laboratory sampling, materials,

methods, calculations, equipment, analyst, and environment as applicable. A laboratory investigation shall be completed before resampling and retesting. The resampling and retesting process shall be defined.

**Production Records:**

Complete production records including test results must be maintained and readily available per Wilton Records Retention policy.

**Retain Samples:**

Retain samples of finished product shall be maintained for a defined period of time based on the product type per Wilton requirements. Retain samples should be packaged and stored to maintain product integrity. Amount of retain samples should cover testing samples. A retention sampling and testing program shall be established and documented where required.

**Material Handling, Storage, & Preservation:**

Handling, storage, and preservation of raw materials, in-process materials, and finished products must protect material integrity. Stock rotation (i.e. first-in-first out [FIFO], first-expired-first-out [FEFO]) shall be managed to ensure materials and products follow an appropriate order. Ensure proper product rotation so that only product with sufficient shelf life remaining is shipped to Wilton. Materials must be stored according to storage requirements and segregated as necessary (e.g., flammable, allergen, processed, non-processed, quarantined, etc.). Each area can be outlined, or separated with signs.

## **9.2.8 Identification & Traceability**

Suppliers shall have policies and controls in place that will permit traceability of all raw materials, product contact packaging, and finished products by individual lot number or other identifying code, one step back and one step forward in the supply chain. Procedures shall be in place to enable traceability of product from finished product back to all processes involved in the manufacture including the raw materials, work in process and packaging used.

The facility shall have a traceability program in place and, upon request from Wilton, may be asked to execute a traceability exercise.

**Traceability of Ingredients, Products and Packaging:**

- Record keeping systems shall be in place that will allow tracing of all ingredients, components, food-contact packaging materials, and rework to the finished product lot.
- Procedures shall be in place to trace a batch of raw materials or packaging delivered, for all products it has been used in.

- Suppliers shall have controls in place to facilitate the tracking of product code date(s) to the customer and to ensure proper rotation so that only product within Wilton Brands' specified shelf life policy is shipped.
- Records of production shall be maintained as per Wilton's Records Retention policy.

**Code Dating Requirement for Inner and Outer Packaging:**

For all Date Code requirements, refer to the Wilton Date Code Policy.

**9.2.9 Transportation, Storage, and Receiving Controls:**

**Transportation Controls:**

Suppliers shall have policies and controls in place to ensure that products are transported in a timely, safe, and secure manner with appropriate temperature settings and controls for the products shipped. Suppliers shall place the appropriate lot codes and transit temperature requirements on the bill of lading (BOL) to ensure compliance with Wilton specifications upon receipt.

Refer to supplier business guide for transportation and shipping.

**Receiving Controls:**

Procedures and practices to ensure control of incoming products shall be in place, including inspection of trailers, recording product temperatures, and inspection of loads and pallets. Receiving activities shall be documented.

**Transportation and Storage Requirements:**

A written program shall be in place that details the following:

- Only carriers able to meet Wilton requirements during transportation and at receipt may be used.
- All vehicles used for transportation for foods shall ensure the food safety, legality, and quality of materials e.g. raw materials, packaging, work in progress and finished goods.
- If a 3rd party haulage contractor is used, all the requirements shall be defined within a contract and effectively managed. This includes storage or cross dock facilities where used as part of the contract.
- Temperatures shall be appropriate for the food shipped per the food temperature requirement.
- A process shall be in place and documented to evaluate the condition of the trailers and
- Products prior to unloading. The evaluation shall include inspection of trailer conditions, product inspection to demonstrate compliance to specification, packaging integrity, temperature (where required), lot coding, pallet condition, and that there is no evidence of pest infestation.

- All loads shall be secured within the trailer to prevent damage during shipping.
- Suppliers shall have controls in place to manage food that is damaged during shipping and storage.
- Systems shall be in place to ensure that finished goods are protected during transit i.e., all full loads and less than full loads (LTL) to and from the facility shall be secured (sealed or locked), and all ingredients, products, and packaging are inspected at receipt to ensure integrity.
- Controls in place to ensure carrier cleanliness prior to loading.
- Vehicles used for transportation shall be well maintained and in a good hygienic condition.
- Documented maintenance and hygiene procedures shall be in place for all vehicles.

**Preventing cross contamination:**

Procedures shall be in place to minimize the risk of all types of cross contamination during transportation.

- Where materials are susceptible to weather damage, vehicles shall be unloaded/loaded in covered bays or materials suitably covered to protect the materials.
- Food materials must not be in same carrier as hazardous materials.

**Delivery & Distribution:**

Products shall meet delivery requirements with records of distribution maintained.

**Returned Goods Controls:**

A documented program shall be in place outlining the management of any finished product returned to the facility after it has left the control of the company. The following details shall be included as a minimum:

- Methods used to segregate and evaluate the condition of the product when received.
- Appropriate methods of disposition or charitable donation.
- Returned products must be controlled to prevent unintentional contamination.
- Restriction that returned product is not reused as rework in current production.
- Restriction that once a product has been rejected, that same product cannot be delivered to another Wilton division and product disposition shall follow the Wilton Foods policy.

**Imported Items:**

- Suppliers who supply imported products shall comply with U.S. import regulations and provide support for the timely and accurate customs clearance of products imported by or on behalf of Wilton.
- The importer of record (importer) is responsible for the timely and accurate submission of the customs declaration and payment of associated customs duties to U.S. Customs and Border

Protection (CBP). Wilton and the supplier will determine which party will act as the importer for Wilton purchases of imported products. If the supplier is the importer, the supplier must fulfill its responsibilities as an importer to achieve the timely and accurate customs clearance of products imported on behalf of Wilton.

- In cases where Wilton acts as the importer, the supplier must support this process by providing the following:
  - An accurate description, value, quantity, and origin of the goods on the commercial invoice;
  - Timely and accurate data and document inputs, as needed, into the system used by Wilton to manage international shipments and customs clearance;
  - Timely and accurate information, as requested, to support or resolve customs inquiries, inspections, detentions, or other clearance related activities;
  - Timely and accurate information, as requested, with respect to security procedures to support Wilton's participation in CBP security initiatives;
  - Timely and accurate information, as requested, to support use of free trade agreements or other special trade regimes; and
  - Certifications or other supplier-prepared documentation, as needed, to support timely and accurate customs clearance.
- In all cases, suppliers must comply with all established CBP, Food and Drug Association (FDA), US Department of Agriculture (USDA), and other government agency regulations governing imports of Wilton products, as applicable.
- Suppliers must also comply with quota and antidumping regulations, including correct Country of Origin labeling.
- Any supplier proven to be in contradiction or circumventing these restrictions will face disciplinary action, including removal from the approved supplier system if warranted.

### **9.2.10 Recalls & Withdrawals**

Each facility shall have a formal recall plan or product recovery program in place. The plan shall be formally reviewed (with meeting minutes recorded) at a minimum of once per year. This plan shall include at a minimum, procedures, and responsibilities to execute the following tasks:

- Initiation of product recall or withdrawal.
- How and when to report the incident to Wilton.
- Logistics planning for how product will actually be recalled or withdrawn from distribution and end customers.
- A method to maintain traceability in production, storage and distribution during recall or withdrawal.

- Reconciliation of product and verification of successful recovery against production records.
- A current contact list for all internal contacts involved in the facility's product recovery program shall be maintained and posted in Wilton Brands' designated data management system (i.e. TraceGains). At least one contact and phone number shall be provided for after business hours.
- Wilton Brands Quality/Compliance Department MUST be notified of all recalls/holds/withdrawals involving Wilton products. Please contact your Wilton business representative immediately, even if outside of business hours in the event of a recalls/holds/withdrawals involving Wilton products
- **NOTE:** Suppliers SHALL NOT contact Wilton Divisions or customers directly.
- It is the responsibility of the supplier to immediately notify the appropriate Wilton QA/Compliance Manager of all recalls/holds/ withdrawals involving Wilton products.
- The supplier is responsible for all costs incurred by Wilton associated with any product recall or withdrawal.

In order to initiate a product recall/hold/withdrawal, the following information is required:

- Product information (Wilton product code, brand, product name, pack size, production date or lot number, and manufacturer's SKU, etc.).
- Classification of the recovery and the reason for the recovery.
- Wilton Departments that received the product, the dates of shipments, purchase order numbers and the quantity of product delivered.
- Instructions for product disposition.
- Instructions for customer notification, if applicable.

All recalls and withdrawals shall be conducted in compliance with applicable federal or state regulations. The supplier is responsible for notifying the FDA at the Reportable Food Registry within 24 hours for any food recall involving a potential risk to human health. The supplier shall provide the Wilton Recall Specialist with the assigned Reportable Food Registry ICSR Number as soon as possible.

In the event of one or more, or any portion, of the Product and/or services provided by Supplier is subject to a recall or corrective action by or under the supervision of any international, regional, national, federal, state, provincial, local, or other governmental authority, or by Wilton, due to the breach by the Supplier of its obligations under this Supplier Business Guide, the Supply Agreement, or any Purchase Order, the Supplier shall be liable and shall indemnify and hold harmless the Indemnified Parties for all associated Losses, including, but not limited to, (i) all costs of removal, shipment, and replacement of Product and/or services in connection with such recall or corrective action; (ii) all administrative charges incurred in connection with such recall or corrective action; and (iii) all attorneys' fees incurred in connection with such recall or corrective action. The Supplier shall notify Wilton in writing as soon as possible if the Supplier is notified by any international, regional, national, federal, state, provincial, local, or other governmental authority that a Product and/or services is the subject of a recall or corrective action, or is

the subject of an investigation or inquiry that may result in a recall or corrective action, in each case whether or not the Supplier would be responsible for the recall or corrective action.

### **9.2.11 Supplier Performance Monitoring**

Wilton QA/Compliance defines certain food safety and quality metrics that are used to measure supplier compliance and performance. The goal is to have or create an overall quality and food safety compliance rating for the suppliers. The Supplier Scorecard serves as a means to help suppliers understand what areas they need to improve on and is used internally by Category Management (Strategic Sourcing) to select which suppliers are eligible for new or additional business.

- The Supplier Scorecard is shared with suppliers on a regular basis based on supplier classification, comparing their compliance to the best and worst in their category. Corrective actions will be requested where required.
- The Supplier Scorecard criteria is subject to change at the discretion of the Wilton QA/Compliance Department in order to drive continuous improvement.
- The Supplier Scorecard assigns a rating for every major Wilton supplier based on points earned by compliance with certain criteria. This criteria may include, but not be limited to:
  - GFSI Certification and/or other certification
  - Product Quality Evaluations (PPM or LRR, NCR, SCAR, etc.)
  - Complaint Management
  - Product Recoveries
  - Specification Compliance
  - Wilton designated data management system Compliance
  - Compliance testing
  - 3rd Party Inspection/Testing
  - Wilton's inspection and audit
  - On Time Delivery
  - Response to Actions

#### **Product Quality Evaluation:**

- Wilton products from each category are selected and evaluated against Wilton product specifications.
- Product evaluations can be on a weekly, monthly, quarterly or yearly basis based on Wilton internal risk profile.
- The results will be communicated to the supplier and corrective actions will be requested where required.



- In certain cases of product failure, suppliers may be required to participate in a product quality and/or safety evaluation program executed by an independent third party on behalf of Wilton.
- Suppliers will be responsible for all costs associated with Product Quality Evaluations.

### **Supplier Audit:**

Wilton has a global audit process in place and executes Supplier's Safety and Quality Management System, Manufacturing Processes and Product Audits. An audit can be triggered by supplier qualification, surveillance, or for cause. Wilton manages their audit schedule globally in order to leverage resource for both Wilton and suppliers. Supplier also provides access to representatives on behalf of Wilton or third party or, Government Authorities and their representatives, including without limitation notified bodies and competent authorities.

- On-site visits or audits by a Wilton representative will be conducted to assess safety and quality systems.
  - It is Wilton's policy to give reasonable notice to the supplier of intent to conduct a visit or audit, but suppliers shall grant Wilton access during production hours even without prior notice.
  - Wilton shall be authorized to enter any establishment storing, supplying or co-packing products, packaging materials or ingredients for Wilton during production hours. The visit or audit may include review of records, processes and facilities which demonstrate that products manufactured for Wilton meet specifications and remain consistent with the process flow chart.
- Wilton product evaluations may be conducted on site with supplier participation.
  - It is preferred that multiple products (or multiple lots if supplier produces a single SKU) be pulled from live production.
  - If the products are not being produced during the visit or audit, it is permissible to pull Wilton products from storage for evaluation purpose.
- Virtual audit or desk audit or quality/compliance questionnaire may also be conducted based on supplier classification or agreement between Wilton and supplier.

## 10 MATERIAL SAFETY DATA SHEETS(MSDS)

Under the Hazardous Communication Standard (HCS), OSHA requires that distributors of products containing hazardous materials provide a copy of the MSDS to the customer either before or at the time of sale.

If a product having an MSDS is being sold to Wilton, each Supplier must either 1) send a copy of the MSDS containing your stock number, with the product shipment, or 2) send a copy to the Wilton Product Compliance Team.

Please contact the Wilton Product Compliance Team with questions regarding MSDS at [compliance@wilton.com](mailto:compliance@wilton.com).

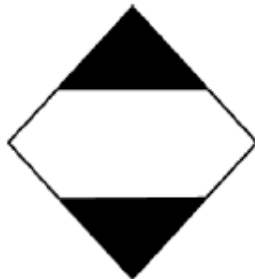
### 10.1 TRANSPORTATION OF DANGEROUS GOODS

Each Supplier must provide products which can comply with U.S. Department of Transportation Regulations (Code of Federal Regulations, Title 49, Part 170-179) and applicable international regulations concerning packaging and transporting hazardous materials. Vendors are expected to have available trained staff or other resources to assure the correct and legal shipping of dangerous goods.

DG products are to be configured to allow shipping under applicable Limited Quantity exemptions. Wilton will not accept shipments of sellable products which are packaged and labelled as fully regulated dangerous goods without specific permission of the Product Compliance Department.

Shipping packages (masters and shippable inners as may be applicable) shall be pre-printed and include the following:

- The limited qty diamond (on 2 opposite sides). The diamond minimum dimension must be 100mm on a side unless the packaging size requires a reduced size (must be no less than 50mm on a side).



- The UN number and proper shipping name (in all CAP letters). The text shall be immediately adjacent to the diamond (also on 2 opposite sides)

- Orientation marks shall be provided (also on 2 opposite sides) when liquids are involved or when appropriate for safe shipping of products.

The vendor is responsible for all shipping paperwork required to support shipment of products to Wilton distribution centers or customers.

For support related to classification of Wilton products, contact [compliance@wilton.com](mailto:compliance@wilton.com)

## **11 MOISTURE MANAGEMENT & MOLD PREVENTION - BEST PRACTICES**

Factories in general are expected to maintain proper moisture controls to prevent moisture and water damage, as well as mold growth. Product received at Wilton with visible moisture or water damage or mold growth will be rejected. The Supplier shall establish a risk assessment to evaluate the process controls for humidity, temperature and other transportation conditions. The assessment shall start from raw materials to finished products, through transportation until delivery to Wilton. Otherwise the Factory shall bear all losses and related costs prior to delivery. If it is established the moisture damage was not caused by the supplier's responsibility, the responsibility can be settled by both parties through negotiation. The section below contains recommendations for moisture management and mold prevention

### **11.1 INCOMING MATERIAL RECEIVING**

- Unload materials in a clean and dry area with a protective cover that does not leak.
- Visually check materials for cleanliness and visible moisture. A moisture meter is recommended to check moisture content. Reject dirty or wet materials.
- Keep materials off the floor. Use carts or pallets to stage and move within the facility.
- Immediately move materials to storage or production areas.

### **11.2 MATERIAL STORAGE**

- Store materials in a clean, indoor room; with the relative humidity kept below 60%. If the room has windows or doors, they should be closed.
- Materials must be stored on shelves or non-wooden pallets. Do not store materials directly on the floor, even temporarily.
- Store materials away from walls and arrange with sufficient spacing to promote air flow between and around materials.
- Keep materials covered to prevent accumulation of dust, dirt and mold spores.
- Arrange materials so that:
  - Materials used at different stages of production are separated.
  - Older and newer stock is not comingled to avoid contamination.
- Use oldest materials first. (First-In, First Out). Regularly dispose of any old, dirty or wet stock.

### **11.3 PRODUCTION**

- Production areas must be clean and dry with proper ventilation. Any leaks must be repaired immediately.

- Water-curtain cooling systems should be avoided (especially during wet periods) since they create very high relative humidity conditions.
- To prevent moisture contamination, production steps that include water/wet processing (such as paint booths) must be completely separated in the facility from other production/packaging/storage areas.
- Avoid storage of materials in the production area that are not required for the current production.
- Do not store finished goods in the production area.
- Practices that will contaminate materials should be avoided:
  - Start each day with clean, fresh glue or paint.
  - Pour glue, paint, etc. from original container into clean, smaller vessels for transport/use.
  - Do not dip vessels or brushes into the original supply.
  - Equipment and tools must be cleaned daily. If mold is present, clean and sanitize.
  - Workers should wear gloves to prevent contamination of materials. Gloves should be changed frequently.

#### **11.4 PACKAGING**

- For packing materials, follow materials/storage practices outlined above in “Material Storage.”
- Assure that products are finished and ready prior to packing:
- Check moisture content of corrugate (cardboard) material prior to use:
  - Avoid recycled corrugate, which tends to absorb moisture more readily than new material.
  - Regardless of corrugate type, moisture content should be between 12% - 13%. Do not use if above 15%.

#### **11.5 PRODUCT STORAGE/FINISHED GOODS**

- Maintain a clean and dry finished-goods warehouse:
  - Ideally on the 2nd floor or higher to avoid rising dampness.
  - Follow best practices outlined above in “Material Storage.”
- Control the relative humidity in the warehouse with an air conditioner or dehumidifier:
  - Keep doors and window closed. Place PVC curtains at entrances without doors.
  - Minimize long-term storage of finished goods.
- Never store finished goods outside, even under a roof or cover.

## 11.6 LOADING AND SHIPPING

- Before loading the container, enclosed truck (open lorries are prohibited), trailer or rail car:
  - Visibly check to ensure the roof is clean, undamaged and there are no holes or cracks in walls, floors or roof. Reject the container if any damage is found.
  - Use a smoke generator to check for leaks (preferred) or enter the container during daylight.
  - Close both doors and check for any light coming through holes, cracks or door seals. Reject if leaks are detected.
  - Use a moisture meter to check the moisture content of the wooden deck of the container, truck or trailer. Reject if the moisture content exceeds 25%.
- Check cargo for visible moisture before loading.
- Only load in dry conditions or under a roof that does not leak:
  - Keep the loading area dry and clean.
  - Never load in the rain or fog.
- Keep materials off the loading area floor. Use carts or pallets to stage and move from storage to loading area.

### DESICCANT USE POLICY

- Obtain advance written approval from the Quality, Compliance, and Sourcing Team prior to using desiccant.

## **12 PEST INFESTATION & IMPORTING OF WOOD PRODUCTS**

### **12.1 PEST INFESTATION**

It is the policy of Wilton that all-inbound trailers and sea containers are inspected for pest infestation and irregular odors and fumes upon receipt by the receiving personnel. If any shipments are suspected of infestation or odors, the container will be closed and removed from the Wilton Receiving and Storage areas and quarantined at a safe distance from the building.

#### **Examples of Infestation signs are:**

- Chewing
- Pesticide Spraying
- Droppings
- Nesting
- Dead Rodents and/or Insects

#### **Examples of Irregular odors or Fumes are:**

- Coffee Grounds
- Chemicals

Contracted Pest Control specialists will fumigate the suspect container according to local, EPA, USDA, APHIS, and other applicable domestic and international regulatory agencies. All expenses will be charged back to the Supplier in addition to any administrative and incremental charges per the Non-Compliance Charge-back Schedule.

### **12.2 WOOD PRODUCTS**

#### **12.2.1 REQUIREMENT FOR SOLID WOOD PACKAGING**

International shipments containing any solid wood packing material falls under United States regulations of the United States Department of Agriculture (USDA) and the APHIS.

According to US Federal Regulation 7 CFR 319.40, all Solid Wood Packing Materials (SWPM) imported from China are subject to new regulations effective December 17, 1998:

"All shipments from China containing solid wood packing material must be accompanied by a certificate signed by an official with the Chinese government stating that the solid wood packing material was treated with preservatives, heat treated, or fumigated before leaving China. Commercial shipments from

China that do not contain any solid wood packing material must include an exporter statement indicating that the shipment contains no such material."

Contracted Pest Control specialists will fumigate the suspect container according to local, EPA, USDA, APHIS, and other applicable domestic and international regulatory agencies. Any expenses will be charged back to the shipping company in addition to any administrative and incremental charges per the Non- Compliance Chargeback schedule.

## **12.2.2 REQUIREMENTS FOR IMPORTED WOOD AND PLANT PRODUCTS**

Effective December 15, 2008, U.S. legislation (an amendment to the Lacey Act) made it unlawful to import or purchase via foreign commerce certain wood and plant products without an import declaration. The amendment to the Lacey Act is being enforced in stages over an 18-month period. The first phase of the implementation went into effect on April 1, 2009. The specifics of the phase-in stages are located in Appendix G (section 14.7).

Once fully implemented, the Lacey Act amendment will require shippers to provide additional information related to products containing wood or plant material. When shipping products containing wood or plant components 5 additional data elements will need to be included on the Commercial Invoice. The 5 data elements needed for each wood or plant product is as follows:

1. Description of Article (and Description of Wood Component): A brief description of each article, or component of an article, that is manufactured from plants or plant parts will be needed.
2. Scientific Name of Plant: If the species of plant used to produce the product varies, and the species used to produce the product is unknown, enter each species that may have been used to produce the product.
3. Country of Harvest of Plant: If the country of harvest varies, or is unknown, enter all countries from which the plant material in the product may have been harvested.
4. Quantity of Material: The quantity will need to be provided according to the Units of Measure listed below.
  - a. doz - (dozen)
  - b. kg - (kilograms)
  - c. m - (meter)
  - d. m<sup>2</sup>(square meters)
  - e. m<sup>3</sup> - (cubic meters)
  - f. No. - (number)
  - g. pcs - (pieces)
  - h. t - (metric tons)



- i. bf - (board feet)
- 5. Percentage of Recycled Wood/Plant Material: The percentage of recycled material the article contains will range between 0% and 100%. If the percentage of recycled material varies, please provide the average percentage of recycled material used in the product.

For general information related to the Lacey Act amendment please visit the USDA website:

[www.aphis.usda.gov/plant\\_health/lacey\\_act/index.shtml](http://www.aphis.usda.gov/plant_health/lacey_act/index.shtml)

For information related to specific products and requirements please contact Wilton Import Compliance (email:[importhelp@wilton.com](mailto:importhelp@wilton.com)).

## 13 INDEMNITY – LIABILITY- GOVERNING LAW/JURISDICTION

### **Indemnity:**

The Supplier shall defend, indemnify and hold harmless Wilton, its subsidiaries, affiliates, and customers and each of their respective directors, officers, employees, agents, and affiliates and any person or entity directly or indirectly employed by any of them (collectively, the "Indemnified Parties," and individually, an "Indemnified Party") from and against all Losses which in any way arise out of or result from (i) any breach of the Supplier's obligations, representations or warranties under this Supplier Business Guide, the Supply Agreement or a Purchase Order, including any breach of the Specifications, Quality Standards or the Legal Requirements, by the Supplier or by the Supplier's subsidiaries or affiliates or their respective officers, directors, employee, managers, agents, or for any other person or entity whose acts the Supplier may be liable (collectively, the "Supplier Parties", each a "Supplier Party"), or the acts or omissions of any Supplier Party in connection with this Supplier Business Guide, the Supply Agreement or a Purchase Order, (ii) any actual or alleged injury to or death of any person, damage to or destruction of any property, real or personal relating to the Products and/or the services provided by any Supplier Party, (iii) any actual or alleged deficiency or defect in the Products, and/or the services provided by any Supplier Party, (iv) any actual or alleged infringement of any patent, trademark, copyright, design, or other intellectual property right or for alleged unfair competition, by reason of the manufacture, use, marketing, promotion, offering for sale, or sale of the Products or (v) the use or occupancy of any facilities by a Supplier Party or use of any tools or other equipment provided or owned or controlled by any Indemnified Party. The Supplier's indemnification obligations under this Section 13 shall be absolute except to the extent such Losses arises from the gross negligence, willful misconduct, or an infringing Intellectual Property provided by such Indemnified Party or a supplier required by Wilton to be used by the Supplier for use in a Product and/or services. The Supplier may not settle any matter for which indemnification is or may be sought under this Section 13 without the prior written consent of Wilton, which may be withheld in its sole discretion. The Supplier's obligations in this Section 13 shall survive the Delivery of the Product and/or services and the receipt and acceptance thereof by Wilton.

### **Limitation of Liability:**

Wilton shall not be liable to the supplier for any amounts representing the supplier's loss of profits, loss of business income, indirect, special, incidental, exemplary, consequential, speculative, remote or punitive damages (even if previously apprised of the possibility thereof), arising from the performance or nonperformance under this supplier business guide, the supply agreement or a purchase order or any acts or omissions associated therewith or related to the use of any product and/or services furnished under this supplier business guide, the supply agreement or a purchase order, whether the basis of the liability is breach of contract, tort (including negligence and strict liability), statutes, or any other legal theory, unless such act or omission arises from the gross negligence or willful misconduct of Wilton.

Wilton's aggregate liability for any reason and all causes of action arising out of or relating to a purchase order (including, but not limited to, contract, tort (including negligence) and strict product liability) shall be limited to fifty (50%) of the amounts paid by Wilton under the related purchase order. The provisions of this Section 13 shall survive the delivery of the product and/or services and the receipt and acceptance thereof by Wilton.

**Governing Law and Jurisdiction:**

This Supplier Business Guide, the Supply Agreement and any Purchase Orders shall be governed by and construed and enforced in accordance with the laws of the State of Illinois, without regard to its choice of law provisions. Wilton and the Supplier hereby consent to personal jurisdiction and venue exclusively in the state courts of DuPage County and in the federal courts of Cook County, Illinois, and each hereby waives any right or claim that it may have relating to jurisdiction and venue, including forum non conveniens. WILTON AND THE SUPPLIER ALSO WAIVE ANY RIGHT TO A JURY TRIAL IN ANY PROCEEDING.

## 14 WILTON CONTACT LIST AND ADDRESSES

Department	Contact Title	Email
Invoicing & Payments	Accounts Payable Manager	acctpayable@wilton.com
Purchasing/Purchase Orders	Director of Inventory Operations	Purchasing@wilton.com
Receiving Appointments	See Warehouse location below	Rcv_appts@wilton.com
Receiving - General Questions	See Warehouse location below	Rcv_questions@wilton.com
Social Compliance	Factory Audit Manager	factoryaudits@wilton.com
Product Compliance		Compliance@wilton.com
Food Compliance		foodCompliance@wilton.com
Quality Compliance		Qualityteamus@wilton.com
Transportation & Routing (Domestic)		Dom_traffic@wilton.com
Transportation & Routing	Import Coordinator	imports@wilton.com

### Wilton Corporate Office

535 East Diehl Road  
Naperville, IL 60563  
Phone: 630.963.7100

### Wilton Global Sourcing LLC

7A/B, 7th Floor  
New Time Plaza No 1  
New Time Plaza No 1  
Taizi Road, Shekou Industrial Zone  
Shenzhen, Guangdong Province, China 518067  
Phone: +86 755 26864770  
Fax: +86 755 26864772

### Romeoville Facility I

1125 W. Taylor Road  
Romeoville, IL 60446  
Phone: 815.834.9390

### Romeoville Facility II

1010 W. Taylor Road  
Romeoville, IL 60446  
Phone: 630.810.2115

# 15 SUPPLIER GUIDE APPENDICES

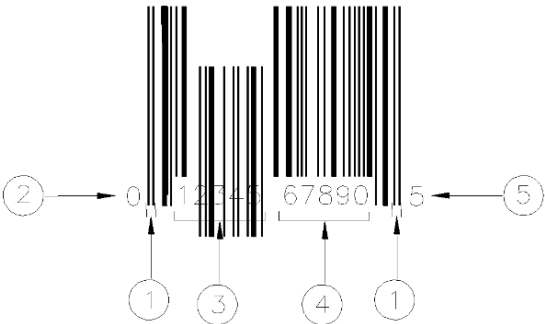
## 15.1 APPENDIX A UPC A BAR CODE GUIDELINES

The Universal Product Code (UPC-A) is an item-level bar code that identifies the manufacturer, the type of product, and the size or unit. Since the UPC cannot be printed on most corrugated and Kraft surfaces, the code must be applied with an adhesive label.

The UPC symbol allows representation of the numbers 0 - 9. With the UPC-A, each of the 12 human readable numbers found below the code is represented by a unique pattern of two bars and spaces. These bars and spaces can be one, two, three, or four modules wide.

- a) All Wilton sellable merchandise units require the UPC code on the outside of the sellable carton.
- b) All bar codes must be printed on either laser or thermal printers.

The format of the UPC-A symbol is as follows:

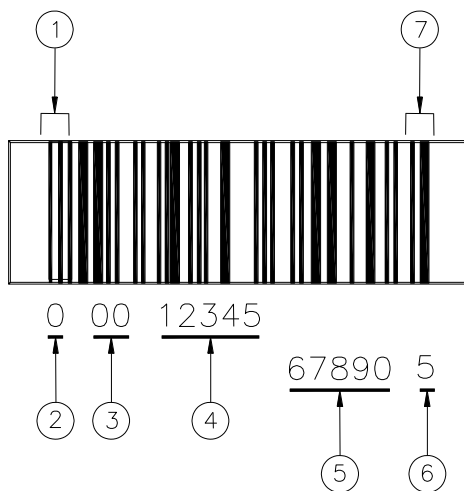


1. **Guide Bars:** signals the start and finish of the symbol.
2. **Number System Character:** assigned by the Universal Code Council (UCC). Numbers reserved for retail are 0, 6, and 7.
3. **UCC Manufacturer Number:** unique identifier assigned to manufacturers by UCC.
4. **Product Number:** assigned by the Supplier and is unique by customer.
5. **Check Digit:** calculated from the other 11 digits and is used by scanners to perform a validity check on the bar code. See Appendix C for the Modulo-10 check digit calculation.



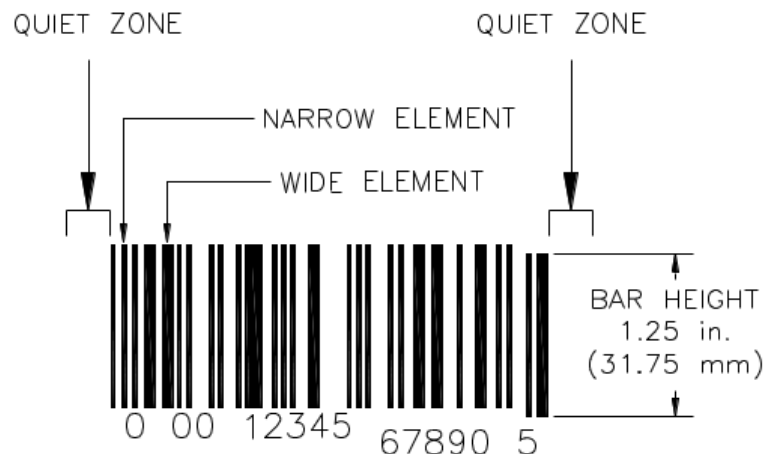
1. **"X" Dimension I Symbol Size :** The nominal size (100%) of the "X" dimension is equal to 13 mils (13 thousands of an inch). With this size, the symbol is 1.020 inches (25.908 mm) in height and 1.469 inches (37.313 mm) in width (including the quiet zones). Reduction can range from 80% ("X" = 10.4 mils) to 200% ("X" =26 mils). The UPC symbol is the only symbology that refers to its various sizes as "magnifications". See Appendix D for details on specific sizes.
2. **Quiet Zone:** The minimum quiet zone required for a UPC symbol is 9 times the "X" dimensional both the beginning and the end of the symbol.
3. **Bar Height:** The bar height must always be uniform according to Appendix D. Truncations of the bar height will cause errors in scanning.
4. **Tolerance:** The tolerance is dependent on the "X" magnification. See Appendix D.
5. **Optical Characteristics:** UPC symbols are required to have a certain Print Contrast Signal (PCS). The minimum PCS is based on the reflectivity of the background color. See Appendix E.

## 15.2 Appendix B SCC-14 \*(interfaced 2 of 5) Bar Code Guidelines



1. **Start Pattern:** the start pattern is two narrow bars and two narrow spaces and is used for every 1 2-of-5 code. This is a "non-data" character.
2. **Packaging Indicator:** a one-digit prefix that provides a unique identity of a packaging level per Wilton's specification such as Eaches, Inner-packs, Master packs, and Pallets. This digit will range from "0" through "7".
3. **Number System Character:** a one-digit number assigned by the UCC at the time a manufacturer's number is obtained; this must be preceded by a zero to indicate a product that is manufactured in the U.S. or Canada.

4. **UCC Manufacturer Number:** this five-digit number is assigned by the UCC to uniquely identify each manufacturer.
5. **Product I Item Number:** this five-digit number is assigned by the manufacturer to identify each product.
6. **Modulo 10 Check Digit:** this number is mandatory for every UPC Shipping Container Code. The formula for this calculation, which uses all preceding 13 digits, can be found in Appendix C.
7. **Stop Pattern:** as with the start pattern, this is a "non-data" character. This is a signal to the scanner that this is the end of the symbol.



#### Nominal (100%) Bar Code Size

1. **"X" Dimension:** magnification is used to describe the size of the symbol. At a magnification of 1.0, the "X" dimension is .040 inches (1.02 mm). The symbol can be uniformly reduced to a magnification of .625, which has an "X" dimension of .025 inches (.635 mm) or increased to a magnification of 1.2, which has an "X" dimension of .048 inches (1.219 mm).
2. **Quiet Zone:** The minimum quiet zone is 10 times the "X" dimension, or .10 inches (2.6 mm), whichever is greater. Therefore, if the "X" dimension is .025 inches (.6 mm), the quiet zone should be .25 inches (6.4 mm).
3. **Bar Height:** the minimum bar height uniformly increases as the "X" dimension increases. At a magnification of .625, the minimum bar height is .78 inches (19.8 mm). At a magnification of 1.20, the minimum bar height is 1.50 inches (38.1 mm).
4. **Wide-to-narrow Ratio:** a wide-to-narrow element ratio of 2.5 to 1 is suggested.
5. **Tolerances:** the maximum for any bar or space of the UPC Shipping Container Code is +/- .012 inches (.3 mm) times the symbol magnification. However, no bar or space may be printed smaller than .020 inches.
6. **Print Contrast:** The UPC Shipping Container Code must have a minimum Print Contrast Signal (PCS) value of 75%. See Appendix E.

### 15.3 APPENDIX C - MODULO 10 CHECK DIGIT CALCULATION

The check digit number used in this example is "1234567890"

First, number each character position from left to right (start with the number system character of 0 as position #1).

**Step 1:** Starting at position 1, add up all the values of the numbers on the odd positions.

$$0+2+4+6+8+0 = 20$$

**Step 2:** Multiply the result of Step 1 by 3.

$$20 \times 3 = 60$$

**Step 3:** Starting at Position 2, add up all the values of the numbers in the even numbered positions.

$$1+3+5+7+9 = 25$$

**Step 4:** Add up the results of Step 2 and Step 3.

$$60 + 25 = 85$$

**Step 5:** The check digit is the smallest number, which, when added to the value obtained in Step 4, provides a number that is a multiple of 10.

$$85 + 5 = 90$$

(Therefore, the Check Digit for "10234567890" is "5".)

Magnification	Height		Width		"X" Dimension	Tolerance
80	0.816"	20.73 mm	1.175"	29.85 mm	10.4 mils	1.4 mils
85	0.867"	22.02 mm	1.249"	31.72 mm	11.0 mils	2.0 mils
90	0.918"	23.32 mm	1.322"	33.58 mm	11.7 mils	2.7 mils
95	0.969"	24.61 mm	1.395"	35.43 mm	12.3 mils	4.3 mils
100	1.020"	25.90 mm	1.469"	37.31 mm	13.0 mils	4.0 mils
105	1.071"	27.20 mm	1.542"	39.17 mm	13.6 mils	4.3 mils
110	1.122"	28.50 mm	1.616"	41.05 mm	14.3 mils	4.6 mils
115	1.173"	29.80 mm	1.689"	42.90 mm	15.0 mils	4.9 mils
120	1.224"	31.09 mm	1.763"	44.78 mm	15.6 mils	5.2 mils
125	1.275"	32.39 mm	1.836"	46.63 mm	16.2 mils	5.5 mils
130	1.326"	33.68 mm	1.910"	48.51 mm	16.7 mils	5.8 mils
135	1.377"	35.98 mm	1.983"	50.37 mm	17.5 mils	6.1 mils



140	1.428"	36.27 mm	2.057"	52.25 mm	18.2 mils	6.4 mils
145	1.479"	37.57 mm	2.130"	54.10 mm	18.8 mils	6.7 mils
150	1.530"	38.86 mm	2.204"	55.98 mm	19.5 mils	7.0 mils
155	1.581"	40.16 mm	2.277"	57.84 mm	20.2 mils	7.3 mils
160	1.632"	41.45 mm	2.350"	59.69 mm	20.7 mils	7.6 mils
170	1.734"	44.04 mm	2.497"	63.42 mm	22.1 mils	8.2 mils
180	1.836"	46.63 mm	2.644"	67.16 mm	23.4 mils	8.8 mils
190	1.938"	49.23 mm	2.791"	70.89 mm	24.7 mils	9.4 mils
200	2.040"	51.82 mm	2.938"	74.63 mm	26.0 mils	10.1 mils

<b>Light Background Percent Reflectance</b>	<b>Density</b>	<b>Dark Background Maximum Percent Reflectance</b>	<b>Minimum Density</b>	<b>Minimum Print Contrast Signal (PCS)</b>
31.6 %	.500	2.5 %	1.600	.921
35.0 %	.456	3.3 %	1.485	.906
40.0 %	.398	4.6 %	1.335	.884
45.0 %	.347	6.3 %	1.202	.860
50.0 %	.301	8.3 %	1.083	.834
55.0 %	.260	10.6 %	.975	.807
60.0 %	.222	13.3 %	.877	.779
65.0 %	.187	16.4 %	.786	.748
70.0 %	.155	19.8 %	.703	.717
75.0 %	.125	23.7 %	.625	.684
80.0 %	.097	28.1 %	.552	.649
85.0 %	.071	32.9 %	.484	.614
90.0 %	.046	38.1 %	.419	.577
95.0 %	.022	43.9 %	.358	.538
100.0 %	.000	50.1 %	.300	.499

In order to calculate the check digit for Code 128, a value (from 0 to 105) is assigned to each of the 128 digits of the character set. For the UCC-128 specification, the FNC1=102, and each digit pair equals its value (complete value chart for Code 128 is found in the USS-12B Uniform Symbology Specification). To calculate the check digit, perform the following steps:

The Code 128 symbol used in this example is "Start Code C, Function Code 1,0000012345999999992".

**Step 1:** Find the Value of the Star Character

(Start A=103, Start B=104, Start C=105)

Start C =105

**Step 2:** Find the values of all remaining characters in the code (each "Digit Pair" in Subset C equals its value and FNC1=102).

FNC1=102, 00=0, 00=0, 01=1, 23=23, 45=45, 99=99, 99=99, 99=99, 99=99, 92=92

**Step 3:** Weight the first character value after the start character by 1 and continue with 2, 3, 4, until you reach the end of the data.

105, 102x1, 0x2, 0x3, 1x4, 23x5, 45x6, 99x7, 99x8, 99x9, 99x10, 92x11

**Step 4:** Multiply the figures and add them up) with the value of the start character).

105 + 102 + 0 + 0 + 4 + 115 + 270 + 693 + 792 + 891 + 990 + 1012 = 4974

**Step 5:** Divide the sum from Step 4 by 103. The remainder equals the value if the Modulo-103 check digit.

4974 divided by 103=48, with a remainder of 30 (Therefore, 30 is the correct check digit)

**15.4 APPENDIX G \_ ISF COVERSHEET**

The following is an example of the ISF Coversheet: Importer Security Filing Coversheet (ISF-10)

AMS filed bill of lading (BOL):

Issuer SCAC code:	Seller name and address:
Reference number:	
Party responsible for ISF: Wilton Industries, Inc.	
Customs broker account number:	
Port of lading: ETD:	
Port of arrival: ETA:	
Ship to name and address:	Buyer name and address:
	Wilton Industries, Inc.

	535 East Diehl Road Naperville, IL 60563
Container stuffing name and address:	Consolidator name and address:
Consignee IRS numbers:	Container numbers:
Part Number Description	HTS    C/O    Manufacturer's name
Manufacturer's name	Manufacturer's complete address
Notes:	

Instructions for completing the Importer security Filing (IsF-10) Coversheet are as follows:

1. AMs filed bill of lading (BOL):
  - a. Mandatory : Enter bill of lading (booking) number as provided by carrier/forwarder.
2. Issuer sCAC code:
  - a. Mandatory: Enter carrier code (4-alpha code) as provided by carrier/forwarder. For example – sCAC code for Maersk is "MAEu".
3. Reference number:
  - a. Mandatory: Enter Invoice number.
4. Party responsible for IsF:
  - a. Mandatory: Enter "Wilton Industries. Inc."
5. Customs broker account number:
  - a. Mandatory: Enter "535888"
6. Port of lading: ETD:
  - a. Mandatory: Enter departure (origin) port and estimated departure date as provided by carrier/forwarder.
7. Port of arrival ETA:
  - a. Mandatory: Enter arrival (destination) port and estimated arrival date as provided by carrier/forwarder.

8. Seller Name and Address:
  - a. Mandatory: Enter Supplier name/address from invoice header.
9. Ship to name and address:
  - a. Mandatory: Enter ship to name/address as noted on related Wilton Industries. Inc. Purchase Order.
10. Buyer name and address:
  - a. Mandatory: Enter "Wilton Industries. Inc. 535 East Diehl Road, Naperville IL 60563"
11. Container stuffing name and address:
  - a. Mandatory: For Full Container Loads (FCL) enter the name and address where you loaded the goods on the ocean container. This will typically be your factory. For Less than Container Loads (LCL) enter name and address as provided by carrier/forwarder.
12. Consolidator name and address:
  - a. Mandatory: For Full Container Loads (FCL) enter the name and address where you loaded the goods on the ocean container. This will typically be your factory. For Less than Container Loads (LCL) enter name and address as provided by carrier/forwarder.
13. Consignee IRs numbers:
  - a. Not required
14. Container numbers:
  - a. Mandatory: Enter container number.
15. Part number:
  - a. Not Required
16. Description:
  - a. Not required
17. HTs number:
  - a. Mandatory: Enter HTs numbers as supplied by Wilton Industries.
18. C/O:
  - a. Mandatory: Enter country where the products were manufactured.
19. Manufacturer's name:
  - a. Mandatory: Enter factory name.
20. Manufacturer's complete address:
  - a. Mandatory: Enter factory address.
21. Notes:
  - a. Not required

## 16 LATEST UPDATES

- Section 1 – Update section to mention accessing manual in TraceGains
- Section 3.1 – Added Wilton Culture Recipe
- Section 3.3 – Moved sections regarding compliance to product specifications, and responsibility for product recall to Section 9 “Quality and Compliance”
- Section 4, 5 – Section updates
- Section 5.3 – Supplier payments section updated
- Section 6 – Section updates
- Section 7.1.10 – Added requirements for adding SAP material number to master and inner carton markings. Added requirements for GTIN markings on two sides of cartons (previous was one side)
- Section 9 – ‘Quality and Compliance’ section largely expanded with further detailed requirement for food suppliers and all suppliers
- Section 11 – “Moisture Management and Mold Prevention” - Various updates to this section



# Oetker Supplier Code of Conduct



[flaschenpost.de](https://flaschenpost.de)



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# 01

## Introduction

The Oetker Group<sup>1</sup> was founded in Bielefeld in 1891 and is one of the largest German family businesses. The internationally active group of companies, represented with over 40,000 employees in more than 50 countries with production, sales and service units, is characterized by a broad diversification into different business areas, including Food (Dr. Oetker, Conditorei Coppenrath & Wiese), Beer & Nonalcoholic Beverages (Radeberger Gruppe), Delivery Services (Flaschenpost) and Other Interests (e.g. Oediv, HGS, Oetker digital, Brenners Park-Hotel & Spa, Hôtel du Cap-Eden-Roc).

Our strategy is designed to be long-term, cross-generational and resource-conserving, always with the objective of remaining a reliable partner for our customers, our business partners and our employees: “As a family-owned company we have always been aware of our responsibility to our employees and to society as a whole. The approach our company takes is therefore born out of the conviction that we should, to the greatest extent possible, leave our planet to following generations in a better condition.” (Richard Oetker)

We are committed to ecologically and socially responsible corporate management. We have formulated the human rights-related and

environmental expectations we have of our employees and suppliers in a policy statement<sup>2</sup> on our human rights strategy, which we update regularly. We therefore expect not only our employees, but also our suppliers and other business partners, to observe the principles of ecological, social and ethical behavior and to integrate them into the corporate culture in order to be able to make a joint contribution to a more sustainable future. Besides environmental challenges, we focus on both our own employees and employees of our partners in our supply chain. In doing so, international human rights<sup>3</sup> as laid down in the United Nations’ Guiding Principles on Business and Human Rights<sup>4</sup> and the Fundamental Principles and Rights at Work of the International Labor Organization (ILO)<sup>5</sup> form the basis of our activities.

We expect our suppliers to work with us in accordance with the above-mentioned standards. This Oetker Supplier Code of Conduct<sup>6</sup> (the “Code”) thus defines the minimum requirements we have for a successful cooperation.

We also want to meet the increased demands for transparency in supply chains, which we see as an opportunity to deepen and expand relationships among our supplier base.

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<sup>1</sup> The term Oetker Group means Dr. August Oetker KG and all its affiliates in Germany and abroad (see [oetker-group.com](http://oetker-group.com)). The use of “we” or “us” hereinafter refers to the company of the Oetker Group, which is the contractual party of the supplier.

<sup>2</sup> The policy statement on our human rights strategy can be found [here](#).

<sup>3</sup> Defined as the Rights included in the Universal Declaration of Human Rights (1948), in the International Covenant on Civil and Political Rights (1966) and in the International Covenant on Economic, Social and Cultural Rights (1966).

<sup>4</sup> [GuidingPrinciplesBusinessHR\\_EN.pdf](#) (ohchr.org)

<sup>5</sup> [Fundamental rights and principles at work](#) (ilo.org)

<sup>6</sup> Hereinafter also referred to as “Code of Conduct” or “Code”.



# 02

## Scope of this Code

By accepting this Code, our suppliers agree to comply with the terms of this Code and the international conventions referenced in this Code (especially in the sections “People” and “Environment”). Suppliers acknowledge that compliance with this Code is required to maintain their status as a supplier of us.

Our suppliers shall not try to circumvent any obligations under this Code. For example, labour-only contracting, sub-contracting, home-working arrangements, apprenticeship schemes, or the use of fixed-term contracts, which may be legitimated arrangements, if the situation so requires, but shall never be used for evading compliance with this Code.

Our suppliers agree not to engage in any activity which evidently and severely violates international human rights, even if such activity is not expressly prohibited under this Code. Especially, our suppliers shall not engage in any activity or omission which is directly capable of impairing in a particularly serious manner a protected legal position and the unlawfulness of which is obvious on a reasonable assessment of all the circumstances.



03

## Our Requirements regarding Social Responsibility





### 3.1. No forced or compulsory labour

We do not tolerate any form of forced labour<sup>7</sup> at any of our suppliers. This includes any work or service required of a person under threat of punishment and for which the person has not voluntarily made him-/herself available. The ILO indicators<sup>8</sup> are used to determine if a situation constitutes forced labour.

All workers, both permanent and temporary, must be provided with all mandatory employment documents in a language that they understand prior the commencement of the employment. Any employment contract must be freely agreed to.

Mental and physical coercion, slavery<sup>9</sup>, serfdom<sup>10</sup> or debt bondage<sup>11</sup>, involuntary prison labour and human trafficking<sup>12</sup> are prohibited.

Exceptions are subject to those allowed under the International Covenant on Civil and Political Rights and ILO Convention No. 29.<sup>13</sup>

Fees and costs associated with recruitment and employment must be paid by the employer, not by the employee.

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<sup>7</sup> As defined in ILO No. 29 on Forced Labour (1930) and ILO No. 105 on Abolition of Forced Labour (1957).

<sup>8</sup> As described in ILO brochure "ILO Indicators of forced labour" (2012).

<sup>9</sup> As defined in Art. 1 of the Slavery Convention (1926).

<sup>10</sup> As defined in Art. 1 b) of the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956).

<sup>11</sup> As defined in Art. 1 a) of the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1956).

The ability of workers to move freely shall not be restricted by the employer, for example, through physical restriction, abuse, threats and practices such as retention of passports and valuable possessions.

### 3.2. No child labour

Our suppliers shall not employ a child below the age at which compulsory education ends according to the law at the place of employment, the age of employment not being less than 15 years; this shall not apply if the law of the place of employment derogates therefrom in accordance with Article 2, paragraph 4, and Articles 4 to 8 of Convention No. 138 of the International Labour Organization of 26 June 1973 concerning the minimum age for admission to employment (for example, national laws or regulations may permit the employment or work of persons of 13 to 15 years of age on light work which is not likely to be harmful to their health or development; and not such as to prejudice their attendance at school, their participation in vocational orientation or training program approved by the competent authority or their capacity to benefit from the instruction receive).<sup>14</sup>

<sup>12</sup> As defined in Art. 3 a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children (2000), supplementing the United Nations Convention against Transnational Organized Crime (2000).

<sup>13</sup> As defined in Art. 8 b and c of the International Covenant on Civil and Political Rights (ICCPR) (1966) and Art. 2 (2) of ILO No. 29 on Forced Labour (1930).

<sup>14</sup> As defined in Article 2 (4) and Article 4 – 8 of ILO No. 138 on Minimum Age (1973).

Workers under the age of 18 must not perform hazardous work or any of the worst forms of child labour.<sup>15</sup> Exceptions are only allowed as long as they are in line with national law as outlined by the ILO.<sup>16</sup>

In accordance with Article 3 of Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour<sup>17</sup> the worst forms of child labour include

- all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude, and forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflict,
- the bringing in, procuring or offering of a child for prostitution, the production of pornography or pornographic performances,
- the bringing in, procuring or offering of a child to engage in illicit activities, in particular the obtaining of and trafficking in drugs,
- work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children.

Workers under the age of 18 shall also be excluded from the obligation to work in night shifts.

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<sup>15</sup> As defined in Article 3 of ILO No. 182 on Worst Forms of Child Labour (1999).

<sup>16</sup> As defined in Nr. 4 of ILO No. 182 on Worst Forms of Child Labour Recommendation (1999).

### **3.3. Non-discrimination and equal opportunities**

Our suppliers must prevent unequal treatment in employment (including hiring, compensation, promotions, benefits, as well as termination or retirement), for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment.<sup>18</sup> Unequal treatment includes in particular the payment of unequal remuneration for work of equal value. Unequal treatment is a situation in which a person is treated differently only or predominantly because of her or him being part of a specific group.

Our suppliers shall provide an inclusive, healthy, bias-free work environment to their employees and shall promote initiatives for further diversity and inclusion in the workforce.

### **3.4. Humane treatment**

Our suppliers must make reasonable efforts to ensure that employees are not subjected to inhumane or degrading treatment, oppression, physical punishment, sexual harassment, abuse, psychological or physical coercion and/or verbal abuse at the workplace. Reasonable efforts may include diversity trainings and sexual harassment policies including trainings and sanctions.

<sup>17</sup> As defined in Nr. 3 of ILO No. 182 on Worst Forms of Child Labour Recommendation (1999).

<sup>18</sup> As defined in ILO No. 100 on Equal Remuneration (1951) and ILO No. 111 on Discrimination (Employment and Occupation) (1958).

### 3.5. Compensation and benefits

All employees must receive a compensation package which meets or exceeds the legal minimum standards or the prevailing industry standards approved in collective bargaining agreements whichever is applicable. Irrespective of that, all employees shall be paid living wages<sup>19</sup>, which allow them and their families to live in dignity.

Any social benefits mandatory under applicable law shall be granted. Remuneration must be paid on time and in full in a legal currency at the country of employment.

Deductions from the salary are only permitted if made in accordance with applicable law. Wage deductions as a disciplinary measure are not permitted.

### 3.6. Freedom of association

Our suppliers must respect the rights of their employees to freely associate, organise, and bargain collectively and act accordingly.

Employees or their representatives shall be able to associate, organise and communicate openly with management regarding working conditions without fear of discrimination, reprisal, retaliation, intimidation, or harassment.<sup>20</sup>

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<sup>19</sup> In case of doubt, the living wage is to be determined by an international standard, such as the Anker Methodology (Anker, Richard; Anker, Martha (2017): Living Wages Around the World: Manual for Measurement). Current relevant and country-specific data is available at [www.globallivingwage.org](http://www.globallivingwage.org), <https://www.living-income.com> and [www.align-tool.com](http://www.align-tool.com).

### 3.7. Health and safety

Our suppliers shall always give priority to employees' safety. At least, each of our suppliers must comply with applicable laws and regulations regarding work safety.

The workplace must not put health or safety of employees at risk; employees must always work in safe work environments. Suppliers must implement measures to avoid excessive physical and mental exhaustion of their employees.

We expect from our suppliers to identify, evaluate and control workers' exposure to chemical, biological, and physical agents and physically demanding tasks. Suppliers must eliminate these risks through the most effective measures, incl. engineering, management processes and protective equipment.

Our suppliers must put procedures and systems into place to prevent, manage, track and report occupational injury and diseases. This also includes that all employees must receive regular and appropriate training on health, safety and emergencies at the workplace.

Minimum requirements for a healthy workplace include providing drinking water, adequate lighting, temperature control and ventilation, adequate bathroom facilities, fire safety protocols and flight routes,

<sup>20</sup> As defined in ILO No. 87 on Freedom of Association and Protection of the Right to Organise (1948) and ILO No. 98 on Right to Organise and Collective Bargaining (1949).

building safety and personal protective equipment as well as appropriate equipment with regard to specific workplace conditions and occupational health.

Where accommodation is provided to employees, this must be clean and safe and meet the basic needs of employees.

### **3.8. Working hours**

Our suppliers may not require their workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed or allowed by applicable collective agreements. Working breaks have to be granted in compliance with applicable law.

Even in countries where this is legal, employees should not work more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

### **3.9. No illegal eviction or deprivation**

Our suppliers shall not unlawfully evict people and shall not unlawfully deprive land, forests and waters in the acquisition, development or other use of land, forests and waters the use of which secures a person's livelihood.

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<sup>21</sup> Measures should be oriented towards relevant guidance and models from the International Code of Conduct for Private Security Providers (2021) and the Voluntary Principles on Security and Human Rights (2020).

### **3.10. Private or public security forces**

Our suppliers shall not hire or use private or public security forces for the protection of a project or its sites if, due to a lack of instruction or control by the company, security forces disregarded the prohibition of torture and cruel, inhuman, or degrading treatment or injure life or limb or violate the freedom of association. When our supplier's contract or request usage of private or public security personnel to protect a project or site, reasonable and effective measures<sup>21</sup> need to be applied to minimize these risks.



# 04

## Our Requirements regarding Environmental Responsibility





## 4.1. Reduction of environmental impact

We expect from our suppliers to continuously minimize their negative impact on the environment through emissions of greenhouse gases and air pollutants, discharges into soil and water and waste generation. We expect from our suppliers to preserve biodiversity and encourage a circular economy.

Our suppliers must comply with all environmental laws and regulations and obtain and maintain all required environmental permits (e.g., discharge monitoring) and registrations and follow their requirements.

In particular, our suppliers shall not cause any harmful soil contamination, water pollution, air pollution, harmful noise emission or excessive water consumption, which significantly impairs the natural basis for the preservation and production of food, denies a person access to safe drinking water, impedes or destroys a person's access to sanitary facilities; or harms the health of a person.

In case of doubt, the thresholds for permissible emissions established in the rules of the country of production or – if not existent or if they are obviously inadequate<sup>22</sup> – international standards<sup>23</sup> apply.

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<sup>22</sup> For example, the rules of the country are obviously inadequate if the competent German, EU or UN institutions state their inadequateness or if the thresholds permit permissions that are more than 50 % higher than the existing international standards.

<sup>23</sup> For soil contamination thresholds, the ISO/TC 190 on soil quality applies, if the FAO does not issue differing guidance. For all other thresholds, the relevant WHO guidelines apply, i.e. for water consumption and usage: the WHO guidelines for drinking-water quality (2022); for air pollution thresholds: the WHO global air quality

## 4.2. Climate protection and zero deforestation

We expect our suppliers to act with urgency in order to limit their impacts on climate change.

This means that our suppliers measure greenhouse gas emissions caused by their business activities and make efforts to minimizing these emissions.

In their efforts for increased climate protection, our suppliers of production material shall operate deforestation-free value chains, latest by 2025. This includes, but is not limited to, increasing transparency and traceability, monitoring adverse impacts, and collaborating throughout their supply chain. Any products that have been sourced from High Conservation Value<sup>24</sup> or High Carbon Stock<sup>25</sup> areas developed after Jan 1, 2020 will be considered in violation of this Code.



guidelines (2021); or noise thresholds: the regionally applicable WHO guidelines for community/environmental noise, and where no such regionally applicable guideline exists: the WHO guideline for community noise (1999).

<sup>24</sup> As described on the official website of the HCV network High Conservation Value.

<sup>25</sup> As described on the official website of the HCSA High Carbon Stock.



### 4.3. Hazardous substances

Our suppliers must label, monitor and control hazardous materials, chemicals and substances and ensure their safe handling, movement, storage, recycling and disposal. All applicable laws and regulations relating to hazardous materials, chemicals and substances must be strictly adhered to.

Our suppliers shall not manufacture mercury-added products, use mercury and mercury compounds in manufacturing processes and shall not treat mercury waste in contravention of the provisions of the Minamata Convention.<sup>26</sup>

Our suppliers shall not produce and use Persistent Organic Pollutants in contravention of the provisions of the Stockholm Convention and shall not handle, collect, store and dispose of waste of Persistent Organic Pollutants in a non-environmentally sound way in contradiction to the Stockholm Convention.<sup>27</sup>

Our suppliers shall not export hazardous waste and other waste as defined in the Basel Convention (i) to a party that has prohibited the import of such hazardous and other wastes, (ii) to an importing state which has not given its written consent to the particular import, unless that importing state has not prohibited the import of that hazardous waste (iii) to a state that has not ratified the Basel Convention respectively is not listed in Annex VII to the Basel Convention or (iv)

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<sup>26</sup> In line with the Minamata Convention on Mercury (2017).

<sup>27</sup> In line with the Stockholm Convention on Persistent Organic Pollutants (2004).

into a country, if such hazardous waste or other waste is not treated in an environmentally sound manner in that country.

Our suppliers shall not import hazardous wastes and other wastes as defined in the Basel Convention from a state that has not ratified the Basel Convention.<sup>28</sup>

### 4.4. Sustainable water management

We expect our suppliers to maintain a sustainable water management in their operations.

This includes the retrieval and usage of water, especially in areas of water stress, considering the water needs of other stakeholders in that area.

It also includes the appropriate monitoring, controlling and treating of wastewater, in particular if wastewater is discharged directly into the environment.

### 4.5. Reduction of waste

Waste of all types, including water and energy, but also and in particular food and packaging waste, is to be reduced or eliminated directly at the source or by practices such as material substitution, conservation, recycling, modifying production, maintenance and facility.

<sup>28</sup> In line with the Basel Convention (2019).

Waste is to be monitored and controlled and to be treated as required by applicable law prior to discharge or disposal.

#### **4.6. Animal welfare**

Our suppliers are obliged to fully comply with the applicable national laws for animal protection and welfare in their respective supply chain.

Furthermore, it is required to adapt any farming and management systems of livestock from birth until slaughter to the needs of the animals as best as possible and to meet the (behavioral) physiological requirements of the respective species.

In doing so, it should be ensured that animals are not subjected to pain, suffering or harm during transport, anaesthetization or slaughter. Especially during transport, suppliers are required to ensure the shortest live transport possible along the supply chain.

Suppliers should proactively develop and promote solutions for more animal welfare along the supply chain.

# 05

## Our Requirements regarding Ethical Business Behavior



## **5.1. The basis: compliance with laws**

We respect applicable law and require our staff members and business partners to do likewise.

Any applicable laws need to be complied with, which may include domestic, foreign or supranational laws, conventions, rules or any other provisions, if applicable.

In accordance with such laws, it is also strictly prohibited to perform illegal acts or cause third parties to perform illegal acts.

If applicable law is less restrictive than the principles set forth in this Code (including the referenced ILO conventions and international agreements), our suppliers are required to, at a minimum, comply with this Code.

## **5.2. Anti-corruption**

Suppliers must not, directly or through others, engage in any form of bribery, fraud, corruption, extortion or embezzlement. This includes the attempt to influence the personal interests of any of our employees or of any person related to them.

Suppliers must observe that in connection with their business activity, employees of our company shall neither request nor accept from our suppliers any unjustified personal advantage, so suppliers must not offer any. Only usual and appropriate advertising gifts of small value for business use and invitations (e.g. meals) on business-related occasions, which are of reasonable value and which do not have the potential of influencing business decisions in a dishonest manner will be accepted in compliance with such anti-bribery and corruption laws.

We expect our suppliers to have adequate procedures in place to prevent bribery and corruption in all commercial dealings undertaken by the supplier.

## **5.3. Competition law**

In order to protect free competition, all our suppliers need to adhere to antitrust law. This includes but is not limited to the provision of commercially sensitive information about competitors and in particular any agreements with other companies or suppliers that would be to our disadvantage.

## **5.4. Protection of privacy and information security**

Our suppliers are required to respect and safeguard all confidential information, trade and business secrets and intellectual property of our company.

Supplier shall, at all times, comply with all applicable data protection laws, which shall especially apply to any personal data of our employees or our customers which the supplier receives from us or gets to know during the business relationship.

# 06

## General provisions

The supplier undertakes to strictly adhere to this Code. Supplier agrees to not engage in any activity which is not expressly mentioned in the Code, but which evidently and severely violates international human rights.

Furthermore, supplier shall pass on the requirements regarding human and environmental rights as defined in the Code to its suppliers and implement appropriate measures to ensure compliance with the requirements set out in this Code throughout its supply chain. Among others, our suppliers need to make reasonable efforts to conclude agreements with their own suppliers that are in line with the Code and the referenced international conventions on which it is based. If its suppliers do not accept, our supplier needs to document the reasons and continue his effort. If, after reasonable effort and time, no such agreement can be reached, our supplier shall consider the option of changing suppliers, if reasonable.

To the extent permitted by law, we are entitled to request the necessary data and information from our supplier that this Code was duly implemented by our supplier. This includes the provision of any documents and information relevant to verifying implementation. We reserve the right to verify our supplier's compliance with this Code. In this regard we are entitled to require our supplier to complete self-assessments or to disclose relevant policies or procedures. Especially, we may regularly, at least two times per calendar year without reason, and additionally in case of incidents, conduct on-site audits by ourselves and/or third-party auditors during regular opening hours. The

audits will be announced upfront within a reasonable period of time. In case of an incident or alleged breach of the Code, under consideration of the severity of the violation, the audit may be made without prior announcement. When requesting documents or data/information or conducting audits, it must be ensured that data protection and antitrust law provisions are complied with and that no confidentiality obligations that are legally binding or punishable by law are violated.

We expect our suppliers to provide not only their own employees, but also the employees of its suppliers and third parties with appropriate channels through which complaints for breach against the Code can also be expressed anonymously. In connection with this, and the preservation of the respective rights of the persons concerned, the establishment of a suitable process for dealing with the reports received there must be established. Our supplier shall refrain from sanctioning or in another way causing disadvantages for whistleblowers acting in good faith.

In case of a violation of this Code, especially regarding human or environmental rights, you must immediately take all reasonable effort, e.g. in form of an action plan, to end, or, if ending is not immediately possible, mitigate the violation. We are entitled to require our suppliers to take reasonable specific measures to prevent and end a violation. In each case our supplier is obliged to document the measures it has taken in a verifiable manner and, in cases where we have become aware of a violation or have a reasonable cause to suspect a violation, we require our supplier to openly inform us about the facts, the

measures taken and the progress achieved as well as to cooperate with us.

We reserve the right to suspend or terminate the business relationship and any agreements with our supplier without any penalty or further liability for us in case of severe breaches against this Code. Before termination, we will inform about our supplier intention to do so and will give a reasonable period of time to remedy, or, if not possible in a reasonable period of time, minimize such violation. If the violation occurs because of intent or serious negligence of our supplier, and it can, under consideration of all circumstances, not reasonably be expected from us to continue the business relationship, we are entitled to terminate the business relationship without prior notice.

# 07

## Miscellaneous

This Code does not create a legal base for rights, claims, causes of action or entitlements against us or our supplier for any third party, including but not limited to associations, workers, landowners, property owners, those residing, working and/or recreating in proximity to supply chain activities or any other individual who is injured or suffers damages due to a violation of human rights.

This Oetker Supplier Code of Conduct was drawn up in English and multiple other languages. The English version is the prevailing and governing version. The translation into other languages is made for your convenience only and shall not be binding. In case of any discrepancies between the versions of other languages and the English version, the English version shall prevail.

# 08

## Contact us

If the supplier obtains any information on a violation of the Code by our company, we expect to be notified as soon as possible. Our supplier has the opportunity to either inform its contact at our company, or the compliance organization, e.g. via e-mail ([compliance@oetker-group.com](mailto:compliance@oetker-group.com)) or via our whistleblower system (<https://coho.oetker-group.com>). If suppliers have reason to assume that the information may be to their disadvantage, they may request in their notice to the compliance officer that the information on the violation shall be investigated confidential.

In case of any questions on this Code of Conduct and its implementation, suppliers may contact their responsible contact person in our company.





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## **Publishing information**

### **Oetker Supplier Code of Conduct (September 2022)**

#### **Published by**

Dr. August Oetker KG  
Lutterstraße 14  
33617 Bielefeld  
Germany  
Telephone: +49-521-155-0  
Email: [presse@oetker.de](mailto:presse@oetker.de)  
Website: [www.oetker-group.com](http://www.oetker-group.com)

#### **Photos**

Shutterstock (Stock Photo ID: 2084422390), Valery Zotev  
(Front, content & back page)  
iStock (Stock Photo ID: 1159094800), evgenyatamanenko (p. 3)  
Werbeagentur HOCH5, Bünde/Bielefeld/Berlin (pp. 2, 12, 17)  
Dr. Dirk Schallenberg (p. 8)  
Radeberger Exportbierbrauerei (p. 9)

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