

**BEAUTY SYSTEMS GROUP  
NEW VENDOR CHECKLIST**

Legal Approval Date: \_\_\_\_\_

Accounting Approval Date: \_\_\_\_\_

JDA Vendor #: \_\_\_\_\_

VP Merchandising Signature: \_\_\_\_\_

Date: \_\_\_\_\_ Buyer: \_\_\_\_\_

Vendor Name: \_\_\_\_\_ Vendor #: \_\_\_\_\_

THIS CHECKLIST IS TO BE GIVEN TO VP MERCHANDISING FOR REVIEW AND SIGNATURE TO CONFIRM THAT ALL INFORMATION BELOW HAS BEEN COMPLETED, RECEIVED, DATE RECORDED BELOW, AND FORWARDED TO APPROPRIATE DEPARTMENT. PLEASE NOTE VENDORS MUST REVIEW AND INITIAL ALL PAGES OF THE VENDOR PACKET.

**VP SIGNATURE IS REQUIRED BEFORE ANY PURCHASE ORDER IS PLACED.**

Director: \_\_\_\_\_ Date: \_\_\_\_\_

Attach a screen print of P02 screen, signed AND dated by the Director, validating the accuracy of vendor information entered into BSG01.

Date Received Information	Total Number of pages
_____ New Vendor Information Form	1
_____ Distribution of 6% merchandising, 2.5%, defective 1%, hazmat .5% and Cash Terms of 2% 60 ROG.	1
_____ Standard Terms & Conditions Agreement (copy Legal Dept)	3
_____ Code of Business Conduct & Ethics of Sally Beauty Holdings, Inc.	8
_____ Shipping Requirements (handling penalty policy, preferred freight carrier policy, etc.)	9
_____ Hazardous Materials Info Sheet (copy Distribution)	1
_____ VOC Hold Harmless & Indemnification Agreement	1
_____ Certificate of Insurance (copy Legal Dept) <i>(check that description &amp; Certificate Holder Boxes are filled in properly)</i>	Example shown - 2
_____ W-9 Form & Employer Identification Number (return to accounts payable)	4
_____ MSDS for all products to be purchased (copy Legal Dept)	Provided by vendor (varies)
_____ New Item Markdown Agreement Contract (Exit Strategy)	1
_____ Plan-O-Guide and Store Fixtures Requirements	1
_____ Request Dun & Bradstreet Report (Senior Credit Rep – Megan Bradshaw ext. 3587)	Upon Request
_____ Signed Receipt of the Vendor Compliance Guide	
_____ Vendor Set Up for EDI/SPS Confirmed with Roger Nelms	

## New Vendor Information Worksheet

**Attention: MERCHANDISING DIRECTOR**

***In order to add a new vendor into BSG-01, please complete this form and send to Merchandising Admin. Asst. Before the vendor number can be assigned, the following forms must be sent to the Legal Department. Please ensure the specific COI verbiage below, is adhered to (please check if completed):***

\_\_\_\_\_ Signed Terms & Conditions Agreement

\_\_\_\_\_ MSDS (Material Safety Data Sheets) for all products to be purchased

\_\_\_\_\_ Certificate of Insurance listing – please note specific instructions for COI.  
**Description Box:** Beauty Systems Group LLC d/b/a CosmoProf, its parents, subsidiaries and affiliates are listed as additional insured.  
**Certificate Holders Box:**  
CosmoProf, Division of Beauty Systems Group LLC  
3001 Colorado Blvd.  
Denton, TX 7621D

VENDOR NAME: \_\_\_\_\_

TYPE OF PRODUCT: \_\_\_\_\_

VENDOR # \_\_\_\_\_ COUNTRY: \_\_\_\_\_

VENDOR ADDRESS: \_\_\_\_\_

VENDOR PHONE #: \_\_\_\_\_

CUSTOMER SERVICE REP: \_\_\_\_\_

PAYMENT TERMS: \_\_\_\_\_ FREIGHT TERMS: \_\_\_\_\_  
(Prepaid)

LEAD TIME: \_\_\_\_\_ GROSS MARGIN %: \_\_\_\_\_

DATE OF FIRST ORDER: \_\_\_\_\_

BUYER: \_\_\_\_\_

DIRECTOR: \_\_\_\_\_



Cosmo Prof.

## **BSG / Manufacturer Co-op Initiatives**

This is a brief explanation of each of the three executive initiatives that all Beauty Systems Group vendors agree to partner on:

- Lost Shopper Initiative
- New/ Opportunity Shopper Initiative
- Quarterly 10% Store Sales (Customer Appreciation Sales)

All initiatives are billed on a quarterly basis. A third party tracks the sales of all initiatives and provides the data for billing purposes. Vendors are not billed unless the total vendor support reaches a minimum of \$100 per quarter. Vendors are only billed on sales of their specific product lines. The detailed sales results are included with the invoice package.

### **Lost Opportunity Initiative**

Focuses on getting lost customers back. These customers are identified and a promotional mailing is done monthly which includes coupon incentives to reestablish their BSG customer relationship. The initiative is supported on a 50/50 basis, which equates to vendor support of 7.5% of coupon sales only of that vendor's product.

### **Opportunity Initiative**

Focuses on professionals whose purchases have decreased 20% or more during the past three months. The customers are identified and a promotional mailing is done monthly which included coupon incentives to reestablish their BSG customer relationship. The initiative is supported on a 50/50 basis, which equates to vendor support of 7.5% of coupon sales only of that vendor's product.

### **10% Store Sale**

Is a quarterly customer appreciation initiative that occurs during the third month of a quarter. The initiative is supported on a 50/50 basis, which equates to vendor support of 5% of its product sales.



**Cosmo Prof.**

Dear \_\_\_\_\_,

In order for CosmoProf®, Division of Beauty Systems Group LLC to properly execute our marketing objectives with adequate resources, we must present the requested allowances on purchase orders as follows:

Distribution 6%

Merchandising 2.5%

Defective Allowance 1%

Cash Discount of 2% net 60 days ROG

Hazmat Allowance .5%

Please acknowledge same with signature: \_\_\_\_\_

Date: \_\_\_\_\_

3001 Colorado Blvd.  
Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

licensed to create™



**Cosmo Prof.**

Lost and Opportunity Shoppers Initiative - Detailed Explanation of Billing

**Period-**

Promotional activity is on a quarterly basis (fiscal year), with monthly data provided.

**# USA Mailed Members**

Number of loyalty card members in which a post card/ coupon was mailed to.

**Purchasing Mailed Members (All Brands)**

Number of loyalty card members that received a post card and shopped at a CosmoProf store.

**Purchasing Mailed Members (Brand)**

Number of loyalty card members receiving a post card, shopped at a CosmoProf store and purchased the vendor's brand.

**Brand Sales in Month of Mailed Members**

Total brand sales for loyalty card members who received a post card.

**% of Mailed Members Purchasing Brand**

Percentage of loyalty card members that received a post card and purchased the vendor's brand.

Formula:  $\text{Purchasing Mailed Members (Brand)} / \text{Purchasing Mailed Members (All Brands)}$

**# Coupons Redeemed Involving the Brand**

Number of loyalty card members that received a post card and redeemed the coupon on a purchase that included the vendor's brand.

**# Coupons Redeemed**

Number of loyalty card members that received a post card and redeemed the coupon for any product purchase.

**Brand Sales on Trans When Coupon Redeemed**

Brand sales for loyalty card members that redeemed the coupon on a purchase involving the vendor's brand.

**Vendor Support Due BSG**

Vendor support is half the 15% coupon discount.

Formula:  $\text{Brand Sales on Trans When Coupon Redeemed} \times 7.5\%$ .



**Cosmo Prof.**

**Quarterly 10% Store Sale - Detailed Explanation of Billing**

**Period-**

10% Store Sale is a two day event held once each quarter.

**Purchasing Mailed Members (All Brands)**

Number of loyalty card members that received a post card and shopped at a CosmoProf store during the promotion.

**Purchasing Mailed Members (Brand)-**

Number of loyalty card members that received a post card, shopped at a CosmoProf store and purchased the vendor's brand during the promotion.

**Brand Sales in Month for Mailed Members**

Total brand sales for loyalty card members who received a post card and shopped during the promotion.

**% of Mailed Members Purchasing Brand**

Percentage of loyalty card members that received a post card and purchased the vendor's brand during the promotion.

Formula:  $\text{Purchasing Mailed Members (Brand)} / \text{Purchasing Mailed Members (All Brands)}$

**Vendor Support Due BSG**

Vendor support is half the discounted store sale.

Formula:  $\text{Brand Sales in Month for Mailed Members} \times 5.0\%$ .

**BEAUTY SYSTEMS GROUP LLC**

3001 Colorado Blvd · Denton, TX 76210 · 940.898.7500 [www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com) ·

Supplier/Seller Name

Address

City State Zip

Dear Valued Supplier:

Beauty Systems Group LLC ("BSG") asks all suppliers to agree to standardized terms and conditions of purchase. In addition, we require an insurance certificate from each supplier. Please return one countersigned copy of this letter confirming that BSG's standard terms and conditions, found appended as Attachment I, will apply to all orders, whether by purchase order or otherwise. Note particularly the insurance requirements (Paragraph 9). Comprehensive general liability insurance in the sum of two million dollars Combined Single Limit is required. If this is more than you presently carry, any increase over your current limits (but not coverages) can be deferred until your next insurance renewal date, if less than a year. Please provide a copy of your insurance certificates, showing that "Beauty Systems Group LLC, its subsidiaries and affiliates" are named as additional insureds, with your response.

The Chairman, President, or a Vice-President of your company should sign where shown below and this letter should then be returned to the "MSDS Coordinator-Beauty Systems Group LLC" at the address shown on this letterhead. Retain a copy for your files. The response is due within thirty (30) days.

Thank you for your immediate attention and cooperation.

Sincerely,



John Henrich  
Vice President and Interim General Counsel

On behalf of the Seller, I acknowledge and agree that the Purchase Order Terms and Conditions (02/16), appended as Attachment I and incorporated herein, will apply to all orders by Beauty Systems Group LLC, its subsidiaries and affiliates.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

An affiliate of Sally Beauty Holdings, Inc.

DIVISION OF BEAUTY SYSTEMS GROUP LLC



PURCHASE ORDER TERMS AND CONDITIONS ("Terms")  
05/21 Ed.

Seller ("Seller") on behalf of itself, and its subsidiaries and affiliates (collectively, "Seller Affiliates" together with Seller, "Seller Party(ies)"), and Beauty Systems Group LLC, ("Buyer") its subsidiaries and affiliates (including but expressly not limited to Sally Beauty Supply LLC and Arcadia Beauty Labs LLC) (collectively, "Buyer Affiliates" together with Buyer, "Buyer Party(ies)"), agree to be bound by all terms and conditions contained or incorporated in these Terms, all of which are a part of each Purchase Order issued to a Seller Party by a Buyer Party ("Order"). Any provisions in a Seller Party's invoices, billing statements, acknowledgment forms, or similar documents which are inconsistent with the provisions of these Terms or an Order shall be of no force or effect. The price set forth in each Order includes the cost of manufacturing, packaging, labeling, and shipping unless otherwise specified in the Order. Any price increase will be mutually agreed and will take effect as to Orders placed more than ninety (90) days following agreement on the change. Seller Parties agree to remain bound by these Terms whenever Merchandise is ordered, whether the Order is placed directly with Seller Party or through a third party, such as a jobber or sales agent.

- 1. Seller's Representations and Warranties.** Seller Parties represent and warrant to Buyer Parties, in addition to all warranties implied by law, that each item of merchandise, together with all related packaging, labeling containers, closures, trade dress, and other material furnished by Seller Parties ("Merchandise") shall: (a) be free from defects in design, workmanship and/or materials, and good and merchantable and fit for the purposes of all actual, anticipated or reasonable foreseeable consumers or users to which they are sold or marketed by any Buyer Party, whether or not any Seller Party has any knowledge of such purposes, including that of any and all actual, anticipated, or reasonable foreseeable consumers or users; (b) conform in all respects with all applicable federal, state, local, and foreign laws statutes, regulations, or governing authority, including any common law. Compliance with foreign law applies to the extent Merchandise is specifically ordered by a Buyer Party to be distributed or sold in any country or jurisdiction outside of the United States, and Seller Party knows or has reason to know; (c) not infringe or encroach upon Buyer Parties' or any third party's personal, contractual or proprietary rights, including but expressly not limited to patents, trademarks, copyrights, rights of privacy, or trade secrets; (d) conform to all of Buyer Parties' specifications and all articles shown to Buyer Parties as samples; (e) not contain deleterious or banned hazardous substances within the meaning of or otherwise in violation of the Consumer Product Safety Act, and the regulations published under the authority of this law, or other applicable U.S. Consumer Product Safety Commission regulations, as amended from time to time, and not be a misbranded or unsuitable package under or otherwise in violation of the Federal Hazardous Substances Act, the Child Safety Protection Act, the Poison Prevention Packaging Act, or the Flammable Fabrics Act, as amended from time to time, including the regulations published under the authority of these laws; (f) be placed in packages that reflect true net weight, measure, contents and size, pursuant to applicable federal, state, and foreign (to the extent Merchandise is sold in any country outside of the United States and Seller Party is advised of the intended market for such Merchandise) requirements, regulations, statutes and/or governing authority, including without limitation the Fair Packaging and Labeling Act; (g) not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended from time to time ("FD&C Act"), and is not an article which may not be introduced into interstate commerce, under the provisions of the FD&C Act, including without limitation, Chapter VII, General Authority, Subchapter B, Colors, Section 721, and any related regulation or statute concerning the safety of a color additive, and, Sections 402 (c), 501 (a)(4), or 601 (e) of the FD&C Act, and that all Merchandise is comprised only of color additives certified in accordance with any regulations published under the authority of the FD&C Act; (h) comply with those consumer protection laws, regulations, statutes, and other regulatory authority that regulate unfair and deceptive trade practices as enforced by the US Department of Justice Civil Division's Office of Consumer Litigation or state offices for consumer protection, including without limitation the Federal Trade Commission Act, and contain no false, misleading, deceptive or unlawful representations or statements on any labeling, packaging, or Seller Party-furnished advertising materials, and (i) comply with, and Seller Party adhere to and follow, the Personal Care Product Counsel (PCPC) Consumer Commitment Code.
- 2. Seller's Indemnification.** SELLER PARTIES WILL DEFEND, INDEMNIFY, HOLD HARMLESS, BUYER, AND ALL BUYER AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS, SUCCESSORS, AND ASSIGNS AND PAY ALL ACTUAL OR ALLEGED CLAIMS, LIABILITIES, DAMAGES (INCLUDING ALL CONSEQUENTIAL, SPECIAL, INCIDENTAL, AND PUNITIVE DAMAGES), SETTLEMENTS, REASONABLE ATTORNEY FEES, AND ALL OTHER COSTS AND EXPENSES RELATED TO (A) PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE; (B) INFRINGEMENT OF A THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS; (C) BREACH OF ANY CONFIDENTIALITY OBLIGATIONS; (D) SELLER OR SELLER AFFILIATE'S NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD, OR



VIOLATION OF LAW; (E) BREACH OF ANY AGREEMENT BETWEEN THE PARTIES, INCLUDING THESE TERMS; AND (F) THE PURCHASE, USE, POSSESSION, CONSUMPTION, OR SALE OF MERCHANDISE. SELLER PARTY MUST DEFEND WITH COUNSEL REASONABLY SATISFACTORY TO BUYER. BUYER RESERVES THE RIGHT TO TAKE CONTROL OF THE DEFENSE.

- 3. Defective or Non-Conforming Merchandise; Customer Returns.** Seller agrees to accept all returns of Merchandise returned by individual customers of Buyer Parties or that is discovered to be defective, unsuitable, or non-conforming to these Terms or the Order. Acceptance of Merchandise is subject to the Buyer Party's inspection and approval within a reasonable time after delivery. For all Merchandise returned from anywhere in the distribution, sales, or consumption process, including, by way of example, at either the warehouse/distribution center level or store level, or is otherwise returned by a Buyer Party customer, Buyer Party shall (i) in case of individual customer returns in the ordinary course of business, dispose of Merchandise, provide a defectives report, and charge back Seller for full credit, and (ii) in the case of returns from the warehouse/distribution center level, recalls, or any larger scale returns at the store level, notify Seller before arranging for such Merchandise to be returned to a location, distribution center or warehouse. Upon notice of a Merchandise return under sub-section (ii) above, Seller shall instruct the Buyer Party to either; (a) return such Merchandise to Seller Party for full credit or refund of the purchase price paid to Seller Party by Buyer Party for such Merchandise; or (b) dispose of such Merchandise and provide a corresponding report and charge back the Seller Party for the value of the Merchandise based on the purchase price paid to Seller Party. If Seller Party selects option (i) above, Buyer Party will arrange for the Merchandise to be returned to a location of Seller's choosing at Seller's expense.
- 4. Buyer Party's Right to Cancel.** If the Seller Party breaches or fails to perform any of its obligations in any material respect regarding a particular Merchandise item, Buyer Party may terminate and rescind the portion of the Order relating to such Merchandise item. In such event, Buyer Party shall have the right to purchase the product elsewhere and charge the Seller Party for any loss incurred. The risk of loss or damage in transit shall be upon the Seller Party. At the option of Buyer Party, any Merchandise not shipped with 30 days of Order may be canceled or rescheduled for later delivery.
- 5. Force Majeure.** Neither party shall be liable for any delay or failure to perform if prevented by acts of God, governmental actions, war, civil disturbance or other unforeseeable contingencies beyond the party's control and not due to its fault or negligence, provided such party promptly notifies the other party of the circumstances of the force majeure. In such event, the Seller Party shall allocate its available supply of Merchandise on a nondiscriminatory basis.
- 6. Payment, Deductions, Set Off and Off-Invoice Credits.** Payment terms are 1%, 60 days receipt of goods. Any sums payable to Seller Parties shall be subject to all claims and defenses of Buyer Parties, whether arising from this or any other transaction and Buyer Parties may set off and deduct against any such sums all reasonably anticipated present and future claim or indebtedness of Seller Parties to Buyer Parties. Buyer Party shall provide a copy of the deduction voucher(s) for debits taken by Buyer Party of Seller Party's account as a result of any returns or adjustments. Seller Party shall be deemed to have accepted each such deduction unless Seller Party, within 90 days following receipt of the deduction voucher, notifies Buyer Party in writing as to why a deduction should not be made and provides documentation of the reason(s) given. Such written notice shall be directed to: Group Vice President of Merchandising, Beauty Systems Group LLC, P.O. Box 490, Denton, TX 76202. Buyer Parties shall not be liable to Seller Parties for any interest or late charges under any circumstances. Any credits for the benefit of Buyer Parties specifically classified into one or more categories (including but expressly not limited to those for advertising, distribution, damaged goods and educational allowances) shall be deemed general credits for the benefit of Buyer Parties.
- 7.** Seller Parties will not hire any employees of Buyer Parties, whether currently or formerly employed within the past one year by a Buyer Party, with whom Company has had contact concerning Orders or Merchandise ("Employee"), without obtaining the prior written consent of Buyer. If Seller Party hires an Employee in any capacity, Seller Party will pay to Buyer 20% of Employee's first year salary, together with any anticipated bonuses and commissions. The foregoing does not apply to, and Seller Parties are not prohibited from: (i) employing any person who contacts Seller Party on their own initiative and without direct solicitation by Seller Parties or their agent, or (ii) conducting general solicitations for other employees or independent contractors through the use of media advertisements, professional search firms, or otherwise. Employee may not solicit business from any Buyer Party for the first one year of their employment with Seller Party.

- 8. Miscellaneous.** (a) All rights or remedies provided to the Buyer Parties in these Terms shall be cumulative and in addition to any other rights or remedies provided at law or in equity. (b) Any provisions in a Seller Party's invoices, billing statements, acknowledgment forms, or other documents including a hard copy Order that are inconsistent with, in addition to, or unrelated to the provisions of these Terms shall be of no force or effect. (c) No modification of terms of an Order shall be valid without written authorization of the appropriate Buyer Party, and then shall only apply to such Order. Any provisions of a hard copy Order that are typewritten or handwritten by Buyer Parties shall supersede any contrary or inconsistent printed provisions therein. (d) If any provision of these Terms shall be held by a court of competent jurisdiction to be contrary to law or public policy, or otherwise unenforceable, the remaining provisions shall remain in full force and effect, and the parties agree to request a court of competent jurisdiction to supply provision(s) to replace the affected provision(s) which most closely approximates the original intent of the parties, or in the alternative, if the prior option is not available by law, to strike the offending words and enforce the remainder of these Terms. (e) Seller Parties must not assign any Order or other rights or delegate any duties under these Terms without Buyer Party's prior written consent and any assignment attempted without consent will be void. (f) Texas law applies, without regard to its conflict of law provisions, to the same extent as with an agreement wholly entered into and performed in the State of Texas. The parties acknowledge and agree that the exclusive forums for maintaining any litigation arising out of or related to these Terms or any Merchandise are the municipal, Texas state, and U.S. federal courts sitting in or with jurisdiction over Denton County, Texas. (g) The cost price set forth in each Order includes the cost of manufacturing, packaging, labeling, and shipping unless otherwise specified in the Order.
- 9. Insurance.** Seller, at its own expense, must maintain while Orders are placed by Buyer Parties and a sufficient period thereafter to ensure claims resulting from any Order will be covered (not less than 3 years after last Order or the applicable statute of limitations, whichever is greater), a commercial general liability insurance policy, including contractual liability, seller's broad form coverage, products liability, and completed operations coverage in a minimum amount of \$2,000,000 Combined Single Limit. "Beauty Systems Group LLC, its parent, subsidiary and otherwise affiliated entities" shall be named as an additional insured. Insurance shall be primary without rights of subrogation. Seller shall provide certificates of insurance annually evidencing the above coverage and provide 30 days' notice to Buyer of cancellation, reduction of limits, or other material modifications.
- 10. Shipping Instructions.** Shipping Instructions are subject to change, upon notice to Seller. Orders shipped to Buyer Parties shall conform to Buyer's freight handling procedures, including the following: (a) Each purchase order must have a separate bill of lading. More than one purchase order may be shipped on the same truck, however, in this case the proper purchase order number must be written on every carton. (b) Purchase order numbers must be included on the freight bill. (c) A packing slip must accompany every shipment. The packing slip must be with the bill of lading, or in, or attached to, a specifically marked carton. (d) Merchandise must be shipped in master case packs only. Two different items must not be placed in the same carton. Seller must notify Buyer Party if Merchandise is ordered from Seller Party otherwise. (e) Cartons must be clearly marked with the contents. (f) Cartons must be palletized at a height not to exceed 55". (g) Only use Class "A" or "B" 4-way pallets, size 40" by 48." or 42" by 48". (h) Cartons must be secured to pallets so as to not shift in transit, by a means such as shrink wrapping or taping. (i) Freight must be prepaid to destination (FOB destination).

EXCLUSIVE BRANDS RIDER TO PURCHASE ORDER TERMS ("Rider") (02/16)

This Rider to the Purchase Order Terms and Conditions ("Terms") hereafter to include the Terms as amended by this Rider) covers Orders and rights and obligations if Merchandise ordered or purchased is Buyer's exclusive branded merchandise. The following additional terms are by this reference are incorporated into and form part of the Terms as if set out in full therein:

**1. Seller's Indemnification of Buyer Affiliates**

Since for exclusive brand Merchandise Buyer may order Seller has the expertise, knowledge and final say on Merchandise packaging, contents and manufacture, and since Buyer pays for these capabilities as part of the price of Merchandise, Seller, as the Merchandise manufacturer, accepts and assumes certain liability arising from design, development and manufacture of such Merchandise. ACCORDINGLY, SUBJECT TO SECTION 2 BELOW, SELLER FURTHER AGREES TO ENTER A DEFENSE OF, DEFEND WITH COUNSEL REASONABLY SATISFACTORY TO BUYER, REIMBURSE, INDEMNIFY AND HOLD ALL BUYER AFFILIATES, THEIR OFFICERS, EMPLOYEES, AGENTS AND/OR REPRESENTATIVES HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, DAMAGES, (INCLUDING BUT NOT LIMITED TO ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES), COSTS AND EXPENSES (INCLUDING THE PAYMENT OF REASONABLE ATTORNEYS' FEES AND ALL OTHER REASONABLE COSTS OF DEFENSE AS INCURRED) RELATED TO, ARISING OUT OF OR IN CONNECTION WITH THE DESIGN, DEVELOPMENT AND MANUFACTURE OF EXCLUSIVE BRANDED MERCHANDISE, NO MATTER WHAT THE SOURCE OF THE LIABILITY, AND EVEN IF THE SOURCE OF LIABILITY IS THE ALLEGED OR ACTUAL NEGLIGENCE OF A BUYER AFFILIATE, IN WHOLE OR IN PART.

AS ONE EXAMPLE (BUT NOT LIMITATION) OF WHAT IS UNDERSTAND FROM THE FOREGOING, SELLER HAS THE EXPERTISE, KNOWLEDGE AND FINAL SAY ON PRODUCT PACKAGING, CONTENTS AND MANUFACTURE AND SELLER AGREES TO ENTER A DEFENSE OF, DEFEND WITH COUNSEL REASONABLY SATISFACTORY TO THE BUYER AFFILIATE, INDEMNIFY AND HOLD IT HARMLESS, EVEN THOUGH AN EMPLOYEE OF A BUYER AFFILIATE MAY FROM TIME TO TIME GIVE INPUT TO A SELLER AFFILIATE ABOUT THE MERCHANDISE, INCLUDING MAKING PACKAGING SUGGESTIONS, SUPPLYING SAMPLE LABELS OR PACKAGES, CONDUCTING INTERNAL REVIEWS OF PROPOSED LABELS AND PACKAGING AND PRODUCT INGREDIENT SPECIFICATIONS, AND/OR APPROVING THE FINAL COPY OF LABELS AND PACKAGING AND PRODUCT INGREDIENT SPECIFICATIONS. SUBJECT TO SECTION 2 BELOW, SELLER AGREES TO BE SOLELY, FULLY, FINALLY AND FINANCIALLY RESPONSIBLE IN ALL RESPECTS FOR MERCHANDISE DESIGN, DEVELOPMENT, AND MANUFACTURE.

**IT IS EXPRESSLY UNDERSTOOD THAT THE INDEMNITY PROVIDED UNDER THIS TERM SHALL APPLY TO PROPERTY DAMAGE AND/OR PERSONAL INJURY AND/OR BODILY INJURY (INCLUDING BUT NOT LIMITED TO EMOTIONAL DISTRESS OR DEATH), SUSTAINED AT ANY TIME, BY ANY PERSON OR ENTITY, AND INCLUDING THE EMPLOYEES OF SELLER AFFILIATES, AND SHALL APPLY REGARDLESS OF WHETHER THE ACT AND/OR OMISSION COMPLAINED OF SHALL BE ATTRIBUTABLE TO, OR CAUSED BY, IN WHOLE OR IN PART, THE SOLE AND/OR INDEPENDENT NEGLIGENCE OF ANY BUYER AFFILIATE, ITS OFFICERS, EMPLOYEES, AGENTS, AND/OR REPRESENTATIVES, OR IS CAUSED BY, IN WHOLE OR IN PART, BY THE GROSS NEGLIGENCE, INTENTIONAL ACTS, AND/OR FAILURE TO WARN OF ANY BUYER AFFILIATE, ITS OFFICERS, EMPLOYEES, AGENTS, OR REPRESENTATIVES, OR IS BROUGHT UNDER THEORIES, IN WHOLE OR IN PART, OF STRICT LIABILITY, PRODUCTS LIABILITY OR ON ANY OTHER BASIS.**

Initials

Seller:

\_\_\_\_\_

Buyer:

*JH*

\_\_\_\_\_

## **2. Special Indemnity by Buyer**

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN SECTION 1 ABOVE, AND SAVE AND EXCEPT FOR ANY BUYER TRADEMARK OR TRADE DRESS ASSIGNED BY SELLER TO BUYER OR TO A BUYER AFFILIATE (INCLUDING BEAUTY HOLDING LLC), BUYER AGREES TO INDEMNIFY, DEFEND (AT BUYER'S EXPENSE) WITH COUNSEL REASONABLY SATISFACTORY TO SELLER, REIMBURSE AND HOLD SELLER AND SELLER AFFILIATES AND THEIR OFFICERS, EMPLOYEES, AGENTS AND/OR REPRESENTATIVES IN THEIR CAPACITIES AS SUCH HARMLESS, FROM AND AGAINST ANY AND ALL CLAIMS OR DAMAGES RELATED TO OR ARISING OUT OF ANY ACTUAL OR ALLEGED INFRINGEMENT, DILUTION OR VIOLATION OF ANY INTELLECTUAL PROPERTY RIGHT OF ANY THIRD PARTY (INCLUDING TRADEMARK, TRADE DRESS OR OTHER INTELLECTUAL PROPERTY RIGHTS) TO THE EXTENT CAUSED BY, OR ARISING OUT OF, A BUYER TRADEMARK OR BEAUTY HOLDING TRADEMARK OR BUYER-SPECIFIED TRADE DRESS APPEARING ON OR USED WITH MERCHANDISE LABELS OR MERCHANDISE PACKAGING MATERIALS IN ACCORDANCE WITH THE TERMS HEREOF. NOTHING HEREIN REQUIRES BUYER TO DEFEND OR INDEMNIFY SELLER FOR ANY OTHER BUYER INPUT INTO THE DESIGN, DEVELOPMENT OR MANUFACTURE OF MERCHANDISE, SINCE SELLER HAS FINAL SAY AND HAS ACCEPTED RESPONSIBILITY FOR FINAL MERCHANDISE REVIEW AS PER SECTION 1 ABOVE.

## **3. Section 9 of the Terms is hereby deleted in its entirety and replaced with the following:**

**“9. Insurance.** Seller, at its own expense, shall maintain, during the term of this Agreement and a sufficient period thereafter to assure no claim arising out of the Merchandise would not be covered by insurance (not less than three (3) years or the applicable statute of limitations, whichever is greater), a comprehensive general liability (CGL) insurance policy, including contractual liability, seller's broad form coverage, products liability and completed operations coverage in a minimum amount of \$12,000,000 limits, which may be satisfied by a primary policy of \$1,000,000 with a \$2,000,000 aggregate and a follow form umbrella or excess policy in the amount of \$10,000,000 (“Policy”) issued by a company with a Best’s rating of at least “A-X”. Buyer must be contacted, in writing, to approve any seller’s choice of a company with a Best’s rating lower than “A-X”. “Beauty Systems Group LLC, its parent, subsidiary and otherwise affiliated entities” shall be named as additional insureds, “as their interest may appear,” primary and non-contributing, on the Policy, it being Seller’s and Buyer’s intention that Buyer as additional insured on the primary policy will get the coverage benefits of any follow form excess or umbrella policy, since the excess or umbrella insurer will follow the terms in the primary policy, with no restrictions on their status as insureds or any policy exclusions, definitions or provisions that would contradict, change or invalidate any of the terms of this Agreement, including specifically and without limitation the INDEMNITY LANGUAGE IN ALL CAPS IN SECTION 1 ABOVE INITIALED BY SELLER. Insurance shall be primary without rights of subrogation. Seller shall provide certificates of insurance annually or as reasonably requested by Buyer, in a form reasonable requested, evidencing the above coverage and providing at least thirty (30) days prior written notice to Buyer of cancellation, reduction of limits or other material modification.”

## **4. Exclusive Brand Merchandise Order Amendments**

If there are any inconsistencies between these Terms (including this Rider) and any other agreement relating to Buyer exclusive branded Merchandise then the provisions of these Terms (including this Rider) shall control and supersede. Furthermore, if as and to the extent there is any conflict, discrepancy or ambiguity between the Terms and the Rider, the terms of the Rider will supersede and govern.

The parties execute this Rider by their duly authorized representatives as legally binding terms.

Buyer

By: \_\_\_\_\_

Its: \_\_\_\_\_

(Seller)

By: \_\_\_\_\_

Its: \_\_\_\_\_



**Cosmo Prof.**

*Dear Valued BSG Partner -*

*It is the policy of Beauty Systems Group (BSG) that employees of the company, regardless of their capacity, maintain trust and integrity and avoid any conflict of interest with our business partners when giving and receiving business courtesies such as gifts and entertainment. This policy is incorporated into our Code of Business Conduct and Ethics ("Code") which is an expression of our core values and represents a framework for decision making.*

*Our employees and third parties that have a business relationship with Beauty Systems Group are responsible for understanding the Code and acting in accordance with it. Our code is attached. We ask that you familiarize yourself with this document.*

*In addition, if you are aware of a situation where you believe the code of conduct has been violated, we encourage you to report the matter to the Company's independently monitored telephone line, 1-800-241-5689*

*We thank you in advance for your cooperation.*

*Chad Selvidge  
Group VP BSG Merchandising*

3001 Colorado Blvd.  
Denton, TX 76210-6802  
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**BUSINESS CONDUCT AND ETHICS**  
of  
**SALLY BEAUTY HOLDINGS, INC.**

Effective as of July 30, 2015

**1. General Policy and Procedures.** Sally Beauty Holdings, Inc. and its subsidiaries (herein collectively referred to as the “Company”) are committed to the highest legal, moral and ethical standards of business conduct. The demonstration of these standards by the Company is essential to the attainment of our Company goals and future success. We value our reputation for honesty and integrity and our Company goals and future success and are determined that they not be impaired by illegal or unethical behavior. Accordingly, we are issuing our Code of Business Conduct and Ethics (herein referred to as the “Code”) which is intended to reflect our past, present and future standard of conduct applicable to all employees of the Company, including officers and directors (herein collectively referred to as “Employees”). This Code is expanded upon and explained in many Company publications, including its Employee Handbooks and Management Policy Guides.

The Company conducts its business as a good corporate citizen and complies with all laws, rules and regulations applicable to it and the conduct of its business. This commitment and standard of conduct governs our relationships with customers, suppliers, shareholders, competitors, the communities in which we operate, and at every organizational level with each other as Employees.

The Code is an expression of our core values and represents a framework for decision-making. To this end, Employees are responsible for understanding the Code and acting in accordance with it. The Code cannot and is not intended to cover every applicable law, rule or regulation or provide answers to all questions that may arise; for that, we must ultimately rely on each Employee’s good sense of what is right, including a sense of when it is proper to seek guidance from others with respect to the appropriate course of conduct. Questions regarding any law, rule, regulation, or principle discussed in the Code which may govern business conduct should be directed to your supervisor or to the Company’s General Counsel. The General Counsel can be reached by dialing 1-800- 777-5706, then dialing “0” and asking for the General Counsel.

The Code applies to all Company Employees and must be strictly observed. Failure to do so may result in disciplinary action, up to and including termination.

The Code does not in any way constitute an employment contract or an assurance of continued employment. It is for the sole and exclusive benefit of the Company and may not be used or relied upon by any other party. The Company may modify or repeal the provisions of the Code or adopt a new Code at any time it deems appropriate, with or without notice.

**2 Compliance with Laws, Rules & Regulations.** Employees are required to comply fully with all laws, rules and regulations affecting the Company's business. The Company conducts its business globally, in countries where applicable laws, rules, regulations, customs and social requirements may be different from those in the United States. It is the Company's policy to abide by the national and local laws of its host nations and communities. The fact that in some countries certain conduct may be legally prohibited, even if the prohibitions are not enforced or the prohibited conduct is not subject to public censure or criticism, will not excuse any illegal action by an Employee. In particular, Employees should comply with the current version of the Company's policies regarding the Foreign Corrupt Practices Act and U.K. Bribery Act, which can be obtained from the General Counsel. In the case of any conflict between foreign and United States law, or in any situation where an Employee has a doubt as to the proper course of conduct, it is incumbent upon an Employee to immediately consult the General Counsel.

The Company conducts its operations with regard to the welfare of its Employees and for the protection of the environment and the general public. In particular, Employees should comply with the requirements of the Company's hazard communications program. Employees must assist the Company in making every effort to comply with the letter and spirit of all government laws and regulations relating to the workplace and product safety and the environment.

The Company provides equal opportunity to all employees and job applicants, without regard to race, skin color, religion, sex, sexual orientation, national origin, ancestry, age, marital status, disability unrelated to the employee's ability to perform the essential functions of the job with or without reasonable accommodations, Vietnam-era veteran status, unfavorable discharge from military services or any other characteristics protected by applicable law. All Employees must act in accordance with the Company's non-discrimination policy.

Beyond the strictly legal aspects involved, Employees at all times are expected to act honestly and maintain the highest standards of ethics and business conduct consistent with the professional image of the Company.

**3 Confidential, Proprietary Information.** One of the Company's most valuable assets is information. Employees should maintain the confidentiality of information (whether or not it is considered proprietary) entrusted to them not only by the Company, but also by suppliers, customers and others involved in a business relationship with the Company. Confidential information includes all non-public information that might be of use to competitors or be harmful to the Company, or its customers or suppliers, if disclosed. Examples of confidential information include trade secrets, new product or marketing plans, customer lists, research and development ideas, manufacturing processes, or acquisition or divestiture prospects.

Employees should take steps to safeguard confidential information by keeping such information secure, by limiting access to such information to those Employees who have a "need to know" in order to do their job, and by avoiding discussion of confidential information in public areas such as elevators or airplanes. Employees should also use caution in discussing Company information on cellular telephones in public or by e-mail unless security is ensured.



Confidential information may be disclosed to others when disclosure is authorized by the Company or legally mandated or permissible. The obligation to preserve confidential information is ongoing, even after termination of employment.

Nothing in this paragraph, this Code or any Company policy is intended to prevent or discourage employees from reporting concerns to the Securities and Exchange Commission, Equal Employment Opportunity Commission, National Labor Relations Board, or any other government agency.

#### **4 Conflicts of Interest**

Employees must base business decisions and the performance of their duties on the best interest of the Company. Accordingly, Company policy prohibits conflicts of interest. A conflict of interest occurs when an individual's personal interest interferes in any way-or even appears to interfere-with the interests of the Company as a whole. A conflict situation can arise when an Employee or a member of his or her family takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when an Employee or a member of his or her family receives improper personal benefits as a result of his or her position in the Company. Such conflicts of interest can undermine an Employee's business judgment and responsibility to the Company and so threaten the Company's business and reputation. Accordingly, all apparent, potential, and actual conflicts of interest should be scrupulously avoided. Though it is not possible to list every activity or situation that might raise a conflict of interest issue, the list below is included to help you recognize some of the more significant examples of prohibited conflicts of interest:

**a. Corporate Opportunities.** Employees are prohibited from converting for personal benefit any opportunities that are discovered through the use of corporate property, information or position, or from using corporate property, information or position for personal gain or to compete with the Company.

**b. Gifts.** In order to maintain trust and integrity with our business partners and avoid even the appearance of unethical or illegal conduct or a potential conflict of interest, it is important to be prudent when accepting business courtesies such as the giving and receiving of gifts or entertainment:

Employees are expected to act with integrity when deciding whether to accept a business courtesy (i.e., anything of value for which the recipient does not pay fair market value, including gifts, services and entertainment). Employees who are buyers, who influence buying, or who are involved in procurement transactions in any way (e.g., determining specifications, evaluating bids, choosing vendors or suppliers) must be especially careful when deciding whether to accept a business courtesy.

Employees must:

- Accept only personal gifts that would be considered common business courtesies and for which we would reasonably expect to give something similar in return in the normal course of business.
- Obtain the approval of the General Counsel before accepting business courtesies that exceed \$150.

- Report to the General Counsel any business courtesies received from representatives of foreign countries.

Company employees must not:

- Accept any business courtesy that might be intended to influence, or appears to influence, a business decision.
- Solicit gifts, favors, travel or entertainment from a business partner.
- Offer any gift, travel expense, entertainment or meal, regardless of the cost, to a person who works for a foreign or federal, state or local government entity or any intermediary.

Company employees may attend meals sponsored by a business partner when the sponsoring individual is in attendance.

**c Loans.** The Company may not provide loans to, or guarantee the obligations of, Employees or their family members without the prior written approval of the General Counsel and, if appropriate, the Board of Directors or a committee of the Board. The Company will not extend, maintain or arrange for personal loan to or for any director or executive officer (or the equivalent thereof), and only rarely in other circumstances.

**d Outside Activity.** Employees should not engage in any outside activity that materially detracts from or interferes with the performance of their services to the Company. Such “outside activity” does not include lawful actions protected or permitted by Section 7 of the National Labor Relations Act, such as engaging in protected concerted activity.

**e Outside Employment.** Employees should not serve as a director, representative, employee, partner, consultant or agent of, or provide services to, an enterprise that is a supplier, customer or competitor of the Company.

**f Personal Interests.** Employees should not have a direct or indirect personal interest in a transaction involving the Company.

**g Personal Investments.** Employees should not directly or indirectly own a material amount of stock in, become a creditor of, or have another financial interest in a supplier, customer or competitor.

All potential and actual conflicts of interest or material transactions or relationships that reasonably could be expected to give rise to such a conflict or the appearance of such a conflict should promptly be communicated to the General Counsel. However, Employees should take care to report conflicts to a person who they believe is not involved in the matter giving rise to the conflict. Accordingly, if they believe that the General Counsel is so involved, the matter should be reported to the President of the Company.

Any Employee who has a doubt about whether a conflict of interest exists after consulting this provision of the Code should contact the General Counsel for assistance in making that determination.

Note: Nothing in this paragraph or Code is intended to prevent or discourage employees from reporting concerns to the SEC, EEOC, NLRB or any other government agency.

**5. Fair Dealing.** The Company's success depends on building productive relationships based on honesty, integrity, ethical behavior and mutual trust. Every Employee should endeavor to deal fairly with each of the Company's customers, suppliers, competitors and with other Employees. No Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

**6. Insider Trading.** Federal and state law prohibit the use of "material inside information" when trading in or recommending Company securities. In accordance with applicable federal and state law, no Employee may engage in transactions in Company stock (whether for his or her own account, for the Company's account or otherwise) while in possession of material inside information relating to Sally Beauty Holdings, Inc. or its subsidiaries or affiliates. Further, no Employee who is in possession of material inside information may communicate such information to third parties who may use such information in the decision to purchase or sell Company stock. These restrictions also apply to securities of other companies if an Employee learns of material inside information in the course of his or her duties for the Company. In addition to violating Company policy, such actions are illegal. For the definition of "material inside information," processes and procedures to follow when trading in the Company's securities, and information on the Company's prohibition of hedging of the Company's securities by employees and Directors, please see the current version of the Sally Beauty Holdings, Inc. Insider Trading Policy Statement. To avoid severe consequences, Employees should review this policy before trading in securities and consult with the General Counsel if any doubts exist as to what constitutes "material inside information."

**7. Quality of Disclosures.** Federal and state securities laws impose continuing disclosure requirements on the Company, and require the Company to regularly file certain reports to make certain submissions (the "Reports") with and to the Securities and Exchange Commission and the New York Stock Exchange and disseminate certain information contained therein to its shareholders. Such Reports must comply with all applicable legal and exchange requirements and may not contain material misstatements or omit material facts.

All Employees directly or indirectly involved in preparing such Reports, and Employees who regularly communicate with the press or with investors or analysts concerning the Company, and all representatives who assist the Company in preparing such Reports and communications, must ensure that such Reports and communications are (i) full, fair, timely, accurate and understandable and (ii) meet all legal requirements. This policy applies to all public disclosure of material information about the Company, including written disclosures, oral statements, visual presentations, press conferences and media calls.

**8. Protection and Proper Use of Assets.** Proper and efficient use of Company, supplier, customer and other third party assets, such as electronic communication systems, information (proprietary or otherwise), material facilities and equipment, as well as intangible assets, is each Employee's responsibility. Employees must not use such assets

for personal profit for themselves or others. In addition, Employees must act in a manner that will protect such assets from loss, damage, misuse, theft, removal and waste. Finally, Employees must ensure that such assets are used only for purposes permitted by the Company.

9. **Reporting of any Illegal or Unethical Behavior.** An employee who is aware of any illegal or unethical behavior or who believes that an applicable law, rule or regulation or the Code has been violated should promptly report the matter to any Vice President or the President of the Company or, if that is unsatisfactory, to the General Counsel by dialing 1-800-777-5706, then dialing "0" and asking for the General Counsel. However, Employees should take care to report violations to a person who they believe is not involved in the matter giving rise to the violation. Accordingly, if the employee believes that any Vice President, the President or the General Counsel are involved in the violation, he or she should report the matter directly to the Legal Department or to the Audit Committee of the Board of Directors. All reports of violations will be promptly investigated and, if appropriate, remedied and, if legally required, immediately reported to the proper governmental authority.

**Employees who believe that they know of any questionable accounting, internal accounting controls or auditing matters are encouraged to report these matters to the Company's Security Voice telephone line at 1-800-241-5689 (toll free). Any Employee wishing to make a report with respect to any of these matters anonymously may also call the Security Voice telephone line at 1-800-241-5689 (toll free). All reports should contain sufficient information for the Company to investigate the concerns raised.**

Employees will be expected to cooperate in ensuring that violations of the Code are promptly addressed. The Company has a policy of protecting the confidentiality of those making reports of possible misconduct to the maximum extent possible, consistent with the requirements necessary to conduct an effective investigation, and with the law. **In no event will there be any retaliation against someone for reporting an activity that he or she in good faith believes to be a violation of any law, rule, regulation, or this Code.** Any supervisor or other Employee intimidating or imposing sanctions on an Employee for reporting a matter in good faith will be disciplined up to and including termination.

**Retaliation Strictly Prohibited.** Employees should know that it is a crime to retaliate against any person (including retaliation through interference with that person's employment) for providing truthful information to a law enforcement agency such as the Securities and Exchange Commission, relating to the possible commission of a federal offense. Employees who believe that they have been retaliated against by the Company, its Employees, contractors, subcontractors or agents for providing information to or assisting in an investigation conducted by a federal agency, by Congress or by a person with supervisory authority over the Employee (or another Employee who has the authority to investigate or terminate misconduct) in connection with conduct that the Employee reasonably believes constitutes a violation of federal criminal fraud statutes or any rule or regulation of the Securities and Exchange Commission may file a complaint with the Secretary of Labor, or in federal court if the Secretary of Labor does not take action in a timely manner.

**10. Responding to Improper Conduct.** This Code will be enforced on a uniform basis for everyone, without regard to an Employee's position within the Company. If an Employee violates the Company's Code, he or she will be subject to disciplinary action. Supervisors and managers of a disciplined Employee may also be the subject of disciplinary action for their failure to properly oversee an Employee's conduct, or for retaliation against an Employee who reports a violation.

The Company's response to misconduct will depend upon a number of factors including whether the improper behavior involved illegal conduct. Disciplinary action may include, but is not limited to, reprimands and warnings, probation, suspension, demotion, reassignment, reduction in salary or immediate termination. Employees should be aware that certain actions and omissions prohibited by the Code might be crimes that could lead to individual criminal prosecution and, upon conviction, to fines and imprisonment.

**11. Waivers.** Employees should understand that waivers or exceptions to the Code will be granted only in advance and only under exceptional circumstances. A waiver of this Code for any executive officer or director may be made only by the Board of Directors or the appropriate committee of the Board of Directors and must be promptly disclosed to shareholders in accordance with applicable law and exchange requirements.



**Cosmo Prof.**

To: Manufacturers

From: Joe Bowe, GVP Supply Chain and Logistics

Re: Receiving Policies and Procedures

The list of CosmoProf warehouses is enclosed.

Please keep in mind the intention of this document benefits us all. By following these guidelines, you will assist CosmoProf in bringing your product into our facilities in a timely and accurate manner. This will help us get the product to the end consumer as quickly as possible. In addition, this will also help move the receipts through our system in a clean manner so that our Accounts Payable Department will have an easier time processing your paperwork to ensure your timely payment.

Please let us know if you have questions. Sincerely,

Joe Bowe  
Vice President, Supply Chain & Logistics (940)898-7500 ext. 2732  
(940)297-2570 FAX  
mail: [JBowe@Sallybeauty.com](mailto:JBowe@Sallybeauty.com)

3001 Colorado Blvd.  
Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

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---

Supplier/Seller Name

---

Address

---

City State Zip

Subject: Shipping Requirements and Special Handling Penalties

Dear Valued Supplier:

Vendor shipments that fail to comply with Beauty Systems Group LLC shipping requirements negatively impact BSG's operating efficiency and accounting processes. BSG believes strongly in the partnership we have with our vendors, and we want to maintain this relationship. However, we cannot absorb the expense associated with improperly shipped merchandise.

Keep in mind that shipping product by carton via UPS or RPS costs you more. It creates problems for our distribution centers and only delays the receiving process. In addition, the Accounts Payable Department of BSG will not accept UPS/RPS Proof of Deliveries (P.O.D.) for short shipments. The shipment of merchandise to BSG should be palletized. Less than truckload (LTL) shipments should be shipped on approved BSG preferred carriers as per the published routing matrix.

Effective since August 1, 1996, any shipments received at BSG Distribution Centers not in compliance with our specified shipping requirements are billed a Special Handling Penalty. The debit memo you receive (copy enclosed) will note the reason for the charge, and when possible a photograph will be furnished.

BSG shipping requirements are as follows:

1. Each purchase order must be listed on the bill of lading. More than one purchase order may be shipped on the same truck. however, in this case the proper purchase order number must be written on every carton and the cartons separated when there are two ore more shipments.
2. Our purchase order number must be included on each freight bill.
3. A packing slip must accompany every shipment. The packing slip must be with the bill of lading, or in, or attached to, a specifically marked carton and the carton clearly identified.
4. Merchandise must be shipped in master case packs only. Two different items must not be placed in the same carton. Please notify your category manager if merchandise is ordered in multiples other than the master case pack. (If the master case pack changes, please notify your category manager prior to shipping the purchase order.)
5. Cartons must be clearly marked with the contents.
6. Cartons must be palletized at a height not to exceed 55".
7. Only use class "A" or "B" 4 - way pallets, size 40" or 42" by 48".
8. Cartons must be secured to pallets so as not to shift in transit, by a means such as shrink wrapping or taping.
9. Ship only products ordered in quantities specified on the purchase order.

#### HANDLING PENALTIES

1. Violations of requirements 1, 2, 3, 4, 5, 6, 8, 10, 11, and 12 are \$20.00 per man-hour.
  - Violations of requirement 7 are \$15.00 per pallet p lus labor at \$18.00 per man-hour.
2. Violations of requirement 9 are \$50.00.
3. Violations of 13, 14, 15, 16, 17, 18, and 19 relating to carrier issues are \$25.00.

Your cooperation will benefit you and Beauty Systems Group LLC by expediting the receipt of product into our distribution centers. We will try to be fair and consistent in the policing of the shipping requirements.

Please sign and date below acknowledging you understand BSG's Shipping Requirements and Special Handling Penalties. We regret having to take this step, but we are at a loss as to how to otherwise remedy the problem.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date





**Cosmo Prof.**

Date: August 9, 2012

To: All Vendors:

All Sally Beauty Holdings, Inc. vendors should use our Preferred Carriers whenever possible when shipping inbound to our Distribution Centers FOB Destination Freight Terms **Prepaid.**

It is to your advantage to use these carriers even though you the vendor are paying the freight charges, as it will expedite your product into our supply chain in the most effective and efficient means possible.

Our Preferred Carriers are as follows:

ABSF - ABF Freight System (Zoeye Burke 1-713-633-5500)

YRCW - Yellow Roadway (Jennifer Voss 1-800-610-6500; Option 9; Enter 2048)

On any shipments over 10,000 pounds, please call our Traffic Department at 1-940-297-2841, for a recommended alternative routing.

We look forward to increasing our strong partnership for years to come.

Sincerely,

Donald J. Rahn, JR.  
Director of Transportation and Logistics  
Sally Beauty Holdings, Inc.  
Denton, Texas

3001 Colorado Blvd.  
Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

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Cosmo Prof.

Date: July 20, 2015

To: All Vendors:

All Sally Beauty Holdings, Inc. vendors must use our Contract Carriers when shipping inbound to our Distribution Centers FOB Origin Freight Terms **Collect**. This means that we are taking possession of the freight at your shipping location and are responsible for any shortages and damages by the trucking company moving the shipment to our destination as well as payment for the freight charges.

All Bill of Ladings must be marked **Freight Collect with Bill-To location being the following address:**

Sally Beauty Holdings, Inc  
P.O. Box 490  
Denton, TX 76202

Our Contract Carriers are as follows:

ABF Freight System: (Albert Robert 1-214-688-0448)  
YRC Freight: (Jennifer Voss 1-800-610-6500; Option 9; Enter 52048)

On any shipments over 10,000 pounds, please call the Transportation Department at 1-940-297-2841, for a possible alternative routing.

**Exception:**

When shipping to our warehouses in Anchorage Alaska and Aiea Hawaii, please use the following routing:

R+L Carriers: (National Accounts Customer Service 877-744-7750)

On any shipments over 10,000 pounds, please call the Transportation Department at 1-940-297-2841, for a possible alternative routing.

Failure to use our Contract Carriers when shipping inbound to our Distribution Centers FOB Origin Freight Terms Collect will result in a Debit Memo/Chargeback for the freight cost difference between our Contract Carrier and the carrier that you have selected. An administrative processing fee of \$25.00 will be added to each chargeback.

It is our preference to work with you to reduce freight costs and increase supply chain efficiencies so that Sally Beauty Holdings, Inc can establish and maintain a strong partnership for years to come.

Sincerely,

Donald Rahn, JR.  
Director of Transportation and Logistics  
Sally Beauty Holdings, Inc.  
Denton, Texas

3001 Colorado Blvd.  
Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

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**Cosmo Prof.**

**CosmoProf®, Division of Beauty**

**Systems Group LLC  
Warehouses**

**BSG-East**

**Greenville Warehouse**

Phillip Booker – Director  
5805 Jaysville Street – St. Johns Road  
Greenville, OH 45331  
(937)548-7027

**Spartanburg Warehouse**

Colleen Short – Manager 310  
John Martin Road Spartanburg,  
SC 29303  
(764)576-9773

**Pottsville Warehouse**

Brad Cogan – Director 210  
Industrial Park Road St. Clair,  
PA 17970 (570)621-2100

**Islandwide Warehouse**

Alina Davila-Gutierrez – Customer Service  
Bldg. #12 Carretera 165  
Guaynabo, PR 00970  
(352)592-4855

**Arctic - BSG Alaska 2611**

Minnesota Drive  
Anchorage, AK 99506

**Innovation Hawaii 99-**

1434 Koaha Place  
Aiea, HI 96701

**BSG-West**

**Fresno Warehouse**

Gerald Despres – Director  
480 E. North Avenue, Suite 104  
Fresno, CA 93725  
(559)265-7200

**Northwest/Clackamas**

Dominic Milillo – Director  
15441 SE 125<sup>th</sup>  
Clackamas, OR 97015  
(503)723-3550

**Marinette Warehouse**

Brenda Niemojuski – Director  
2300 Aerial Drive  
Marinette, WI 54143-3871  
(715)735-9323

**Lincoln Warehouse Tom**

Garris – Manager 5500 N.  
58<sup>th</sup> Ct.  
Lincoln, NE 68507-3111  
(402)466-9000

**BSG CANADA**

**Ontario Warehouse**

Scott Rusher – Director  
Mike Hillick – Manager 395  
A Pendant Drive  
Mississauga, Ontario L5T 2W9  
(905)696-2600

**Alberta Warehouse**

5381 72<sup>nd</sup> Avenue SE Bay 54  
Calgary, Alberta T2C 4X6  
(403)234-7662

3001 Colorado Blvd.  
Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

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**CosmoProf®, Beauty Systems Group LLC**

**SPECIAL HANDLING PENALTY CALCULATION**

Store Replenishment Center: \_\_\_\_\_ Vendor: \_\_\_\_\_ Carrier: \_\_\_\_\_  
 Receiver Name: \_\_\_\_\_ PO Number: \_\_\_\_\_ Pro Number: \_\_\_\_\_  
 Date Received: \_\_\_\_\_ Buyer: \_\_\_\_\_ Total Penalty Charges: \_\_\_\_\_

Violation Type	Violation Number	Violations That Occurred	Lost Hours	Cost per Lost Hour	Total Cost of Lost Hrs	Quantity of Pallets	Cost per Pallet	Total Pallet Cost	Handling Fee	Expense Offset	Total Penalty Charge
Purchase Orders Not Communicated During Scheduling	1										
Purchase Order Number Not Included on Freight Bill	2										
No Packing Slip With Shipment	3										
Merchandise Not Shipped in Master Case Pack	4										
Cartons Not Clearly Marked	5										
Pallets Exceed 55" in Height	6										
Merchandise Not On Specified Pallet/Ctn Overhang	7										
Merchandise Not Secured to Pallet	8										
Wrong Product or Wrong Quantity	9										
<b>Sally Support Center Use Only</b>											
Non Preferred Contract Carrier	10										
Storage Charges For Shipping Outside of P.O. Date Range	11										
Reweigh Freight Expense	12										
Detention at Vendor	13										
Marking and Labeling	14										
Missing Bill of Lading Informatin	15										
Unapproved Special Carrier Services	16										
Early or Wrong Delivery Time	17										
Carton Not Properly Marked	18										
Carton Not Properly Packed	19										
<b>TOTALS</b>			0	0.00		0.00	0	\$0	0.00	0.00	\$0.00

COMMENTS: \_\_\_\_\_

Supervisor Signature \_\_\_\_\_ Date \_\_\_\_\_ Control No. \_\_\_\_\_  
 Director Signature \_\_\_\_\_ Date \_\_\_\_\_ cc: (2) Accounting  
 (1) Buyer  
 (1) DC File



## CosmoProf Vendor Shipping Error Notification

Today's Date:

Warehouse:

Fax#:

Warehouse Contact:

Warehouse Phone #:

Vendor:

Vendor Fax#:

Purchase Order:

Vendor Contact:

Invoice:

Invoice Date:

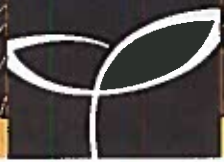
Carrier:

Date Delivered:

BSG SKU	MFG. SKU	Description	Size	Qty. Ordered	Qty Shipped	Qty Received	Reason Code	Comments

- Reason Codes:**
- Credit to be issued against invoice.
  - Overage to be kept. Invoiced for correct quantity.
  - Overage to be kept. Invoice already reflects the overshipment. No invoice adjustment needed.
  - Overage to be returned - Credit to be issued
  - Overage to be returned - No credit needed
  - Shortage do not ship, already invoiced - Credit to be issued
  - Shortage. Ship shortage. Credit original invoice and reinvoice.
  - Damaged (Vendor Pays Freight)

Notification of Credit issued and Return of product arrangement must be done within 10 days of Shipping Error Notification of Special Handling ChargeBack will apply. Failure to comply within 30 days will result in automatic deductions and the product being sent back at the vendor's expense via carrier of CosmoProf's choice.



**Cosmo Prof.**

CosmoProf, Division of Beauty Systems Group LLC must obtain technical information about the hazardous products we buy from manufacturers. This information is needed to meet various insurance requirements and OSHA storage configurations. For example, all of the aerosol products must be stored in a fenced area.

The National Fire Protection Agency (NFPA) establishes warehousing guidelines for insurance companies regarding hazardous material storage. Flammability and pressurized products are of primary concern due to the potential to cause severe injury to personnel and/or firefighters and the increased risk for significant property damage.

Please complete the enclosed form to communicate the required information.

### **ABOUT THE FORM**

Aerosols are hazardous in a fire. When they get hot they can explode and become a missile. There are three levels of aerosol. Level, 1, 2 and 3 with 3 being the most flammable. Examples are level 1 Mousse, level 2 = Hairspray, and level 3 = Oil Sheen Spray.

The next most hazardous type of product is acetone. Acetone has classes such as 1A, 1B and 1C with class 1A the most hazardous. Examples would be fingernail polish removers.

Finally, products with more than 55% alcohol also present a flammable hazard. Alcohol is also classed 1A, 1B and 1C. Examples would be non-acetone polish removers and non-aerosol hairsprays.



Cosmo Prof.

## Hazardous Material Information Sheet

SKU # \_\_\_\_\_ Description \_\_\_\_\_

Percent of Alcohol \_\_\_\_\_ %

Is the product water miscible? \_\_\_\_\_ Yes \_\_\_\_\_ No

### AEROSOL

Base product (with flammable or non-flammable propellants)  
(Percentages are based on weight of product)

Check One:

- |       |                  |  |
|-------|------------------|--|
| _____ | <b>Level I</b>   | Maximum of 25% water miscible or non-miscible Flammable products (i.e. 75-100% non-flammable products)                             |
| _____ | <b>Level II</b>  | 25-100% water miscible flammable products 25-55% non-water miscible flammable products (remaining 45-75% is non-flammable product) |
| _____ | <b>Level III</b> | Greater than 55% non-water miscible flammable product  |

### FLAMMABLE LIQUIDS

These Are liquids having closed-cup flash points below 100 degrees Fahrenheit (38 degrees Celsius) and vapor pressures not exceeding 40 PSI (2.76 bar) at 100 degrees Fahrenheit (38 degrees Celsius) (thus exceeding liquefied petroleum gases, liquefied natural gases and liquefied hydrogen). Flammable liquids are referred to as Class I liquids, and are subdivided as follow:

Check One:

- |       |                 |   |
|-------|-----------------|---|
| _____ | <b>Class 1A</b> | Flash points below 75 degrees Fahrenheit (23 degrees Celsius) and boiling points below 100 degrees Fahrenheit. Examples are acetaldehyde, ethyl ether, ethyl chloride, isoprene, pentane and methyl formate. Class 1A liquids are the most hazardous from the fire protection standpoint due to their low boiling points. |
| _____ | <b>Class 1B</b> | Flash points below 73 degrees Fahrenheit and boiling points at Or above 100 degrees Fahrenheit. Examples are acetone, carbon disulfide, benzene, cyclohexane, ethyl acetate, 100% ethyl alcohol, gasoline, heptane, octane, toluene and methyl alcohol.   |
| _____ | <b>Class 1C</b> | Flash points at or above 73 degrees Fahrenheit and boiling points below 100 degrees Fahrenheit. Examples are styrene, methyl isobutyl ketone, isobutyl alcohol and turpentine.  |

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Denton, TX 76210-6802  
[www.cosmoprofbeauty.com](http://www.cosmoprofbeauty.com)

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**VOLATILE ORGANIC COMPOUNDS HOLD HARMLESS  
AND INDEMNIFICATION AGREEMENT**

This Agreement ("this Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between BEAUTY SYSTEMS GROUP LLC, 3001 Colorado Blvd., Denton, TX 76210 (the "Buyer") and \_\_\_\_\_ (the "Seller").

Seller hereby represents, warrants, guarantees and certifies to Buyer and to any parent, subsidiary, division, or affiliate of Buyer that the following products:

<u>SKU#</u>	<u>Description</u>	<u>Classification</u> <i>(hair spray, hair gel, etc.)</i>	<u>Volatile Organic Compound</u> <i>(VOC) Level</i>
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which contain volatile organic compounds sold to Buyer for distribution throughout the United States ("Products") comply in all respects with all state and federal laws and regulations regarding volatile organic compound content for such Products including, without limitation, all requisite governmental registrations and/or notifications required for such Products.

Seller agrees, in addition to any other rights or remedies of Buyer, to defend, indemnify, and hold Buyer and its parent, subsidiaries, affiliates, officers, directors, employees and agents harmless from (i) any and all liability of any nature or kind for or on account of any allegation, claim, or finding that any Products violate said laws and/or regulations and (ii) any and all losses, damages, liabilities, or expenses (including attorney's fees) arising out of or resulting from or in connection with any allegation or finding of any breach of any representation, warranty, guarantee or certification to Buyer provided above.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SELLER:

BUYER:

\_\_\_\_\_

BEAUTY SYSTEMS GROUP LLC

By: - - - - -

By: - - - - -

Its: - - - - -

Its: - - - - -





**Cosmo Prof.**

## New Item Markdown Agreement Contract

\_\_\_\_\_ agrees to reimburse CosmoProf, Division of Beauty Systems Group LLC (CosmoProf) 100% of cost for each new item(s) of the following left in CosmoProf's store inventories \_\_\_\_\_ month(s) from release date of \_\_\_\_\_ if the item(s) does not meet all sell through goals.

**ITEM**

**SKU**

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Items remaining in CosmoProf's warehouses will be returned to \_\_\_\_\_. Payment in the form of a check is due 30 days from invoice date. This agreement is in addition to any other allowance or agreement.

\_\_\_\_\_  
Vendor Signature

\_\_\_\_\_  
CosmoProf

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

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# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

PRODUCER	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED	INSURER A:	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

## COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS								
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ <b>1,000,000</b> DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ <b>2,000,000</b> PRODUCTS - COMP/OP AGG \$								
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$								
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$								
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$								
		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				<table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td>\$</td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td>\$</td> </tr> </table>	WC STATU-TORY LIMITS	OTH-ER	E.L. EACH ACCIDENT	\$	E.L. DISEASE - EA EMPLOYEE	\$	E.L. DISEASE - POLICY LIMIT	\$
WC STATU-TORY LIMITS	OTH-ER													
E.L. EACH ACCIDENT	\$													
E.L. DISEASE - EA EMPLOYEE	\$													
E.L. DISEASE - POLICY LIMIT	\$													
		OTHER												

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Beauty Systems Group Inc, its Parents, Subsidiaries, and Affiliates are named as additional insured.

## CERTIFICATE HOLDER

## CANCELLATION

Beauty Systems Group Inc.  
 3001 Colorado Blvd.  
 Denton, TX 76202

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL \_\_\_\_\_ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

## **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

## **DISCLAIMER**

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

# Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <i>Note.</i> For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

<b>Social security number</b>	<b>Employer identification number</b>																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>																					<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td><td style="width: 5%;"> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>																				

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at [www.irs.gov/fw9](http://www.irs.gov/fw9).

**Purpose of Form**

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

**Note.** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The treaty number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

## What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; do not leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note.** ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(ii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

**Line 2**

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

**Line 3**

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

**Limited Liability Company (LLC).** If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

**Line 4, Exemptions**

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

**Exempt payee code.**

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—A organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note.** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

**Line 5**

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

**Line 6**

Enter your city, state, and ZIP code.

**Part I. Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.
4. **Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).
5. **Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup> The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>1</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor <sup>1</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>1</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records from Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.** Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

**Privacy Act Notice**

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Dear Valued Vendor,

CosmoProf, Division of Beauty Systems Group LLC reserves the right to approve and/or reject, any and all permanent and semi-permanent vendor produced store fixtures, point-of-purchase materials, temporary merchandise displays, signage, and all collateral items intended for use in CosmoProf stores. If such items are intended for use in CosmoProf stores, please partner with the appropriate Merchandise Director(s), and the appropriate Vice President(s) of Merchandising, before putting any vendor produced in-store merchandising display program into production. A sample of the above should also be sent to our Denton Model Store at:

Sally Beauty Company Plan-O-  
Guide and Store Fixtures 3001  
Colorado Blvd.  
Denton, TX 76210



Dear Vendor Partner,

As you know, we have migrated to all new ordering and replenishment systems. We will initiate replenishment of your product by sending you a PO via SPS Commerce. Please confirm by email to your SBU (Buyer and Replenishment Planner) that you have been certified with SPS Commerce and are ready to receive PO's.

We require your support in utilizing SPS Commerce. In advance of receiving a PO, we require certification with SPS Commerce. Please ensure you can transmit the following documents:

What are the required EDI documents / transmissions for Sally Beauty?	
850	Purchase Order
855	Purchase Order Acknowledgement
860	Purchase Order Change
865	Purchase Order Change Acknowledgement
856	Ship Notice
128	Bar Code Label & Packing List
810	Invoice

Please confirm you have taken the necessary steps with SPS to receive a JDA version PO. Please also accept our VC guide and provide us with your key contacts at <https://www.sallybeauty.com/vendor-acknowledgement/>. The vendor code is 566487518.

To ensure effective communication, below is contact information by topic for any questions regarding your new JDA PO's.

Topic	Name	Position	Email
SPS Commerce	Support	TBD	support@spscommerce.com
EDI	Roger Nelms	Director, P&A Ops	rnelms@sallybeauty.com

We appreciate your partnership during this process.

# Sally Beauty Holdings, Inc. Vendor Guide For Merchandise Vendors

Includes Compliance and Chargeback Policies

Effective:  
April 8, 2019

# Contents

<b>Overview</b>	3
<b>SBH Expectations for New Vendors</b>	4
New Vendor Set up Forms	4
<b>SBH Expectations for All Vendors</b>	4
New Item Set up Form	4
Electronic Communication	4
Purchase Order	5
Advance Ship Notice	6
Invoice	6
<b>Shipping to Warehouse Requirements</b>	7
Overview	7
General Transportation, Logistics and Shipping Requirements	7
Truckload Freight (TL)	7
Preferred LTL	8
Other LTL	8
Parcel	8
Detailed Routing & Shipping Requirements to SBH Warehouses	9
Fee Details for Non-Compliance on Transportation and Shipping to Warehouse Requirements	10
1. Non-Compliant Shipments - General	10
2. Failure to Communicate All Purchase Orders during Scheduling of Appointment	11
3. Missed Appointments or Late Arrival in excess of 30 Minutes	11
4. Receiving Window	11
5. Bill of Lading Requirements	12
6. Packing List Requirements	12
7. Item Not Shipped in Master Case/ Marked as Multiple SKU	13
8. Cartons Not Shippable or Not Properly Packaged	14
9. Cartons Not Clearly Marked or Not Marked Correctly	14
10. Pallet Requirements	14
11. Product Mark/Label Requirements	15
12. Purchase Order Products and/or Quantities Not Accurate	15
13. Shipping On-Time Policy	15
14. Shipping Complete Policy	16
Reporting	17
Chargebacks	17
Chargeback Disputes	17
<b>Appendix</b>	19

## Overview

Sally Beauty Holdings, Inc. (“SBH” or “we”) is in the process of combining the merchandising operations of Sally Beauty Supply (“Sally”) and Beauty Systems Group (“BSG”, as used herein, includes our subsidiaries and affiliates, including but not limited to CosmoProf and Armstrong McCall).

For you, our vendors, this means we will handle all steps of our inventory process consistently, from forecasting demand, to writing Purchase Orders, to shipping, invoice processing, and chargebacks. These processes are outlined in this guide (this “Guide”), and will simplify the way we work together.

In this Guide, we detail certain guidelines and requirements we have for our vendors, and explain how we will measure our vendors’ compliance with those expectations. We also detail the consequences in the event of a vendor’s failure to comply with these guidelines. We will assess non-compliance fees on our vendors to compensate us for the disruption to our supply chain when a vendor does not follow the processes outlined in this Guide.

We want to be clear: we do not want to assess non-compliance fees! **Our goal is to have a smooth-running, reliable, fast supply chain and we are happiest when you meet our requirements for execution.** This helps us run a better business, drive sales, and exceed our customers’ expectations, which builds a stronger business for all of us.

## SBH Expectations for New Vendors

### New Vendor Set up Forms

*Please refer to Appendix A for Sally Beauty Supply*

*Please refer to Appendix B for Beauty Systems Group (CosmoProf or Armstrong McCall)*

## SBH Expectations for All Vendors

### New Item Set up Form

*Please refer to Appendix C for Sally Beauty Holdings (SBH) New Item Form*

Please note when submitting the New Item Form:

1. All fields shaded in coral must be completed at time of product submission. The merchants will return any forms that are not complete, which could delay item set up.
2. Tab 2, “multiple SKU information” can be used to list product lines (e.g., shades) for which the only product differentiation is the UPC.
3. Tabs 9 and beyond are category specific and support the attributes of each individual product. As an example, if your new item is an Appliance, you only need to fill the Appliance tab and not the other category-specific tabs. Out of the category-specific tabs, the only tab that needs to be completed is the one that pertains to the particular new product. All product attributes are drop down boxes. All the cells shaded in coral must be filled. **Please select only from the drop down options, as this will help us maintain the integrity of the data in our system.**

### Electronic Communication

- **Expectation:** All communication relating to shipments and transmission of documents relating to shipments between SBH and you, our vendor, will be facilitated electronically through a partnership with SPS Commerce. SPS Commerce is a third party communication service we have chosen to facilitate the EDI (Electronic Data Interchange) transactions between us, including the transactions and communications relating to the following forms: Purchase Order, Purchase Order Acknowledgement, Purchase Order Change, Purchase Order Change Acknowledgement, Advance Ship Notice, and Invoice.

Current SBH vendors were informed of our relationship with SPS Commerce on 11/27/2018 and are in the process of onboarding with SPS Commerce. For existing vendors, the onboarding process must be completed no later than April 30, 2019. After April 30, 2019, SBH will NO LONGER support manual mailing, faxing or emailing of any order information. If you have questions about the onboarding process, contact SPS at:

<http://community.spscommerce.com/sally-beauty-fulfillment>

New SBH Vendors will have 21 days from the initial contract date to complete the EDI setup and testing process. To initiate the EDI onboarding process, contact SPS at:

<http://community.spscommerce.com/sally-beauty-fulfillment>

- **Compliance Measurement:** You (our vendor) will begin sending and receiving all documents electronically, via EDI, no later than April 30, 2019.

What are the required EDI documents/transmissions for Sally Beauty?	
➤	850 (Purchase Order)
➤	855 (Purchase Order Acknowledgement)
➤	810 (Invoice)
➤	856 (Ship Notice)
➤	860 (Purchase Order Change)
➤	865 (Purchase Order Change Acknowledgement)
➤	128 (Bar Code Label) & Packing List

- **In the event of Non-Compliance:** You will no longer receive Purchase Orders from SBH.

## Purchase Order

Upon receipt of an SBH Purchase Order, you must electronically return a **Purchase Order Acknowledgement** through EDI. The Purchase Order Acknowledgement will verify that you accept the Purchase Order as it is written therein, and will comply with all terms and conditions contained in the Purchase Order. If you cannot accept the Purchase Order as written for any reason, you must *immediately* (no later than 24 hours) call the Merchandise Planning Inventory Planner you work with, and discuss the changes that need to be made to the Purchase Order. Upon our agreement that a Purchase Order should be revised, you will receive a **Purchase Order Change** communication from us, electronically through EDI, with the updated Purchase Order.

Again, we expect you to verify you received this communication and accept the change by returning a **Purchase Order Change Acknowledgement**.

### Advance Ship Notice

When you have picked and packed the order at your shipping location, you must submit an **Advance Ship Notice** via EDI with the details of what is actually loaded on the truck, and on its way to our receiving location. The Advance Ship Notice must be submitted within the 24 hours after the goods are shipped so that the document is available on EDI before the shipment arrives. The **Advance Ship Notice** allows us to schedule trailers and labor as necessary to ensure that we can receive products efficiently and expedite payment to Vendors.

### Invoice

You must also submit an electronic **Invoice** via EDI. The electronic Invoice must be submitted within the 24 hours after the goods are shipped so that the document is available on EDI before the shipment arrives. This will enable all of us to review, on EDI, what was ordered, what was shipped, and what was invoiced, ensuring that we are all working with the same data and any disputes can be resolved quickly.

# Shipping to Warehouse Requirements

## Overview

It is our policy to refuse any shipment not stacked, wrapped, identified, documented, and/or shipped in accordance with the instructions and specifications contained herein. In such cases, the cost of transporting the shipment back to the vendor and subsequent transportation charges on reshipment to our warehouses are to be borne by you as the vendor.

Authorization for deviation from the specifications in this Guide must be approved in writing via email by the Director of the Warehouse Facility at the relevant receiving facility prior to the delivery.

In an effort to control freight costs, please consolidate our orders before shipping our product. Our goal is to consolidate as much product into a single shipment, while maintaining our required ship dates. We appreciate your cooperation in adhering to this policy.

Keep in mind that shipping via parcel carriers (UPS, FEDEX, and DHL) may cost you more and is problematic for our warehouses, which may delay our receiving process for your shipments. In addition, we do not accept parcel carriers' "proof of deliveries" for short shipments.

Shipments to SBH should be palletized. Less than truckload (LTL) shipments should be shipped via our approved preferred carriers as per our published routing matrix (on page 5 of Appendix D). The matrix clearly shows the preferred carrier that should be used based on the origin and destination state of the shipment.

## General Transportation, Logistics and Shipping Requirements

Product may be delivered to our warehouses by four main routes: Truckload (TL), Preferred LTL, other LTL and Parcel.

### Truckload Freight (TL)

Upon receipt of a shipment via TL, pallets are unloaded on our receiving docks. The receiving personnel count the pallets or cartons (depending on what the freight bill calls for) and sign the freight bill, which allows the driver to leave. If the receiving



personnel are required to count cartons per the freight bill, they assume that all tiers on a pallet match the top complete tier. For shipments with delivery receipts or freight bills that indicate carton counts may be signed as “said to contain” or “STC”, the receiving personnel will count the cartons assuming the tiers are uniform, and the carton count will be so noted on the delivery receipt.

Note: a signed freight bill when a TL shipment is accepted does not confirm the quantities delivered are accurate. Shortages and overages are noted only when confirming the Purchase Order.

### Preferred LTL

Our preferred carriers are shown on page 5 of Appendix D. The routing matrix indicates which preferred carrier(s) should be used based on the origin and destination States of the shipment. These preferred carriers have standing appointments in our warehouses every week. Trailers of merchandise are brought to and dropped off at our warehouses along with the freight bills. After merchandise is unloaded, counted and received, the freight bills are signed. If shortages, overages, or damages are identified, they are noted on the freight bill.

### Other LTL

These LTL carriers (any carrier not shown on Appendix D, page 5) DO NOT have standing appointments and must contact the Director of the Warehouse Facility via e-mail (instructions on Appendix D) to schedule an appointment prior to delivery. Trailers are not dropped off at our facilities and the driver must wait while the shipment is unloaded and counted and the freight bills are signed.

Note: as with truckload carriers, an exact counting of all cartons does not take place prior to signing the freight bill and a signed freight bill when a shipment is accepted does not confirm quantities delivered are accurate. Shortages and overages are noted only when confirming the Purchase Order.

### Parcel

Based upon the high volume of daily Parcel deliveries, receiving personnel DO NOT verify each and every package that is unloaded. Receiving personnel verify that the total carton count matches the count on the packing list and sign the delivery receipt. Since receiving personnel do not verify each carton, we DO NOT recognize PODs (proof of deliveries) from parcel carriers.

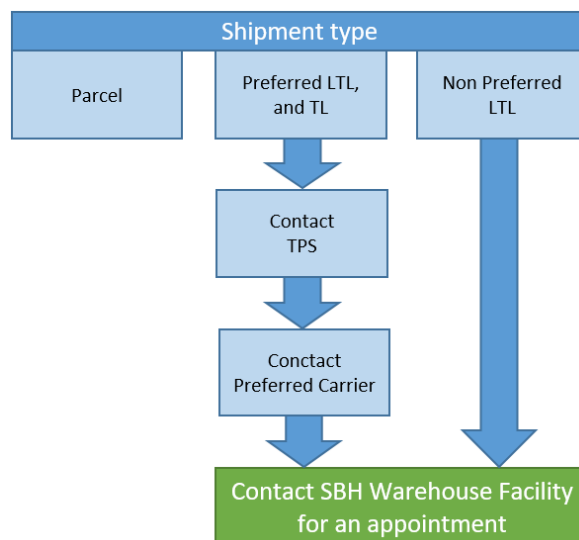
Note: a signed freight bill when a parcel delivery is accepted does not confirm quantities delivered are accurate. Shortages and overages are noted only when confirming the Purchase Order.

In the case of all shipments to our warehouses, if there is a shortage or overage when Purchase Orders are confirmed, a notification of a vendor shipment error (VSEN) will be sent to the vendor to indicate discrepancies, and we will ask you to reship or for a credit, depending on the discrepancy.

## Detailed Routing & Shipping Requirements to SBH Warehouses

All of our warehouses require delivery appointments for all shipments (other than Preferred LTL and Parcel shipments as described above). When using preferred carriers for LTL, follow instructions on Appendix D or contact TPS Logistics with any questions or concerns at (248) 731-4725 or [SBA@tpslogistics.com](mailto:SBA@tpslogistics.com).

We have preferred carriers for LTL. The routing matrix on page 5 of Appendix D indicates the preferred carrier that should be used based on the origin and destination State of the shipment. Please note that shipments transported by a carrier that is not the preferred carrier that is listed on the routing matrix will be debited at the vendor's expense unless the vendor obtained prior authorization from the Director of the Warehouse Facility in writing via email. We will deduct a flat \$100.00 fee per occurrence from the vendor's next invoice. Please refer to Appendix D for Routing Instructions. A list with each warehouse's email address for scheduling shipment appointments is on Appendix D.



Appointments are subject to availability and will be scheduled for the earliest available slot.

All Purchase Order numbers in the shipment must be included in the email request for an appointment.

*Less than Truckload (LTL) Shipments: (400-10,000 lbs. and less than 12 linear feet) by Preferred LTL Carriers:*

Please follow the routing matrix on Appendix D for selection of the Preferred LTL carrier.

- When shipping LTL, the vendor MUST list the classification on the bill of lading. Classification is found in the NMFC (National Freight Classification Manual) which is required by the Department of Transportation.
- When shipping to Canada, Alaska, Hawaii, Puerto Rico, and Mexico please use YRC Freight (<http://yrc.com/>).

*Truckload Shipments (10,001 lbs. and greater or more than 12 linear feet):*

Contact TPS Logistics (Email: [SBA@tpslogistics.com](mailto:SBA@tpslogistics.com) Phone: 248-731-4725) in advance of any shipments.

## Fee Details for Non-Compliance on Transportation and Shipping to Warehouse Requirements

Vendor non-compliance fees will be calculated based on labor, materials and administrative costs. See Appendix E for our fee calculation form.

### 1. Non-Compliant Shipments - General

- All shipments to any warehouse should comply with the requirements in this Guide. Any deviations from the requirements listed herein require the prior authorization of the Director of the Warehouse Facility in writing via email.
- Any shipments that do not comply with the requirements of this Guide will be considered a shipping deficiency subject to applicable non-compliance fees unless the Director of the Warehouse Facility authorized the non-compliance in writing via email.
- Vendors will receive a notification (a “Non-Compliance Notification”) in the event of non-compliance. Non-Compliance Notifications will include a description of how the shipment did not comply with our requirements, along

with photographic and/or supporting documentation evidencing the non-compliance, and the amount of the non-compliance fee.

- Vendors will have 10 days from receipt of the Non-Compliance Notification to contest any fees assessed. Any dispute about these fees must be submitted to the Director of the Warehouse Facility that sent the Non-Compliance Notification.
- Repeated failure to comply with the requirements of this Guide may result in fees being charged to the vendor to compensate SBH for all costs and expenses suffered and incurred as a result of a vendor's non-compliance.

## 2. Failure to Communicate All Purchase Orders during Scheduling of Appointment

- When scheduling an appointment, our vendors must communicate all the Purchase Orders they will deliver to enable our warehouses to appropriately plan and prepare for the receipt of the shipment.
- Failure to communicate one or more Purchase Orders while making the appointment will result in a non-compliance fee.
- Fee for Non-Compliance: See Appendix E – Violation #1

## 3. Missed Appointments or Late Arrival in excess of 30 Minutes

- Missed appointments and/or late arrivals in excess of 30 minutes may be rescheduled (at the discretion of the warehouse) to the next available time slot. Any cost incurred for storage or late delivery will be the responsibility of the vendor. SBH is not responsible for any cost incurred for this violation.
- **Fee for Non-Compliance:** See Appendix E- Violation #2

## 4. Receiving Window

**Purchase Order receiving window will show on the Purchase Order as a “*Delivery Week of*” window; you have Sunday – Friday to deliver.**

- Our Purchase Orders show a “*Delivery Week of*” window for delivery, and the vendor has from Sunday – Friday of that week to deliver. In the case that you want to deliver a shipment earlier than the five (5) day “*Delivery Week of*” window, you must contact your Merchandise Planning Inventory Planner or the Director of the Warehouse Facility asking for authorization via email (absent such prior written authorization via email, a non-compliance fee will be assessed). All Purchase Order Numbers in shipment must be shipped to the correct warehouse.

- This does not apply to receiving appointments scheduled by the warehouse outside the five (5) day “Delivery Week of” window.
- **Fee for Non-Compliance:** See Appendix E- Violation #3

## 5. Bill of Lading Requirements

- Two copies of the Bill of Lading (“BOL”) should be given to the carrier at the time of shipment.
- The BOL must include:
  - Full “ship to” address as listed on the Purchase Order.
  - All Purchase Order numbers for orders included in the shipment. If more than one Purchase Order is shipped on the same truck, each carton must have the proper Purchase Order number on it.
    - ✓ Name of Carrier
    - ✓ List carton count in quantity column of BOL if number of cartons is 50 or less.
    - ✓ List number of pallets in quantity column of BOL. If carton count is more than 50 total cartons, it should be noted in the body of the BOL.
    - ✓ Accurately note weight in appropriate column.
    - ✓ Date shipped.
    - ✓ Any applicable special handling or delivery instructions.
    - ✓ Email address and phone number of the receiving warehouse.
- **Fee for Non-Compliance:** See Appendix E- Violation #4

## 6. Packing List Requirements

- Vendor must provide a packing list containing the following information:
  - ✓ If the quantity for one Purchase Order is shipped across multiple trucks, the packing list must be specific to each shipment (truck).
  - ✓ Purchase Order number(s)
  - ✓ SKU specific information:
    - SKU number
    - Item description
    - Number of full pallets with the number of cartons per pallet and units per carton
  - ✓ Freight carrier and shipment date
  - ✓ Vendor name
- The SKUs and quantity delivered must be accurate per what is indicated on the packing list. Ship only products in quantities specified on the Purchase Order.

- New SKUs must include a Safety Data Sheet (“SDS”) as part of these documents. Additionally, any SKUs that have been reformulated and for which the SDS information has changed must have an SDS sheet as part of these documents for the next shipment. SDSs for any items that are regulated for transportation must include a completed section 14 of the SDS.
- The SKU specific information, as listed in the first bullet of this section above, must be listed for each pallet. If you are shipping the same SKU in different pallets, then you must provide the SKU specific information for each pallet.
- The packing list should be placed securely on the last pallet loaded on the trailer or attached to the BOL so that the receiving warehouse may review the list prior to unloading the shipment. The packing list for smaller shipments (i.e. LTL, UPS, etc.) should be placed in one clearly marked carton indicating “Packing List Enclosed”.
- Items must be shipped in shippable cartons and in master case packs only. Shipments should include only one SKU per carton. You may be able to place multiple cartons in a larger carton (though there should only be one Purchase Order per carton) for shipping purposes. This over pack carton would require all the markings required per this guide.
- Upon shipping, the packing list must be sent via EDI (EDI document #128) to the appropriate warehouse receiving department no later than 24 hours in advance of expected delivery.
- The use of this packing list is required. Shipments arriving without the properly completed packing lists are subject to refusal and chargebacks.
- The packing list must be complete with all information requested above or a non-compliance fee will be applied.
- **Fee for Non-Compliance:** See Appendix E- Violation #5

## 7. Item Not Shipped in Master Case/ Marked as Multiple SKU

- Units are to be packed in uniform quantities in cartons, per master case requirements. In the event that master case requirements change, resulting in a change to the number of units per master case, this change must be communicated to the Buyer at SBH, to enable us to update our systems accordingly.
- Each carton should have only one SKU.
- Each carton containing the same SKU should include the same number of units according to master case, and this information should be provided in the packing list.
- A shippable carton for promotional items will be defined as:

- ✓ 44 ECT or 200 Burst strength (minimum)
  - ✓ Packed with inserts and proper packing to ship in a parcel
- A shippable carton for other items will be defined as:
  - ✓ 32 ECT or 200 Burst strength (minimum)
  - ✓ Packed with inserts and proper packing to ship in a parcel
- **Fee for Non-Compliance:** See Appendix E- Violation #6

## 8. Cartons Not Shippable or Not Properly Packaged

- Shipping cartons are to be clearly marked with the following:
  - ✓ Sally SKU number
  - ✓ Item description
  - ✓ UPC (Bar-coded if available)
  - ✓ Serial number (if applicable)
  - ✓ Quantity per case
  - ✓ Vendor name
  - ✓ Accurate hazardous markings (if applicable)
  - ✓ Case containing packing list must be clearly identified
  - ✓ Purchase Order number
  - ✓ Partial carton indicator
- **Fee for Non-Compliance:** See Appendix E- Violation #7

## 9. Cartons Not Clearly Marked or Not Marked Correctly

- The shipper is responsible for classifying, packaging, marking, labeling and documenting a hazardous material shipment in full accordance with hazardous materials regulations. When freight is offered for shipment, the hazardous material must be labeled and properly described on the shipping paper. Make sure when packing small cases of ORM-D or Limited Quantity items in a large case for shipping purposes, you mark the cases with the same ORM-D or Limited Quantity labels.
- **Fee for Non-Compliance:** See Appendix E- Violation #8

## 10. Pallet Requirements

- Cartons must be palletized at a height not to exceed 55” and should fit within the parameters of the pallet without overhanging the edge of the pallet.
  - **Fee for Non-Compliance:** See Appendix E- Violation #9
- Use only class “A” or “B” 4 – way pallets, size 40” or 42” by 48”. Pallets must be in good shipping condition with no broken or missing boards.
  - **Fee for Non-Compliance:** See Appendix E- Violation #10

- Cartons must be secured to the pallets so as not to shift in transit, by a means such as shrink wrapping or taping.
  - **Fee for Non-Compliance:** See Appendix E- Violation #11
- Cartons of the same product must be consolidated together on the same pallet. If there is less than a pallet of each item, then these cartons must be consolidated together in the same layer of the pallet. Pallets containing multiple items must be clearly marked “**MIXED ITEMS ON THIS PALLET**”.
  - **Fee for Non-Compliance:** See Appendix E- Violation #12

## 11. Product Mark/Label Requirements

- Cartons are to be stacked on pallets so that carton markings are facing outward and clearly visible through outer wrappings. A pallet label should be affixed to the top right hand corner of each pallet with the pallet loaded facing the rear of the trailer. The label must contain the following data:
  - ✓ Address of warehouse receiving the shipment
  - ✓ Purchase Order number(s) on pallet
  - ✓ SKUs on pallet and location within the pallet of SKUs on mixed pallet
  - ✓ Vendor name
  - ✓ Carton count
- The labels should contain all information listed in this section or a non-compliance fee will be applied.
- **Fee for Non-Compliance:** See Appendix E- Violation #13

## 12. Purchase Order Products and/or Quantities Not Accurate

- The correct SKU is to be shipped in the correct quantity as per the Purchase Order.
- Should we be unable to resolve a freight claim for damaged or lost goods due to improper packing or descriptions, the vendor will be liable for the value of the claim.
- **Fee for Non-Compliance:** See Appendix E- Violation #14

## 13. Shipping On-Time Policy

- We expect our Purchase Orders to **arrive** at the “Ship To” location (usually a warehouse) within the “Delivery Week of” window on the Purchase Order (Refer to #3 in this section for Fee Details for Non-Compliance.) We reserve the right to refuse any shipment that arrives after this date.



- **Compliance Measurement:** We will capture the receipt date of each Purchase Order at the receiving location, and compare it to the “Delivery Week of” window on the Purchase Order. If the receipt date is within the “Delivery Week of” window, it will count as “on-time”. If the receipt date is after the arrival window, it will be considered “late” or non-compliant.
- **Fee for Non-Compliance:** All orders received outside of the Purchase Order arrival window will be assessed a chargeback fee. Please see below fees below:

Week of Delivery window	Fee for non-compliance
In Window	No fee
1 week late	4% fee on units received late
2 weeks late	8% fee on units received late
3+ weeks late	12% fee on units received late
Non-shipment	12% fee on units ordered and not received

14. Shipping Complete Policy

- We expect you to fill our orders 100% complete, within the arrival window on the Purchase Order. **We will not accept substitutions, backorders or overages.** If you cannot fill the order in full within the arrival window, you should have notified the Merchandise Planning Inventory Planner at the time you received the Purchase Order, and amended the order.
- **Compliance Measurement:**  
 We will measure the units received against a Purchase Order based on “Delivery Week of” window.  
 We will divide the units received by the total number of units ordered on the final version of the Purchase Order. This will equal the “percent complete”. Our goal is 100% with VE (Vendor Excellence) vendors and 95% with non-VE vendors.
- **Fee for Non-Compliance:** Each unfilled unit (quantity of items on the orders) will be assessed a chargeback of 12% of the cost of goods (see table in section 13 above). You will receive a report with your Purchase Orders’ information:
  - ✓ Purchase Order number
  - ✓ Confirmation Date
  - ✓ Estimated Delivery Date (ETA)
  - ✓ Receipt Date
  - ✓ Units ordered
  - ✓ Units received
  - ✓ Fee % per Purchase Order line
  - ✓ Fee amount per Purchase Order line

## Reporting

We will provide monthly reporting on the measurements outlined in the prior section (the “Monthly Reports”). The Monthly Reports will be published on the SPS or FOM Portal (Fulfillment Order Management/Model) so you can monitor your performance over time and know what to expect.

The reports will be published in the next link:

<http://community.spscommerce.com/sally-beauty-fulfillment>

## Chargebacks

The chargeback fee amount will be deducted from our payable balance to you. Chargebacks will be deducted monthly, with a 30 day lag. (Example: fees/chargebacks incurred in the month of March will be due at the end of April and will be deducted from our payables due to you.)

## Chargeback Disputes

Any dispute about a chargeback must be submitted to SBH within 10 days of your receipt of the Monthly Report we will send via EDI. Any dispute must be documented on the form enclosed with the Monthly Report and sent to SBHVC@sallybeauty.com. You will be expected to provide proof that the order arrived at our warehouse on-time and/or complete and/or in line with the other requirements set forth in this Guide. The following does NOT constitute evidence that we will accept:

- A signed, stamped BOL does not provide evidence that specific items, or specific quantities of any items were received on time.
- A statement that there was an agreement with a Director of the Warehouse Facility or the Merchandise Planning Inventory Planner (as applicable) to deviate from the requirements in this Guide. As explained above, any such agreement with the Director of the Warehouse Facility or the Merchandise Planning Inventory Planner, as applicable, must be documented in writing via email.

I hereby acknowledge receipt of a copy of the Sally Beauty Holdings, Inc. Vendor Guide for Merchandise Vendors (April 8, 2019 edition) and understand, acknowledge, and agree that I am responsible for reading it and familiarizing myself with its contents and following the requirements set forth therein.

\_\_\_\_\_ ***(Name of Vendor if entity)***

\_\_\_\_\_ ***(Signature)***

\_\_\_\_\_ ***(Name of Signatory)***

\_\_\_\_\_ ***(Title, if applicable)***

## Appendix

**Appendix A:** Sally Beauty Supply (SBS) New Vendor Set Up Form

**Appendix B:** Beauty System Group (BSG) New Vendor Set-Up Form

**Appendix C:** Sally Beauty Holdings (SBH) New Item Set-Up Forms and Attributes (note there are 10 tabs to be completely filled out before submission.)

**Appendix D:** Routing Guide

**Appendix E:** Shipping and Receiving Non-Compliance Fee Form