



PRODUCT AND VENDOR COMPLIANCE POLICY

Innovation Line, Inc. (“Company”) strives to provide great value to our distributor customers by supplying products that are of high quality and are proven to be safe and compliant. To achieve this goal, we rely on all our valuable vendors and factory partners to ensure the products sold to Company are made with the highest standards of quality, product safety and compliance, and are made in facilities that provide workers with fair wages, safe working conditions, and various basic freedoms that we have described in our Vendor Code of Conduct (see APPENDIX 1, which is made a part hereof by this reference).

All products, packaging, and all components and raw materials used in the manufacturing of Company’s products, must comply with all applicable product safety laws, regulations, and industry standards, and with applicable laws and regulations relating to workers’ health and safety, wages and hours, humane working conditions and personal freedoms.

Company expects all its vendors to comply with the applicable laws and regulations of the United States, Canada and those of the respective country of manufacture and exportation, as well as the countries of destination. Although Company sells most of its products for use in the U.S. and Canada, Company shall advise its vendors of any country-specific needs for product safety and compliance, and whether products shall need to be tested for such countries. The obligation to comply with all applicable laws and regulations remains the Vendor’s, and Company has no obligation to provide you with the regulations, rules, standards or laws, or any regulatory updates thereto. Vendors should always consult with their third-party test labs for all compliance and testing requirements for their products and the countries of distribution.

To ensure that compliance is verified through testing for its products, Company will request current, complete and valid reports and/or certifications for any such testing or any component thereof at any time and for any reason at the expense of Vendor. In addition, Company and its clients may require that the factory chosen by Vendor to manufacture or supply the product be audited by a third-party auditor to ensure that the facility meets Company’s and its client’s social responsibility expectations.

A. GENERAL REQUIREMENTS

(1) Product Testing: It is Company’s policy that all products manufactured for Company shall be tested and certified, at Vendor’s or Company’s cost (as may be agreed by Vendor and Company), for compliance with applicable Company product safety and compliance requirements and all applicable product safety rules, regulations, laws,

and industry standards for the U.S. and Canada, as well as other countries of destination, as may be requested by Company. Testing must be performed by only third-party test labs that have been accepted by the U.S. Consumer Product Safety Commission (CPSC). For a full list of CPSC-accepted test labs, please see: <http://www.cpsc.gov/cgi-bin/labsearch/>.

- (2) **Test Labs:** Vendors may designate an independent third-party test lab (“Test Lab”) of their choice and, generally, their Test Lab may be used for the compliance testing of Company’s orders. However, Company reserves the right to require safety and compliance testing by a Company-approved Test Lab to supplement or replace Vendor’s testing which may not be adequate, correct or current. In some cases, Company and/or a customer may require testing of products for countries other than the U.S. and Canada; in such cases, the Vendor will be notified of the additional countries for which the products shall be tested.
- (3) **Testing Standards:** As a general practice, it is the Vendor's responsibility to ensure that all products are manufactured to comply with all applicable governmental product safety regulations and Company product compliance requirements. Company may conduct independent third-party testing of any products sold to it by a Vendor to verify Vendor’s safety and compliance testing, quality, product performance claims, and warranties. If a product fails Company’s own safety, compliance or performance tests, all costs of retesting will be borne by the Vendor. A total of two (2) compliance test failures on any order, or any series of orders, may, at Company’s sole discretion, result in a cancellation of orders and a termination of the Vendor.

Company has established a set of basic testing requirements that apply to a wide variety of consumer products that it sources for its business. The General Testing Chart is attached hereto as APPENDIX 2 as a general guide for our Vendors. This chart is not exhaustive and is provided to Company’s Vendors solely as a courtesy to illustrate many, but not all, of the general testing requirements under various U.S. federal and state and Canadian regulations. Specific testing requirements for many types of products and other countries are not listed on this chart, and rules and regulations frequently change, so please consult with your own compliance department, legal advisor and Test Lab for the most current product safety rules and regulations applicable to the products being supplied to Company. Where a Vendor’s product safety/compliance requirements may differ from any of Company’s product safety requirements, the more stringent requirements will apply.

- (4) **Test Reports:** All test reports provided by Vendor must be current, and shall not be submitted to Company for any order more than 10 months from the date of issuance by the Test Lab; any test report beyond 10 months may be rejected by Company. Company uses a 10-month expiration date to take into consideration of production and transit time for the order. Company reserves the right to request additional testing if Company reasonably believes that the testing provided by Vendor is insufficient or incorrect for the product or its intended country of destination. In

certain cases, such as when Company encounters quality or safety issues with a Vendor's product, the cost of additional testing may be charged to the Vendor.

- (5) **Letter of Guaranty:** To verify the necessary connection between the testing conducted by the Test Lab and the product ordered by Company from a Vendor, Company may request Vendor to provide a written acknowledgement, or letter of guaranty ("Testing Letter of Guaranty"), stating, among other things, that the test samples submitted by Vendor to the Test Lab indicated in the test report(s) are identical or substantially similar to the finished products being supplied by Vendor to Company and there are no material differences between the finished product and the submitted test samples that were tested. A template of the Testing Letter of Guaranty for Vendor to use is attached hereto and is made a part of hereof as APPENDIX 3.

B. ROLES AND RESPONSIBILITIES

- **Vendor** - Responsible for selecting the appropriate factory and ensuring that factory quality control processes are sufficient, and that factory is aware of full product specifications and Company's and its clients' requirements for quality, product safety and vendor/factory compliance. Oftentimes, Company's Vendor and Factory (defined below) are the same party, so these terms may, at times, be used synonymously.
- **Factory** - Manufactures product in accordance with product specifications, all applicable product safety laws, rules and regulations, and all Company and Client requirements. Must keep Vendor (and Company) informed of production and shipping schedules, and must ensure that Test Lab receives samples in a timely manner to allow for testing prior to shipments.
- **Test Lab** - Provides design evaluation input as requested. Responsible for establishing test protocol for each product submission, in accordance with Company's requirements, as applicable, and responsible for testing in accordance with these requirements.

C. TESTING APPROVAL PROCESS

In all cases where test reports are provided by either Vendor or by Company's Test Lab, Company shall review all test results provided by the Test Lab to ensure that the products are in full compliance with Company's test requirements. If the tested product conforms with previously-established test requirements, Company will notify Vendor of such determination. If the tested product is not in compliance with previously-established test requirements, product shall NOT be allowed to ship pending further determinations and corrective actions are taken. Non-conforming products must be segregated and quarantined in a secured area, and a Corrective Action Plan ("CAP") shall be established by Company. Based on the CAP, product disposition shall be determined and may require a combination of sorting, reworking, retesting and/or scrapping before product can be released for shipment.

D. REGULATORY REQUIREMENTS – UNITED STATES

(1) U.S. Consumer Product Safety Improvement Act of 2008 (CPSIA)

All products supplied to Company shall comply with all applicable rules and regulations under the CPSIA, including, but not limited to, applicable sections of the Federal Hazardous Substances Act (FHSA), the Consumer Product Safety Act (CPSA), the Flammable Fabrics Act (FFA), the Labeling of Hazardous Art Materials Act (LHAMA), and the Poison Prevention Packaging Act (PPPA). For more details on these regulations and a thorough overview of the CPSIA, please go to this link: <http://www.cpsc.gov/en/Regulations-Laws--Standards/Statutes/>.

General Certificate of Conformity. The CPSIA requires domestic manufacturers or importers of non-children's (i.e. adult) products to issue a General Certificate of Conformity (GCC) based on testing of each product or the implementation of a reasonable testing program. Company requires our private label vendors to provide all applicable GCC's, attesting that adult products are in accordance with the Consumer Product Safety Commission's standards, rules, bans and regulations. For more information about the CPSC's requirements for GCC's, please go the CPSC website at: <http://www.cpsc.gov/Business--Manufacturing/Testing-Certification/General-Certificate-of-Conformity/>.

Children's Product Certificate. If the product is a Children's Product, as defined under the CPSIA, Vendor shall provide a Children's Product Certificate (CPC) of conformity within a reasonable time. For more information about the CPSC's requirement for CPC's, please go to the CPSC website at: <https://www.cpsc.gov/Testing-Certification/Childrens-Product-Certificate-CPC>.

Vendors should send all GCC's and CPC's, as applicable, with the shipping document, and email an electronic version to Company.

(2) Food and Drug Administration (FDA)

The FDA is responsible for protecting and promoting public health through the regulation and supervision of numerous categories of products, many of which Company does not manufacture or distribute. However, we require that all applicable rules and regulations for food safety, food-contact products (e.g., drinkware and food ware), cosmetics, and personal care products, must be strictly adhered to when such products are produced for Company. For more information about the FDA's areas of regulatory enforcement, please go to: <http://www.fda.gov/RegulatoryInformation/Legislation/default.htm>.

(3) Other Federal Regulations

In addition to the CPSIA and FDA regulations, there are other U.S. Federal regulations with which Company requires conformity for its products, including, but not limited to, rules and regulations enforced by other governmental agencies such as the Federal Trade Commission (FTC), the Federal Communications Commission (FCC), and U.S. Customs and Border Protection (CBP). All Vendors are responsible for following all applicable rules, regulations and laws of these, as well as other applicable U.S. federal agencies.

E. CALIFORNIA'S PROPOSITION 65 AND OTHER STATE REGULATIONS

(1) California Proposition 65

The Office of Environmental Health Hazard Assessment ("OEHHA") of California is the lead state agency for the assessment of health risks posed by environmental contaminants. OEHHA's mission is to protect human health and the environment through scientific evaluation of risks posed by hazardous substances. OEHHA implements the Safe Drinking Water and Toxic Enforcement Act of 1986, commonly known as Proposition 65, and compiles the state's list of substances that cause cancer or reproductive harm. Company is committed to providing products to our consumers that are safe for their health and to our environment, and, because our products are distributed in California, as well as in every other state, it is vital that our products are made to comply with all applicable state regulations. Therefore, all products should be reviewed for Cal Prop 65 compliance and should be tested for potential exposures of chemicals listed by the state as causing cancer, birth defects or other reproductive harm. All products should be reviewed under the latest Cal Prop 65 consent decrees and court judgments handed down in the most recent legal actions filed against violators, especially for violations for exposing California consumers to lead, cadmium and phthalates, as well as other listed chemicals that may be considered as high-risk based on the materials and components used in making the product. All plastic materials should also be tested for phthalates and BPA. Please consult with a Test Lab for the latest compliance requirements for the product and the materials used. Some materials must meet both CPSIA and Cal Prop 65 requirements (and unlike CPSIA, there are no age limitations under Prop 65), so please consult with a Test Lab for applicable requirements and test standards. ***Company requires that its products comply with Cal Prop 65 without the need for a warning label. However, there may be rare exceptions when a product, as formulated, requires a warning label, and in such event, Vendor may not apply a Cal Prop 65 warning label on its products without the express, written permission of its Compliance or Legal Departments.*** ***NOTE: All products made after 8/30/2018 that must have a Prop 65 warning label must comply with the new warning labeling formats that are in effect after such date.*** For more information about Prop 65 and the List of Chemicals, go to: <http://oehha.ca.gov/proposition-65>.

(2) Other State Regulations

In addition to Cal Prop 65, there are numerous other laws and regulations that were enacted in other states to protect consumers' health and the environment. Many states have bans or restrictions, often called "Green Chemistry" or "Substances of Very High Concern" laws, on the use of certain chemicals used in consumer products that can harm human health and/or the environment. Many states, including California, have bans on hundreds of substances, including phthalates, BPA, formaldehyde, and certain flame retardant chemicals, that can harm human health. It is the Vendor's responsibility to review and test their products and the raw materials used in them, to ensure that the products do not violate applicable product safety and environmental laws of all states.

F. GENERAL TESTING CONSIDERATIONS

Company follows industry "best practices" when considering quality, safety and compliance testing of its products. The following information is provided to our Vendors as a general guide when considering the testing of products for Company. Not all tests will apply to the product being considered, and there may be other tests that are not listed here that should be performed to validate the product's quality, safety and compliance, so the Vendor should always consult with its Test Lab to confirm the adequacy and applicability of the various testing that may be needed for the product.

(1) Chemical Tests

All products must have decorations, surface coatings and substrate materials tested for various banned or controlled substances and chemicals. Please see [APPENDIX 2, General Testing Chart](#) for more information concerning chemicals and substances that should be tested. Some key considerations are described as follows:

- Decorating Inks and Surface Coatings: Inks and surface coatings (i.e., paints and coatings) should be tested for total lead and cadmium per CPSIA and Cal Prop 65, as well as for soluble heavy metals (as may be applicable for toys and Children's Products).
- Substrate Materials: All substrate materials, unless otherwise exempted by law, should be tested for general and specific chemical toxicity, such as lead, cadmium, and other chemicals, depending on the type of raw materials used in the making of the item and per applicable federal and state safety regulations governing those materials, products and intended ages of the consumer end-user (such as children under 12 years) for the product.
- Phthalates: All plastic and rubber materials, unless otherwise exempted by law, should be tested for phthalates under CPSIA and Cal Prop 65, as well as the CCPSA, regardless of intended age for the product.
- BPA Testing: Although BPA is a big concern for food contact articles such as drinkware and food containers using plastic materials, BPA is now listed under Prop 65 as a

chemical known to the State of California to cause cancer, birth defects or other reproductive harm. So, it is strongly advised that all plastic materials used in products intended for distribution in California should be tested for BPA as well as other Prop 65-listed chemicals that may be contained in the product.

(2) Restricted Substances

The following list contains a few of the most common chemicals and other substances whose presence in a product is restricted through a government regulation or law. It is the Vendor’s responsibility to carefully monitor its factories and material suppliers to ensure that the products supplied to Company do not contain any chemicals that are restricted or banned by any applicable regulation or law.

COMMON RESTRICTED SUBSTANCES	DESCRIPTION AND WHERE SUBSTANCES MAY BE FOUND
Arsenic (As)	Arsenic is a half-metal element and is one of the “heavy metals” that is highly restricted under U.S., state and foreign regulations. Arsenic can be found in paints, inks, plastics and metal components.
Antimony (Sb)	Antimony is a half-metal element and is one of the “heavy metals” that is highly restricted under U.S., state and foreign regulations. Antimony is found in or used as alloys and in pigments for inks and paints.
Bisphenol-A (BPA)	BPA is a building-block of polycarbonate material; Company does not permit any products or components made of polycarbonate material without Company’s prior written approval. BPA is sometimes used in the production of some epoxy resins used to coat the inside walls of aluminum drink and food contact items. All suppliers of aluminum drinkware products must ensure that all epoxy resins used are tested to be BPA-Free.
Cadmium (Cd)	Cadmium is a naturally occurring heavy metal that does not rust; therefore, it is often used as an alloy for plating of other metals and is commonly added to paints in conjunction with lead. Cadmium is toxic and harmful, and is one of two metals (lead is the other) that is tested most frequently in consumer products under CPSIA, Cal Prop 65, and most state regulations.
Dimethylformamide (DMF)	DMF is a solvent used in plastics, rubber and polyurethane (PU) coating. It has a strong smell in the finished product. Water-based PU does not contain DMF and is preferable.
Formaldehyde	Formaldehyde is a volatile compound that is often used in polymeric resins (e.g., phenol-formaldehyde and urea-formaldehyde). Melamine plastics often contain formaldehyde, so any melamine used in Company’s products must be tested.
Lead (Pb)	Lead is a naturally occurring metal element that is used in paints, inks, pigments, plastics (as a heat stabilizer), ceramics, and metal components.
Mercury (Hg)	Mercury is a naturally occurring metal element that is used in paints, inks and other coatings.
Other Metals	Other metals like selenium (Se) and Barium (Ba) are also harmful and are used in paints, inks, plastics and metals.

Organotin Compounds	Organotins are a class of chemicals typically found as catalysts in plastic and glue production, and as heat stabilizers in plastics and rubber. They can also be found in inks, paints, and heat transfer materials.
Phthalates	<p>Phthalates are a class of organic compounds that are added to plastics to increase flexibility and pliability. They are also used in plastics to lower melting temperature. Phthalates can be found in flexible plastics (e.g., PVC), adhesives, inks, paints and coatings. The restricted/banned phthalates under CPSIA, CCPSA, and Cal Prop 65 are limited to a maximum of 1000ppm each.</p> <p>Phthalates are restricted in Company's products as follows:</p> <p>CPSIA (8Ps): DBP, BBP, DEHP, DINP, DIBP, DPENP, DHEXP/DnHP, DCHP;</p> <p>CCPSA (6Ps): DBP, BBP, DEHP, DNOP, DIDP, DINP</p> <p>Prop 65 (6Ps): DBP, BBP, DEHP, DIDP, DINP, DHEXP/DnHP</p>
Polyvinyl Chloride (PVC)	PVC is a plastic that is used extensively in the consumer products industry. It is not banned by Company, but should be thoroughly tested for lead, cadmium and phthalates (all 7, especially for DEHP).
Polycyclic Aromatic Hydrocarbons (PAHs)	PAHs are natural components of crude oil and are a common residue from oil refining. PAHs have a characteristic smell similar to the smell of car tires and asphalt. PAHs are commonly added in rubber and plastics as a softener or extender, and can also be found in printing pastes of screen prints.

(3) Physical and Mechanical Tests

All products must be reviewed and tested by a Test Lab for physical and mechanical hazards that may injure or even kill consumers. Use and Abuse Testing may result in or expose hazards that are not apparent in an item but may result in injury or a recall after a consumer uses it. Please see the attached [APPENDIX 2, General Testing Chart](#) for more information concerning various physical and mechanical hazards that should be reviewed and tested. Some key considerations or hazards are described as follows:

- **Small Parts, Sharp Edges and Sharp Points:** All products should be delivered to the consumer free of any sharp edges or points that can cause cuts or punctures to the end user. Sharp edges and points can also result after use and abuse testing, and can cause an item to fail testing. Small parts can break off an item that can also result in sharp edges and sharp points (e.g., pieces of broken plastic or glass). Small parts, as-received with the product, may pose as choking hazards to small children, so caution must always be used to ensure that products are properly age-graded and tested for safety.
- **Flammability Tests:** There are federal requirements to ensure that certain materials (especially textile materials and some softer plastics) do not ignite can cause fires, property damage and injuries to consumers. So, all apparel and softline items must be reviewed for flammability, as well as some softer non-textile items. The Federal Flammable Fabrics Act (FFA) provides certain exemptions for various types of fibers and textiles, so refer to the FFA to determine those exemptions.

- **Electrical and Electronic Items:** Some electrical and electronic items have specific tests to ensure compliance with federal FCC Part 15 regulations that govern radio frequency interference signals that may be emitted by the item. Products such as lithium-ion battery powered speakers, power banks, lighting products and similar items must undergo UL and similar tests applicable to lithium-ion battery use and transportation safety. Lastly, items for use with single-use batteries (such as Duracell alkaline batteries) to be inserted by consumers should have battery compartments fully labeled for battery type and polarity.

(4) **Labeling and Warnings**

Every item must be carefully reviewed for proper labeling on the product and packaging. Vendor's performance representations and warranties must be given care during review by Vendor and Company. Vendor must always seek artwork approvals from Company before creating and producing labels and packaging for products. Please refer to Company's Packaging and Labeling Guidelines for more information and requirements. The following are some examples of some of the more common, and required, labels and warnings that must be considered for all Company products:

- **Producer's Markings:** All items must have Producer's Markings (i.e., the name, city, state and zip code) of the domestic manufacturer, importer, distributor or retailer permanently affixed to the product and packaging, in addition to the Country of Origin for the product. All polybags larger than 5" at the top, should have the proper Suffocation Warning printed on each bag in contrasting and conspicuous ink, in the proper languages, size, font and location for the size of such bag. Please refer to Company's Plastic Bag Suffocation Warnings Policy for more information.
- **Company's Legal Lines:** Vendor may also be asked to include Company's legal lines on the label or packaging (e.g., "TM 2018, Innovation Line, Los Angeles, CA 90066). Always obtain artwork approvals from Company before the commencement of final production.
- **Cal Prop 65 Warnings:** If Company expressly authorizes the use of such a warning label for any order, products that contain chemicals listed under Cal Prop 65 in excess of allowable limits under the State's Safe Harbor exceptions must have an appropriate Prop 65 Warning Label on it. See, Appendix 4, California Proposition 65 Warning Labels Summary for more information and approved templates for labels.
- **Apparel and Textile Labels:** Apparel and textile items must have proper care, textile fiber identification and content (by %) labels on the item. RN Numbers should always be printed on the product's sewn-in-label.
- **Toys and Children's Products:** Products that can be considered as toys and Children's Products must have Age Grading Labels and Small Parts warnings, as applicable. Marbles, small balls, and latex balloons must have specific warning labels for those items. In addition, all Children's Products (including toys) must have the CPSIA Children's Product Tracking Label permanently affixed on the product, as well as on any packaging materials.

- **Plush Labeling:** Stuffed articles, such as plush toys, pillows and similar “stuffed” products must contain legally-required sewn-in-labels to identify that the materials used in making the item are new, and such materials are clearly identified to the consumer. Furthermore, three (3) states, Pennsylvania, Ohio and Massachusetts, require that the manufacturer (and the product) be registered with their state and the product must be labeled with that state’s stuffed articles registration number. Ohio and Massachusetts will allow the label to contain only the Pennsylvania registration number, but the manufacturer must still register with those two states. The appropriate Canada new materials labeling must be in English and French.

G. INTERNATIONAL PRODUCT COMPLIANCE

Company has some customers that ship its products all over the world, so Company and its Vendors must always be mindful of product safety and importation regulations of those countries. Always consult with Company to determine Company’s international compliance and testing expectations during the quoting and sourcing phase. Product safety regulations are different for every country, so please consult with a Test Lab for applicable requirements for making and testing products destined for other countries.

- (1) **Canadian Requirements:** All applicable products should be tested for compliance with applicable sections of the Canada Consumer Product Safety Act (CCPSA) and other laws, regulations, and standards applicable to the products distributed in Canada.
- (2) **European Directives:** Countries in Europe have numerous product safety and environmental regulations (often called “directives”) that all Vendors must be aware of when making products for Company’s distribution in those countries. Most of the regulations fall into the European Union (EU), which has tried to unify and harmonize many of Europe’s laws and regulations to allow for greater trade with and among its member countries. The following is a list of a few of the more common EU safety directive and regulations that Company’s Vendors must consider when supplying products that are intended to be distributed in Europe:
 - **CE Markings:** Many types of items distributed in Europe must comply with the CE Markings certification and labeling requirements. For example, toys, personal protective equipment, and electrical and electronic equipment may be items that Company may source from its Vendors and must be reviewed and certified for CE conformity and labeling.
 - **The General Product Safety Directive (GPSD)2001/95/EC:** This is the EU’s basic product safety regulation, and all consumer products fall under this directive.
 - **ROHS 2:** The Restriction of Hazardous Chemical Directive is aimed at eliminating certain hazardous substances from new electrical and electronic equipment (EEE). Producers of EEE within the scope of the Directive are responsible for ensuring that their products meet the requirements of the Directive.

- **REACH:** REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals, and it was adopted in the EU in 2007 to improve the protection of human health and the environment from the risks that can be posed by harmful and toxic chemicals that can be present in products imported and/or sold in Europe. All products must be evaluated for REACH chemical compliance.

H. **ACCEPTANCE OF PRODUCTS BY COMPANY**

(1) Inspection: Notwithstanding any prior payment in whole or in part, all products are subject to final inspection and acceptance at Company's warehouse or other designated location, and Company may reject all units which do not (i) conform to the specifications set forth in this Agreement, and (ii) pass all auditing, inspection, or testing standards and compliance requirements of Company's applicable quality assurance and compliance program. At Company's sole discretion, but without limiting any of Company's other remedies at law or in equity, Vendor shall either promptly replace the rejected units at Vendor's own expense or Company may deduct the purchase price of such rejected units from the total purchase price payable to Vendor. The performance of audits, inspections and testing, or the provision of testing requirements, by Company or third-parties shall not, in any way, relieve Vendor from its obligations and guarantees under any agreement between the parties.

(2) Guarantee. Vendor warrants the Products delivered on any Purchase Order with Company shall be of the best quality and free from defect of material or workmanship, and in strict accordance with any applicable plans, specifications, samples, models or patterns and with all terms and conditions hereof and agrees that this warranty shall survive acceptance, inspection, delivery and payment. In addition to any other remedies, Company reserves the right to require Vendor to replace any Products or components thereof found to be defective, free of cost to Company. Any payments made on account for rejected merchandise shall be promptly refunded by Vendor. Company is under no obligation to accept or pay for damaged or unsafe Products and/or defective or unworkmanlike services. Without waiver of any of Company's rights or remedies against Vendor, Company may return for full credit all or any part of the goods delivered hereunder if such goods are defective or deemed unsafe or fail to comply with applicable safety regulations and laws in any way or otherwise do not conform to the Purchase Order or to the approved artwork.

APPENDIX 1

INNOVATION LINE

Vendor Code of Conduct

Innovation Specialties, Inc. dba Innovation Line (“Company”) is committed to conducting our business ethically and in full compliance with the laws of the United States and all individual states, as well as all other countries in which we do business. We seek to conduct business with partners who share our core values.

For this Code of Conduct, the definition of “Vendor” includes any person or entity that furnishes any product or service to Company. The definition of “Vendor” also includes any subcontractor, manufacturer, or source of materials, components or goods used by said Vendor which may have any impact on any good or service that is or will be provided by us to our customers. We require all Vendors to develop and implement internal business procedures to ensure compliance with all the principles and standards stated in this Vendor Code of Conduct. In addition, all Vendors are required to comply with all applicable local and national laws. We routinely monitor and assess compliance through product testing, quality control inspections, and factory audits.

As a supplier in the promotional products industry, we purchase goods and services from a wide variety of vendors in the U.S. and abroad. Company has developed the following list of **principles and standards for our Vendors**:

- **No Abuse of Labor**: We will not use any form of forced labor, including indentured, prison, bonded or slave labor, nor use physical or verbal harassment or abuse to discipline employees.
- **No Child Labor**: We will not use child labor and will comply with all minimum age provisions of applicable laws and regulations.
- **Freedom of Association**: We will respect the rights of employees to associate or organize, or join a union without fear of reprisal or interference. If employees are represented by a union recognized under law, the right to bargain collectively must be respected.
- **No Discrimination**: We will not discriminate in hiring and employment practices base on race, creed, color, sex, religion, national origin, age, disability status or any other category as recognized by Federal, State, or local law.
- **Hours and Wages**: We will comply with all applicable wage, work hours, benefits, and overtime laws and regulations.
- **Workplace Conditions**: We will provide a safe, healthy and secure workplace, and abide by all applicable laws and regulations for safety and health. Proper sanitation, lighting, ventilation and fire safety protection will be provided.
- **Environment**: We will abide by all applicable environmental laws and regulations, as well as manage our environmental footprint to minimize the adverse impact on the environment. We will manage our energy, water, and waste systems for maximum efficiency and minimal adverse impact on the environment.

- **Absence of Applicable Laws and Regulations:** In the absence of laws or regulations in any location relating to product safety, labor, employment, working conditions, or environment, Vendor will comply with the spirit and intent of these policies.
- **Product Safety:** All Vendors shall comply with all applicable U.S. and Canadian federal, state/provincial and international laws and regulations regarding the safety of the products supplied, and such products shall meet applicable recognized voluntary industry standards for all products and processes. In this regard, as a Vendor to Company you affirm that:
 - You have available applicable and current test reports on all products purchased from you by Company. Depending on legal requirements, these reports are issued from CPSC-approved in-house or third party laboratory sources.
 - Where applicable, you shall follow the compliance requirements and standards required by the U.S. Consumer Product Safety Commission (“CPSC”), U.S. FDA, Health Canada, and other applicable federal and state/provincial governmental agencies.
 - All toys and Children’s Products shall be in strict conformity with the applicable requirements under the U.S. Consumer Product Safety Improvement Act of 2008 (“CPSIA”) regulations. Vendor’s compliance efforts include, but shall not be limited to, ensuring, performing or otherwise providing proper age grading, third-party testing (if such testing is requested by Company), cautionary labeling and tracking labels, but shall also extend to all aspects of the CPSIA as it is implemented and amended. If products require a General Conformity Certificate or a Children’s Product Certificate, copies shall be provided to Company, upon its reasonable request.

The above expectations will allow Innovation Line the ability to better ensure that the products and services that we provide to our customers are sourced in a compliant and socially responsible manner. Thank you for your partnership and efforts in helping us to achieve our sourcing goals.

Please sign, date and return a copy of your acknowledgment of this Code of Conduct to Company within 7 days after your receipt hereof.

VENDOR: _____

X _____
Signature of Authorized Officer or Representative

Name: _____

Title: _____

Date: _____

APPENDIX 2

General Testing Chart

PRODUCT CATEGORIES:	General Use Products	Children's Products	Toys	Drinkware, Utensils, and Food Containers	Apparel & Other Textile Products	Art Materials	Electronics & Electrical Products	Frequent Targets Under Cal Prop 65
CHEMICAL TESTS								
Lead	•	•	•	•	•		•	•
Cadmium	•	•	•	•	•		•	•
Soluble Heavy Metals			•					•
Phthalates			•	•				•
BPA				•				•
Mercury Content in Batteries							•	•
Model Toxics in Packaging (TPCH)	•	•	•	•	•	•	•	•
FDA Food Contact Tests				•				
PHYSICAL AND MECHANICAL TESTS								
Sharp Edges	•	•	•	•	•	•		
Sharp Points	•	•	•	•	•	•		
Torque & Tension		•	•					
Compression		•	•					
Impact		•	•					
Small Parts			•	•				
Flammability of Solids	•	•	•	•	•	•	•	
Flammable Fabrics	•	•	•		•			
Children's Drawstrings		•			•			
FCC Part 15 Regulation							•	
Lithium Ion Battery							•	
Drawstrings		•			•			
LABELING AND WARNINGS								
Age Grade Label		•	•					
Small Parts Warning		•	•					
Children's Product Tracking Label		•	•					
Cal Prop 65 Warning	•	•	•	•	•	•	•	•
Care Labeling				•	•		•	
Textile Fiber Identification Label					•			
Textile Fiber Content Label					•			
Country of Origin Label	•	•	•	•	•	•	•	
Producer's Markings Label	•	•	•	•	•	•	•	
Art Materials Label and LHAMA Certificate						•		
Plastic Bag Suffocation Warning	•	•	•	•	•	•	•	
Battery Disposal							•	•
Battery Type and Polarity Markings							•	

[Please consult with Test Lab for Specific Tests Required by Applicable Regulations for Each Item]

APPENDIX 3



Vendor's Letter of Guaranty

DATED: _____
VENDOR: _____
P.O. #: _____
PRODUCT NAME/ITEM #: _____

Vendor: Please Complete:

PRODUCT DESCRIPTION	TEST DATE	3 RD PARTY TEST LAB NAME	TEST REPORT NO.
DECORATING INK (IF ANY)			

_____ (“Vendor”) hereby certifies and guarantees to Innovation Line (“Company”) that the described Products produced and supplied by Vendor under the above-referenced P.O.:

- 1) **Conform to all applicable product safety regulations, standards and bans** pertaining to consumer products of the United States (and Canada or other countries of destination, if applicable) as may be designated for such Products in the Test Lab Reports provided with this Letter of Guaranty; and
- 2) Are the **same or are substantially similar as the product samples tested** as referenced above without any material changes of any kind in:
 - The factory used in manufacturing the Product;
 - The manufacturing processes used in manufacturing the Product;
 - The raw materials or the suppliers of the raw materials used in manufacturing the Product; or
 - The decorating inks (if any) used in the printing of the artwork or logos on the Product.

Vendor hereby certifies and guarantees that the above is true and correct for this Product and Order.

X _____
Signature

Print Name/Title

Date

APPENDIX 4



CALIFORNIA PROPOSITION 65 2018 WARNING LABELS SUMMARY

New Cal Prop 65 Warnings Effective Prior to 8/30/18

California's Office of Environmental Health Hazard Assessment ("OEHHA") adopted new regulations in 2017 that will become effective on August 30, 2018. The "Safe Harbor" warnings, as we have known them for many years, will now have different format and content requirements, based on the types of chemicals, the number of listed chemicals, and the method of exposure to the consumer.

The Old Label: Cal Prop 65 Warnings Prior to August 30, 2018

The *prior* safe harbor language for warnings on consumer products was based on the following format (with some variations depending on the chemical and the harm):

"WARNING: This product contains a chemical known to the State of California to cause cancer and birth defects or other reproductive harm."

Note: This old label will not be acceptable for any products made after August 30, 2018.

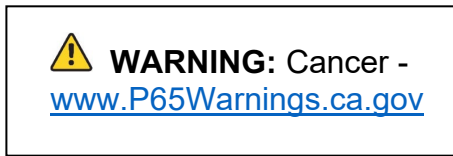
The New Label: Cal Prop 65 Warnings After August 30, 2018

The new requirements significantly change the safe harbor language. Enforcement of the new warnings begins on August 30, 2018 for all products made after such date. Please read the following very carefully.

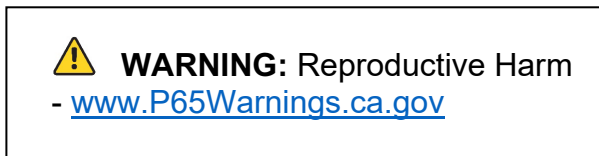
The new regulations now require that the warning include the word "**WARNING**" in all capital letters and bold print and further require that a symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold outline precede the warning. If the packaging or label does not otherwise contain the color yellow (or printing is not by 4C CMYK), then you do not need to print the triangle with yellow inside it.

1. **THE "SHORT FORM" LABEL: *On-product labels* for consumer products are now deemed to be "*clear and reasonable*" warnings if they state the following; in the short- form label, the chemical at issue need not be specifically identified but the health hazard must be described:**

- For consumer products that cause exposures to a listed carcinogen, the words:



- For consumer products that cause exposures to a listed reproductive toxicant, the words:



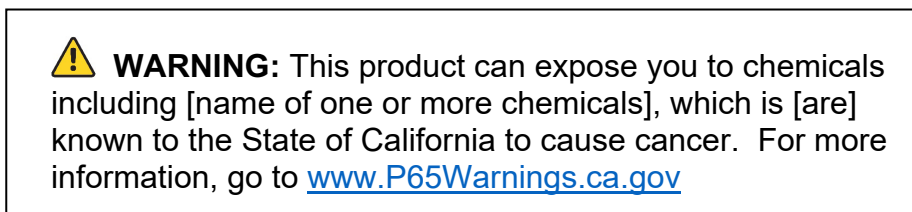
- For consumer products that cause exposures to both a listed carcinogen and a reproductive toxicant, the words:




2. **THE “LONG FORM” LABEL:** The new safe harbor language, below in long-form, may also be used on an on-product label if desired or if the short-form is not appropriate.

The new warnings should follow these guidelines:


- For exposures to listed carcinogens, the label should state:



- For exposures to listed reproductive toxicants, the label should state:

 **WARNING:** This product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information, go to www.P65Warnings.ca.gov

- For exposures to both listed carcinogens and reproductive toxicants, the label should state:

 **WARNING:** This product can expose you to chemicals including [name of one or more chemicals], which is [are] known to the State of California to cause cancer and birth defects or other reproductive harm. For more information, go to www.P65Warnings.ca.gov

Font Size for Labels: the font size used in the warning “must be in a type size no smaller than the largest type size used for other consumer information on the product.” It must appear in a minimum of 6-point type, even if the font size of the consumer information is smaller than 6-point type.

Catalog and Online Sales: For catalogs and online sales of consumer products where there is no on-product warning, the new standards require that the Proposition 65-listed chemical or chemicals contained in the product must be specifically identified on the warning.

Environmental Exposures: In addition to changes to consumer product warnings, the new regulation also makes changes to area and environmental exposure warnings and prescribed requirements for some specific products and businesses.

Responsibility for Compliance: The new requirements also clarify the responsibilities of manufacturers and other parties in the chain of distribution for consumer products. Specifically, even though a retail seller may still be found responsible for providing adequate warnings, liability of a retailer arises only under limited circumstances now. Under the new standard, the obligation to warn is clearly placed on product manufacturers, producers, packagers, importers, suppliers, and distributors. These parties must now either provide warning labels on their products or provide retailers with notice and warning materials.