



2021 Hallmark Cards, Inc. Vendor Compliance Manual North America

Key Contact Lists

<u>Name</u>	<u>Email</u>
Hallmark Cards, Inc. Tax Team	taxdepartment@hallmark.com
Hallmark Cards Inc. Transportation Team	transportation@hallmark.com
Hallmark Cards Inc. Procurement Team	ProcurementTeam@hallmark.com
Hallmark Cards Inc. Product Integrity Team: for product quality, safety, testing and inspections.	product_integrity@hallmark.com
Hallmark Cards Inc. Code of Conduct Team	factorycompliance@hallmark.com
Hallmark Cards Inc. Vendor Compliance Team	VendorCompliance@hallmark.com
Hallmark Cards Inc. Accounts Payable	customercare.ap@hallmark.com

Updated: 4/16/2021

“Vendors are Responsible for Obtaining Latest Version”

New Vendor On-Boarding Checklist: Vendor to Complete (pg. 1 of 2)

Vendor Onboarding Checklist serves as a resource to effectively prepare new vendors for doing business with Hallmark. It provides access to key documentation, processes, and expectations, but by no means encompasses all Hallmark requirements. This Vendor Compliance Manual should be read and followed in totality, and the checklist used as a reminder tool.

Communication, General Procedures and Conduct:

- ☐ Review overview of Global Procurement terms and conditions: <http://corporate.hallmark.com/Vendors/Global-Procurement-Terms>
- ☐ Global Procurement is responsible for managing vendor relationships and providing guidance relating to the appropriateness of any activity. Correspondence and questions should always have the key buyer contact included. Questions directed towards the business partner, without procurement's involvement, are discouraged (unless agreed upon by buyer and vendor).
- ☐ Vendors are expected to work with Hallmark in an open and honest manner. Vendors are expected to serve as industry expert, make recommendations and share most efficient options, ask for help and further information when expectations are unclear, articulate what is needed and when, provide proactive communication and alert buyer when a change in condition occurs in vendor's company (e.g. ownership, financial condition, change in ability to meet lead time, etc.), conduct scheduled meetings with Hallmark contacts when necessary – visiting Hallmark contacts on premises to solicit further business is discouraged. Completion of this on-boarding checklist is not a guarantee of any level of business with Hallmark. Please complete the Supplier Profile below and submit to your Hallmark contact.



Supplier Profile
Potential.xlsx

Vendor Compliance: Code of Conduct, C-TPAT Security and Transportation:

- ☐ All Vendors: Review Hallmark's Supplier Code of Conduct <http://corporate.hallmark.com/Vendors>.
- ☐ All Vendors: Sign and return the Code of Conduct Agreement to factorycompliance@hallmark.com. In the return email, please include the name of the Hallmark buyer/contact you are working with, product of interest, and head office address (if different than manufacturing address supplied in the signed agreement).
- ☐ Suppliers not in USA: Sign the C-TPAT Agreement and return to factorycompliance@hallmark.com. In the return email, please include the name of the Hallmark buyer/contact you are working with, product of interest, and head office address (if different than manufacturing address supplied in the signed agreements).



Hallmark Code of
Conduct Agreement r



C-TPAT Agreement
with Appendix A and

- ☐ All Vendors: Submit 3rd party factory ethical/code audit to factorycompliance@hallmark.com. For additional information, see section [1.2 Hallmark Intervention / Audit Program](#).
- ☐ Vendors not in USA: Submit 3rd party Security/C-TPAT audit to factorycompliance@hallmark.com. See Section [4.6 Supply Chain Security](#) for more information.

New Vendor On-Boarding Checklist continued on next page.

New Vendor On-Boarding Checklist: Vendor to Complete (pg. 2 of 2)

Accounts Payable, Systems, Insurance, MWBE Certification:

- ☐ USA Vendor: Enroll in Taulia and upload your W-9 in the Taulia Portal (see [section 8.1](#)). You will get an email with instructions on how to enroll in Taulia.
- ☐ Vendor not in USA: Complete tax documentation (W-8) in the Hallmark Tax forms website. You will get an email from Comply.Administration on how to log-in (see [section 8.4](#)).
- ☐ Forward invoices to Accounts Payable at Hallmark@scanneddocs.com. The correct Purchase Order number must be included on each invoice. Please direct questions to Accounts Payable Customer Care line at 816-274-5126 or customercare.ap@hallmark.com
- ☐ Any changes to vendor address or contact information need to be sent to customercare.ap@hallmark.com & factorycompliance@hallmark.com
- ☐ Review Systems Overview. See attached.
- ☐ Are you enrolled as member in the Ariba Network? If so, provide your Ariba Network ID (ANID) to buyer.
- ☐ If vendor will conduct business on a Hallmark site, provide certificate of insurance to Angie Freund angie.freund@hallmark.com with cc: to buyer.
- ☐ If vendor is MWBE, provide copy of certification to supplier_diversity@hallmark.com and cc: buyer.

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1. Code of Conduct Requirements

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A Message to our Vendors

Hallmark's sourcing and procurement standards are consistent with our corporate beliefs and values. We ask that you carefully review these guidelines and become familiar with the principles that guide our conduct.

We view vendors, licensees, and their subcontractors as an integral element of our business success and strive to select vendors who adopt strong ethical standards, conduct their respective operations in a manner that respects the rights of the individuals they employ, and demonstrate careful stewardship of the environment.

As Hallmark expands its sourcing and marketing activities to meet our customers' needs, we recognize that the selection of source locations and vendors has an impact on Hallmark's reputation and brand image.

These guidelines allow Hallmark to appropriately select new vendors and locations for procurement, as well as identify and resolve potential problems as they arise. Hallmark's Supplier Code of Conduct (Code) contains three elements:

- Workplace Standards and Practices
- Intervention/Audit Program
- Source Location Guidelines

These guidelines are subject to revision in Hallmark's continuing effort to improve its sourcing and procurement practices.

1.1 Workplace Standards and Practices

Hallmark expects its vendors, licensees, and their subcontractors to operate their facilities and conduct employee relations in an ethical manner and to meet the requirements stipulated by law in their respective host countries in addition to Hallmark's requirements. This includes, but is not limited to, laws and regulations relating to labor, compensation, work hours, health and safety, and the environment. Other specific guidelines are as follows:

Employment is Freely Chosen

- All employment must be strictly voluntary. Employers will never use forced or prison labor, including bonded labor, human trafficking, or slave labor in the supply of materials, products or services.
- Employers will never hold employees identity documents (such as passports, identification cards, etc.), require employees to make deposits, or use recruitment firms that charge fees to the employee.

Child Labor

- Child labor is strictly prohibited. We prefer that no worker be under the age of 16. Under no circumstances will we accept employment of children under the age of 15.
- Employers are prohibited from hiring workers below the legal minimum working age as defined by local or regional regulation.

Young Workers

- Young workers are defined as all workers who meet the requirements of this code to be employed and who are under the age of 18.
- Young workers will not be permitted to work night hours. Night hours are defined as 10 pm to 7 am (or an alternative period of not less than seven consecutive hours as defined by the competent authority).
- Young persons should not engage in work that could compromise their health, safety, moral integrity, or development.

Freedom of Association

- Factories must respect the workers' right of free association and should not interfere with the legal exercise of the right of free association.
- Vendors shall allow forms of independent workers' representation.

Discrimination

- Employers must not discriminate in hiring and employment practices on grounds of age, race, color, national origin, sex, religion, pregnancy, physical or mental disability, genetics, sexual orientation, gender identity, veteran status, or any other legally-protected status.

Harassment and Abuse

- Corporal punishment and physical or mental coercion are prohibited
- Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Health & Safety

- Employers must provide a safe and healthy work environment including proper lighting, ventilation, and access to potable water.
- Employees should have access to adequate medical assistance and facilities.
- Vendors shall provide regular and recorded health and safety training to workers and management.
- Fire prevention equipment must be accessible (in factory and dormitory facilities), and employers are responsible for conducting fire prevention, evacuation training and simulations.
- Dormitory housing should provide clean and adequate space for employees with sanitary facilities and water supply.
- Restrooms should be clean and available for all employees.

Compensation

- Vendors will not pay less than the minimum wage (including trainees) in accordance with local labor laws or the prevailing market rate, whichever is higher. Workers will be fairly compensated to a similar standard for overtime work.
- Room and board, transportation, and other benefits will not be deducted from cash compensation in meeting or exceeding local salary standards. Other benefits must meet or exceed local laws and standards.

Work Hours

- All overtime, as defined by local regulations or practice, will be strictly voluntary and will be duly compensated.
- As a normal practice, the maximum number of working hours must not exceed 60 hours per week. Local government regulations will be followed if they require fewer than 60 hours per week.
- As a normal practice, workers should receive a minimum of one day off in seven days.

Environment

- All local laws and regulations must be met and operations conducted in a manner that conserves resources.
- All waste materials and production by-products should be disposed of properly and in an environmentally responsible manner.

Subcontracting

- Subcontracting production or labor without prior written consent is strictly prohibited. Vendors are responsible for ensuring that allowed subcontractors are in compliance with Hallmark's Code of Conduct and will provide proof of compliance upon request.
- Homeworking introduces significant risk into the supply chain. Hallmark requires extra diligence before homeworking can be allowed. The use of homeworking without prior consent is strictly prohibited. Verification of compliance is the responsibility of the vendor. Homeworking of licensed product is strictly prohibited. If homeworkers are to be used, all local laws, our Supplier Code of Conduct and Hallmark's Homeworking Policy must be followed. At a minimum:
 - » the age of workers must be verified and comply with the Hallmark standard
 - » hours and wages must be tracked
 - » homeworkers must be guaranteed proper compensation.

Violation of the foregoing may result in cancellation by Hallmark of any purchase orders or supply agreements without any liability to Hallmark or its subsidiaries.

Zero-tolerance Issues

- All vendors should be free of any zero-tolerance issue, including:
 - Child Labor
 - Forced Labor (see Employment Freely Chosen above)
 - Harassment and Abuse
 - Discrimination

- Freedom of Association
- Unauthorized Subcontracting and Homeworking
- Serious Health and Safety Conditions
- Improper Compensation
- Forced Contraception
- Access Denied
- Any zero-tolerance issue may result in PO cancel.

1.2 Hallmark Intervention/Audit Program

Purpose

The Intervention Program is structured to allow Hallmark and vendors multiple opportunities within a year to review program requirements, ensure compliance, work on improvements to exceed minimum standards, and openly discuss issues and concerns. We understand that complying with all aspects of our Code of Conduct can be challenging. We are interested in partnering with vendors who are focused on continuous improvement in an atmosphere of transparency.

Hallmark Requirements

- All vendors are required to submit their signature of compliance in Hallmark's Code of Conduct Agreement letter (as noted in checklist on page 2) to factorycompliance@hallmark.com.
- All vendors are required to submit an ethical audit prior to registration with Hallmark's system. The audit should meet all of the following requirements:
 - Conducted by recognized 3rd party audit firm.
 - Less than 9 months upon audit date.
 - Renewed on an annual basis.
 - Include all associated CAP and verification/follow-up audit reports.
- 3rd party audit firms recognized by Hallmark include: SGS, ITS, BVCPS, UL, etc.
- Audit programs recognized by Hallmark include: ICTI, SMETA, BSCI, etc.
- Vendors may contact factorycompliance@hallmark.com for other recognized audit firms/audit programs.
- Hallmark will evaluate if the submitted audits meet our minimum expectations. Meanwhile Hallmark reserves the right to audit/visit any vendor at any time.*

Audit results may be shared with Hallmark's licensors and retailers to fulfill our contractual obligations.

Licensed Product Requirements

PRIOR TO START OF PRODUCTION, vendors/subcontractors producing licensed product are required to meet Licenser Requirements that may include, but are not limited to:

- Factory Disclosure: Factory name and exact manufacturing location to be declared using Manufacturer's Agreements (MAs) or FAMAs. (FAMAs are Facility and Merchandise Authorization forms used by Disney for their Disney, Indiana Jones, Marvel and Star Wars contracts.) To initiate obtaining licenser approval through factory disclosure, complete the MA Request Form below and email to factorycompliance@hallmark.com. Please be sure to include the Hallmark buyer or contact you are working with when sending the request.
- Proof of Compliance: Vendor to submit recent qualified social compliance audit.
- Obtain Prior Authorization from Licenser for Facility Use.
- Understand that once registered with certain licensors, licenser may choose to come in and perform their own audit.

NOTE: Please allow 8 weeks lead time for new factories to conduct & share audits, & receive licenser approval.

(Hallmark licensors, requiring vendor disclosure and audits, are listed in the below MA request document. list changes often, please email factorycompliance@hallmark.com with any questions.)



MA request
Form.xlsx

This

*This audit process requires open and free access to vendors and their subcontractors at Hallmark's request. This includes a facility walkthrough, private employee interviews, documentation review, including labor agency records, and a safety appraisal. Audits will be conducted solely at the discretion of local Hallmark management. After the audit is conducted, any areas requiring improvement will be addressed directly with the vendor, resulting in an improvement program. Failure to implement improvement in a timely manner can result in order cancellation by Hallmark of any purchase orders or supply agreements without any liability to Hallmark or its subsidiaries

Retailer Program

- A retailer program is any product bearing the name or logo of Hallmark's retail customer or programs where Hallmark's retail customer will import the product into the United States of America.
- Vendors engaged in retailer programs are required to fulfill the retailers' requirements.
- Retailers may conduct ethical audits at registered vendors against their own standards.
- Vendors may contact factorycompliance@hallmark.com for more details.

1.3 Source Location Guidelines

It is incumbent upon Hallmark to assess not only the need to conduct sourcing operations in the host country in support of our customers, but also to evaluate any inherent risk to our staff or to Hallmark's reputation and image. Hallmark's Policy 124 for conducting International Business provides a framework for this work.

- Political, economic and social unrest should not place Hallmark employees and agents at excessive risk.
- The host country must not — in Hallmark's view — have endemic forced labor, human trafficking or any other human rights problem that would transcend our ability to control or positively influence the host country by our presence.
- All applicable trade agreements and local laws, including those applicable to importing into the U.S. and other countries, must be followed, as well as adherence to the Foreign Corrupt Practices Act. Vendors may not engage in paying bribes or payments (either directly or indirectly) to government officials in order to secure, retain, or facilitate business. Concurrently, Hallmark purchasing employees are not allowed to accept gifts/advantages from any vendor and must sign an adherence statement annually to this effect.

2. International Shipping

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2.1 Hallmark Freight Forwarder

- For shipments destined to North America, Expeditors International of Washington, Inc. is Hallmark's preferred freight forwarder. Please contact your local Expeditors branch for instructions on securing new bookings. Below is a link to Expeditors' online office directory. For issues identifying the correct Expeditors branch office please email hallmark@expeditors.com for additional assistance.
- [Expeditors Office Locator](#)
- Expeditors Order Management Asia Contact List



Hallmark Origin OM
Contact List (201603)

2.2 Mode of Shipment

2.2.1 Air Shipment

All air freight to be paid by Hallmark must be approved if over 2500 kilograms chargeable weight. Contact the [Hallmark Transportation team](#) for approval.

Air Freight

Collect air shipments over 75 kilograms chargeable weight, vendors must contact the local Expeditors International branch at origin

to arrange for the booking. Prepaid air shipments require approval from Hallmark International Transportation team. Hallmark reserves the right to limit the list of approved carriers.

International Parcel

Shipments below 75 kilograms chargeable weight to the United States and below 30 kilograms chargeable weight to Canada must be booked through FedEx. FedEx is Hallmark’s preferred parcel carrier for both prepaid and collect shipments. If FedEx is not an available carrier at the time of shipment, contact the [Hallmark Transportation team](#) for a list of approved carriers.

Please review the attached FedEx routing guide for Hallmark parcel shipments.



Broker Select:

When Hallmark is paying for items being shipped International Parcel, the air waybill must be marked “Broker Select”. The parcel carrier must contact Hallmark’s preferred import Customs Broker, Expeditors, for entry.

(Please follow the appropriate documentation instructions referenced in [Section 2.6](#) for all sample shipments.)

2.2.2 Sea Shipment

Less than Container Load (LCL/CFS) Cargo Delivery

The origin Expeditors branch will provide the vendor name and address of the correct LCL warehouse. The vendor must deliver all LCL shipments to the appropriate receiving warehouse. The vendor is also responsible for all export formalities.

Full Container Load (FCL/CY) Empty Container Pick-up and Delivery

Prior to pickup of empty container, the vendor must require the driver to perform a seven-point inspection of all containers confirming the containers physical integrity:

1. Front Wall	2. Left side	3. Right side	4. Floor
5. Ceiling / roof	6. Inside / Outside doors	7. Outside / undercarriag	

If the container does not pass seven-point inspection, the driver must request a different container. If there are any problems with the depot or terminal, contact the local [Expeditors branch office](#) for assistance.

For FOB (origin port) terms, the vendor is responsible for delivering the full container to the carrier’s terminal before the cargo cutoff as provided in the booking confirmation.

Container Loading

- Vendor must perform a seven-point container inspection prior to loading. Vendor must maintain a **container inspection and seal control form** for a minimum of 60 days from the date of export. See “Required Document Addendum” Section 16 – 14.1 (a) C-TPAT Agreement - Appendix B for soft copy of Hallmark’s Container Inspection and Seal Control form.



- The vendor must load the cargo by PO and SKU. Goods under the same Purchase Order must **NOT** be split into two containers unless the volume of the PO exceeds one container per destination, per shipment.
- The largest CBM of each PO/SKU must be loaded in the nose (head load) of container, followed by the smaller volume of PO/SKU.
- Cartons for each PO/SKU must be stowed together inside the container.
- The corner label must face out to the door of the container.

- Heavy cargo must be loaded into the container evenly. Do not exceed the limitation of container weight.
- Full container loads destined for one particular Hallmark location cannot contain orders for any other destination. For instance, a container destined for Liberty (plant 1008) cannot contain orders for Independence (plant 1065). Containers loaded with orders for multiple Hallmark locations must be routed to Laufer or other nominated cargo freight station for deconsolidation.
- Plants 1008 and 1061 are both physically located at the Liberty DC. Orders destined for these two plants can be stuffed together in the same container and can be routed directly to Liberty, MO.
- Vendor managed consolidations (milk runs, extra stop-offs) are not permitted. LCL orders must be booked as such with the nominated freight forwarder.

Container Utilization Minimum - Full Container Load (FCL)

Vendors are required to maximize the cubic volume of each Full Container Load. The table below lists the target volume in cubic meters for each load type.

Container Type	Loose Loaded Containers	Slip Sheet Container	Palletized Container	Maximum Payload in KGS
20'-US	30	23.75	20.4	15,000(US)
40GP – US	61	52.25	45.5	19,500(US)
40H – US	69	61.75	55	19,500(US)
45'	78	-	-	18,800(US)
40'HNOR - US	58	-	-	17,800(US)

Remark:

Written approval must be obtained through the Hallmark International Transportation team for light loaded containers. Vendors must provide a copy of Hallmark's written light load approval to Expeditors when placing the booking. Expeditors will then release Shipping Order to vendor accordingly. Vendor will be charged back dead freight fee by Hallmark if a light load container is booked without Hallmark's written approval. See [Section 3.2](#).

For Dayspring shipments:

Expeditors will be responsible for checking with Dayspring directly for approval when receiving vendor booking with light load container. Dead freight fee applies for Dayspring and other subsidiary shipments. See [Section 3.2](#).

Verified Gross Mass (VGM)

In accordance with the IMO Safety of Life at Sea (SOLAS) requirements, the verified gross mass (VGM) of all containers must be communicated to the ocean carrier prior to receipt of the loaded container at the origin port/terminal/rail depot. It is the shipper's responsibility to verify the total gross mass of each loaded container (container tare weight + cargo weight + packing materials + dunnage).

For more details on the VGM requirement and the specific process for your port area, please contact the local Expeditors International branch office. More information on SOLAS and the International Maritime Organization can be found at <http://www.imo.org>.

Non-Operating Reefer containers

Certain ocean carrier contracts allow the use of non-operating reefer (NOR) equipment at a market-competitive freight rate. Whenever possible, Hallmark will use NORs when the situation allows. The table below details whether or not specific destination locations can receive NOR equipment.

<u>Destination</u>	<u>Accepts NORs</u>
Liberty, MO	YES
Kansas City, MO	YES
Independence, MO	YES
Siloam Springs, AR	NO
Leavenworth, KS	Pending

2.3 Pre-shipment Requirements:

2.3.1 Tradeflow – www.tradeflow.net

For imports to the US and Canada, Hallmark utilizes Tradeflow as a parts database. Tradeflow is an online software platform which stores HS codes, invoice product descriptions for use on Hallmark Standardized Commercial Invoice, and identification and storage of other Special Customs Documents that are required.

The buying agent and/or vendor are responsible for reviewing Tradeflow for any special import requirements per SKU prior to shipment. If you require Tradeflow access and do not already have a user name and password, please email hallmark@expeditors.com for assistance.

See attached Tradeflow Access application form:



Tradeflow system
application.xls

2.3.2 Hallmark Classification Template

- An Import Classification Back-off Table is attached for reference. This document outlines the expectations for import related documentation.
- A Hallmark Classification Template is required for all products unless otherwise exempted (See below list of exemptions).
- Buying Agent and/or Vendors are required to accurately complete the Hallmark Classification Template and upload to Tradeflow within 5 days of receipt of a purchase order. A soft copy of Hallmark's Classification Template as well as procedures for completing the template and uploading to Tradeflow can be found below.
- A Classification Template provides Hallmark or Tradewin the information necessary to classify (assign HTS classification(s)) to the stock number, as well as determine if any Special Customs Documentation Requirements (SCDR) are necessary for importation, i.e. cost breakdown, material breakdown, determination of anti-dumping status, Lacey Act Declaration or TAPCD etc.
Hallmark or Tradewin will update Tradeflow with applicable SCDR requirements
- Vendors must prepare any SCDR shipping documents, as required in Tradeflow, and provide to Hallmark's forwarder at time of document turnover
- **Templates are EXEMPT for the following cases:**
 - Items already shown as "Verified" in Tradeflow



timing
Back-off table.pdf

- Greeting cards without secondary use attachments
 - Greeting cards include: any written message, thank you, invitations, blank, cards with sound, lenticular cards, motion cards, etc.
 - Keepsake ornaments
 - Reruns
- Revised templates are required if material make-up of an item is changed after the submission of an original template. In addition, Buying Agent or Vendors must notify Hallmark Customs Administrators of the change.
 - Vendors must accurately complete all Template sections required in order to provide thorough detail of the product.

Remark: Missing or incomplete templates will cause delays to shipment and may lead to storage charges or vendor chargeback fees from Hallmark (See [Section 3.2](#)).



2.3.3 Special Document Requirements

All special document requirements are identified in Tradeflow on a per SKU basis. Vendors are responsible for uploading Special Customs Documents to Tradeflow within 5 days of request. Special Customs Document Requirements are discussed in greater detail in [Section 4.4](#) and Special Document templates can be found in each individual document section of this manual.

2.4 Shipment Requirements

2.4.1 Booking, Consignee and Notify Party

Special Shipping Requirements

Vendors must submit booking form to Expeditors International (EI) or use EI's internet booking portal if available. At time of booking, vendors must alert EI of any goods requiring special handling, i.e. dangerous goods, articles subject to anti-dumping, Fish & Wildlife, etc. Vendors are also required to notify EI of any special requests such as "urgent shipment" or "underdeck" so that forwarder can arrange special shipments accordingly.

Note: See [Section 4.4](#) of this manual for unique shipping requirements associated with certain categories of compliance concerns, i.e. anti-dumping, Fish & Wildlife, Etc.

Air Booking

Upon receiving written approval from the Hallmark buyer, vendors will contact the nominated air forwarder/carrier (see [Section 2.2](#)).

Ocean Booking

For ocean shipments, vendors are required to place booking with Expeditors International for both CFS and CY shipments 28 calendar days prior to desired ship date.

Consignee and Notify Party for Hallmark US, Dayspring, and Canada

Vendors are responsible to consign all shipping paperwork (Consignee, Ship to address, and Notify Party) per the Purchase Order detail from Hallmark and its subsidiaries. Deviation from the Purchase Order detail could result in delays and chargeback fees (See [Section 3.2](#)). For sample shipments, vendors should contact the Hallmark buyer/buying agent for consignee and notify party instructions.

Ocean Shipment (Note all contact and location need to be reviewed)

Customer and Destination	Consignee	Notify Party
Hallmark Marketing Company, LLC Liberty, MO Destination Codes: 10080001, 10080003 LIBERTY DISTRIBUTION CTR 10610001 2101 N LIGHTBURNE ST LIBERTY, MO 64068-9759 Tim LaRoche: 816-792-7583 email: Lib_Dist_Ctr-Warehouse-Manager-and-Group-Leader@hallmark.com	Hallmark Marketing Company, LLC 2501 McGee Trafficway Kansas City, MO 64108 USA	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
Hallmark Marketing Company, LLC Independence, MO Destination Codes: 10650001 Independence Distribution Center 1600 North State Route 291 Suite 1150 Independence, MO 64058-2822 Cherry Wright: 816-257-7830 Howard Haynie: 816-257-7886 Email for Both: INDEPRUSH@Hallmark.com .	Hallmark Marketing Company, LLC 2501 McGee Trafficway Kansas City, Mo 64108 USA	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com

DaySpring Inc Siloam Springs, AR Destination Code: 10470001 Dayspring Warehouse (warehouse 1) 21154 Hwy 16 East Siloam Springs, AR 72761 Mary & Martha Warehouse (warehouse 2) (may no longer be applicable) 21153 Hwy 16 East Siloam Springs, AR 72761 Laura Kitchen: 479-549-6237 Laura.kitchen@dayspring.com logistics@dayspring.com	DaySpring Inc 21154 HWY 16 East Siloam Springs, AR 72761 USA	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
Hallmark Marketing Company, LLC Leavenworth, KS Destination Code: 10040001 Leavenworth Production Center 450 Eisenhower Road Leavenworth, KS 66048 Larry Meza: 913- 702-3735 email: Larry.Meza@hallmark.com	Hallmark Marketing Company, LLC 2501 McGee Trafficway Kansas City, MO 64108 USA	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
Hallmark Marketing Company, LLC KANSAS CITY,MO Destination Code: NA Laufer Group International, LTD 7007 NE Parvin Road Kansas City, MO 64117 Angie Scarborough: 816-421-2233 Kristi Jamesone: 816-421-2233 email: kjameson@laufer.com	Hallmark Marketing Company, LLC 2501 McGee Trafficway Kansas City, MO 64108 USA	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com

Air Shipment (Note all contact and location need to be reviewed)

Customer and Destination	Consignee	Notify
Hallmark Marketing Company, LLC Liberty, MO Destination Codes: 10080001, 10080003 LIBERTY DISTRIBUTION CTR 10610001 2101 N LIGHTBURNE ST LIBERTY, MO 64068-9759 Tim LaRoche: 816-792-7583 Email: Lib_Dist_Ctr-Warehouse-Manager-and-Group-Leader@hallmark.com	Hallmark Marketing Company, LLC Liberty Distribution Center 2101 North Lightburne, Liberty, MO 64068, U.S.A.	Hallmark Marketing Company, LLC 2501 McGee Trafficway, Kansas City, MO 64108, U.S.A. <u>Also Notify:</u> Expeditors International of Washington Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
Hallmark Marketing Company, LLC Independence, MO Destination Codes: 10650001 Independence Distribution Center 1600 North State Route 291 Suite 1150 Independence, MO 64058-2822 Cherry Wright: 816-257-7830 Howard Haynie: 816-257-7886 Email for Both: INDEPRUSH@Hallmark.com .	Hallmark Marketing Company, LLC Independence Distribution Center 1600 North State Route 291 Suite 1150 Independence, MO 64058	Hallmark Marketing Company, LLC 2501 McGee Trafficway, Kansas City, MO 64108, U.S.A. <u>Also Notify:</u> Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
DaySpring Inc Siloam Springs, AR Destination Code: 10470001 Dayspring Warehouse (warehouse 1) 21154 Hwy 16 East Siloam Springs, AR 72761 Mary & Martha Warehouse (warehouse 2) 21153 Hwy 16 East Siloam Springs, AR 72761 Laura Kitchen: 479-549-6237 Laura.kitchen@dayspring.com logistics@dayspring.com	Hallmark Marketing Company, LLC C/O DaySpring Inc 21154 HWY 16 East Siloam Springs AR 72761, U.S.A. Attn: Cali Schroeder Tel: 479-549-6272	Hallmark Marketing Company, LLC 2501 McGee Trafficway, Kansas City, MO 64108, U.S.A. <u>Also Notify:</u> Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com

DaySpring Inc Siloam Springs, AR Destination Code: 10470001 Dayspring Warehouse (warehouse 1) 21154 Hwy 16 East Siloam Springs, AR 72761 Mary & Martha Warehouse (warehouse 2) 21153 Hwy 16 East Siloam Springs, AR 72761 Laura Kitchen: 479-549-6237 Laura.kitchen@dayspring.com logistics@dayspring.com	DaySpring Inc 21154 HWY 16 East Siloam Springs AR 72761, U.S.A. Attn: Cali Schroeder Tel: 479-549-6272	Expeditors International of Washington, Inc. 10749 NW Ambassador Drive Kansas City, MO 64153 Tel: 816-880-0900 Fax: 816-891-0951 Email: hallmark@expeditors.com
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Note: Canada orders should be shipped through Liberty DC unless advised otherwise by Global Transportation

Vendors should contact the Hallmark Transportation team regarding any questions concerning consignee, ship to address and/or notify party.

2.5 Documentation

All ocean shipments destined to the United States require the vendor to complete a forwarder ISF sheet in accordance with Importer Security Filing requirements as outlined in section 3.6 of this manual.

Shipping Instructions (SI) must be accurately completed and supplied to the forwarder within the SI document cutoff date.

2.5.1 Document Submission to forwarder for Destination Customs Clearance

- **Commercial Invoice**, Hallmark Standardized Invoice must be issued for shipments to all destinations.



Standardized
Invoice Instructions.



Hallmark Marketing
Standardized invoice I

• Hallmark US, Dayspring

Vendors should e-mail invoice, any Special Customs Document Requirements, certificates and/or inspection reports to the forwarder within 3 calendar days after vessel sailing.

2.5.2 Document Submission for International Parcel

For parcel shipments the Hallmark Standardized Commercial Invoice and any applicable Customs and/or Other Government Agency required documents must be provided to FedEx at the time of shipment.

2.6 Sample Shipments

Sample shipments generally consist of a small quantity of a product that is outside the production shipment. The following are examples of commonly known, but not exclusive, Hallmark sample shipments.

Photo Samples - Salesman Samples - Production Samples – Unsolicited Sample – Prototypes – Design Approvals

The Hallmark Marketing Standardized Commercial Invoice is required for all sample shipments.

Vendors must utilize FedEx for all samples being shipped via parcel, including freight prepaid sample shipments. Using an unapproved parcel carrier can cause Customs delays and unforeseen compliance risks for Hallmark, which could result in sample shipments being rejected and returned to origin at the expense of the vendor.

Please review the attached FedEx routing guide for Hallmark parcel shipments.



As a general rule Customs and Other Government Agencies treat samples shipments in the same manner as a regular commercial shipment, i.e. they must meet all regulatory import requirements. Regardless of the selected mode of transportation, all shipping documents must include all Special Customs Document Requirements and/or other government agency requirements, i.e. breakdowns, certificates, forms, declarations, etc.

Values:

Paid for Samples - Prices declared on the air waybill and commercial invoice must match the actual value of the goods. Values must be the price paid by Hallmark and values on all documentation must match. If a different value is declared on any paperwork an administrative and chargeback fee will apply. See [Section 4.2](#).

Free of Charge - Invoices for “Free of Charge” samples must show a fair market value for Customs purposes. This can be the actual cost of production plus any cost of putting the sample in a packed condition, ready for export. Vendors are expected and responsible for maintaining backup documentation necessary to prove the stated value of a good, as well as provide such proof upon request by Hallmark and/or Customs.

Under no circumstances is it acceptable to use nominal or artificial values on the shipping invoice, such as zero, no commercial value or not more than \$1.00.

Broker Select:

When Hallmark is paying for items being shipped International Parcel, the air waybill must be marked “Broker Select”. The parcel carrier must contact Hallmark’s preferred import Customs Broker, Expeditors, for entry. The non-broker select option may be used for free of charge sample shipments.

Canada Samples:

Sample shipments for Hallmark Canada must be shipped first to Hallmark in the US to be on-forwarded to Hallmark Canada. The only exception is samples provided completely free of charge. Even if the cost of the sample is billed to a Hallmark budget via debit memo process, Canada goods must be shipped through the US. All above requirements are in effect for Canada sample shipments.

3. Domestic U.S. Shipments

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3.1 Hallmark Domestic Shipment Instructions

- New vendors to Hallmark are asked to contact Hallmark Transportation Operations at transportation@hallmark.com or 1-800-843-5160 to get setup instructions related to Hallmark’s shipping requirements.
- Communications to/from Hallmark Transportation are directed to a single email address. If your shipping facility is a multi-

shift operation, it is recommended that you utilize a shared Shipping group email address. This address will allow carrier notifications to be sent to multiple personnel within your organization. This email address will be needed to complete your new vendor registration

- Vendor must request pick up at least 72 hours prior to the beginning of the pick up window.
- Consolidate all purchase orders consigned to the same "ship to address" for the day into a single shipment using a single bill of lading showing all purchase order numbers involved.
- All shipments must be billed in accordance with the shipping terms of sale as indicated on the Purchase Order.
- Freight charges for shipments by an unauthorized carrier may cause freight charges to be billed back to the vendor.
- Vendor will be responsible for ensuring pick-ups and deliveries are completed in a 2 hour time frame from appointment time at their location.
- On Parcel shipments, FedEx is Hallmark's preferred parcel carrier. If a vendor's shipment meets the Small Shipment Criteria outlined below, you may label cartons directly using FedEx Ground COLLECT, and contact FedEx for pickup.
- If the shipment does not meet the Small Shipment Criteria outlined below, the shipment should be booked via Hallmark's TMS Supplier Portal. Within 48hrs of shipment input, the vendor should receive a confirmation message indicating the carrier name and pertinent details confirming pickup.
- Vendors will need to make use of the Hallmark TMS Supplier Portal for any loads required to be transported via LTL or FTL modes.
- New vendors will receive a new vendor orientation packet from Hallmark Transportation detailing how to start the process of shipping. The packet will contain:
 - New vendor letter
 - Vendor Shipping Instructions
 - Shipment request form
 - TMS new supplier set up form
 - Address set up form
- Vendors that are shipping hazmat products that exceed the regulatory thresholds. The vendor is required to communicate Hazmat requirements to Global Transportation (transportation@hallmark.com) prior to shipment, and ensure the BOL has proper disclosure markings for safe transport.
- Failure to follow Hallmark Transportation processes may result in chargebacks to your company ([Section 3.2](#)).

3.1.1 Shipping Mode Selection Criteria

- Small Parcel
 - Parcel Shipments can be booked directly with FedEx Ground only if all of the following conditions are met:
 - Total shipment is under 10 cartons (or under 150 pounds)
 - All individual cartons are less than 130 inches combined length and girth (L+2H+2W) and do not exceed 70 lbs per carton.
 - Shipment destination is a Hallmark-operated facility (Hallmark Liberty DC, Hallmark Independence DC, Hallmark Metamora Fixture Ops, Hallmark Lawrence Mfg,...)
 - Vendor has capability to create FedEx Ground Collect labels for all cartons
 - No expedited shipping is required (No FedEx Express)
- LTL and FTL shipments
 - LTL shipments are identified as those with a total weight greater than 150 pound and are 1 to 10 pallets or are greater than 12 linear feet but require less than 20 linear feet of trailer.
 - Truckload shipments are identified as those with a total weight of 1,000 to 20,000 pounds or requiring more 20 linear feet of the trailer based on either the weight or cubic volume.

- All truckload shipments must have 3 copies of the VICS BOL to be given to the carrier at loading.
- Collect Truckload shipments must have the trailer sealed by the vendor and the seal number must be notated on the VICS Bill of Lading. Vendor will be liable for all shortages if this procedure is not followed.
- For shipments originating and delivering within the U.S., Hallmark utilizes a Transportation Management System (TMS) Supplier Portal to arrange COLLECT transportation. Vendors are responsible for entering shipment details into the Supplier Portal at least 72 hours prior to the start of the desired pick up window, to allow for carrier coordination.
- For shipments delivering to Hallmark-operated locations (ie: Hallmark Liberty Distribution, Hallmark Leavenworth Mfg, Hallmark Metamora Fixture Operations,...), shipments should be marked as COLLECT. For shipments delivering to other Hallmark-designated locations (other vendors, 3PLs), shipments should be marked as 3rd Party Bill with Bill-To information:

Hallmark Marketing Company, LLC
 c/o Intelligent Audit
 365 W. Passiac St., STE 455
 Rochelle Park, NJ 07662

3.2 PARCEL SHIPMENT INFORMATION:

To ship FedEx via FEDEX GROUND:

- Using a compliant FedEx technology platform or www.FedEx.com, generate 1 shipping label per carton, entering accurate origin address, destination address (per your PO), dimensions and weight for each carton.
- You may be asked to enter your company's FedEx Account Number in the shipment setup process, but be sure to select COLLECT terms so the charges are billed to Hallmark.
- Affix 1 compliant FedEx Ground label to each carton. If printing on standard 8-1/2" x 11" paper, fold the paper at the designated perforation, and use clear packaging tape to affix the paper to the largest side of the carton.
- If you need further guidance on this process, please contact Hallmark Transportation Operations (transportation@hallmark.com or 1-800-843-5160) for shipping instructions.

3.3 LESS-THAN-TRUCKLOAD / TRUCKLOAD SHIPMENT INFORMATION:

To Ship LTL or FTL shipments

- Vendors need to input accurate details of each shipment into Hallmark's TMS Supplier Portal at least 72 hours prior to your requested pickup date. Within 24-48 hours, you will receive a confirmation message detailing the carrier assigned to pick up your shipment and a confirmed pickup date.
- When the designated carrier arrives for pickup, please ensure the driver confirms the Load # associated with your shipment.
- Your TMS Supplier Portal entry needs to indicate if pallets are able to be double-stacked based on the size, weight, and stability of the freight. Freight stacked higher than 52", on pallets smaller than 40"x48", and/or pallet loads heavier than 700 lbs are not recommended for double stacking unless pre-approved by your Hallmark buyer.
- Shippers will be required to use a VICS BOL as detailed below in [Section 3.3](#).
- For LTL shipping (often less than 9 pallets), you will be required to provide the # of pallets shipping, grouped by pallet dimensions. This is critical to ensure that non-standard pallet sizes are accounted for when trailer space is planned. Freight Class and NMFC # for the shipment must also be provided in shipment details. Estimated Freight Class can be calculated per the chart below:

Density (Weight per Cubic Feet)		
Greater than or equal to	And Less than	Estimated Class
50	N/A	50
35	50	55
30	35	60
22.5	30	65
15	22.5	70
13.5	15	77.5
12	13.5	85
10.5	12	92.5
9	10.5	100
8	9	110
7	8	125
6	7	150
5	6	175
4	5	200
3	4	250
2	3	300
1	2	400
N/A	1	500

1. First measure the height, width, and depth of the shipment. In taking these measurements you must be sure to measure to the farthest points, including pallets or other packaging. (On shipments with multiple pieces, repeat this step for each piece).
2. Multiply the three measurements (height x width x depth). The result is the total cubic inches (or feet) of the shipment. (If you have multiple pieces, multiply the height x width x depth for each piece. Take the results for each piece and add them together to get the total cubic inches or feet.) NOTE: if you are taking measurements in inches, you will need to divide the total cubic inches by 1,728 (the number of cubic inches in a cubic foot) to convert the result to cubic feet.
3. Finally, divide the weight (in pounds) of the shipment by the total cubic feet. The result is the pounds per cubic foot, i.e., density. (For multiple pieces, be sure to add the weight of each piece together before dividing by the total cubic feet of the shipment.)

If vendor is aware of the correct NMFC # that applies to the shipment, please use that. If not, please try to classify goods per one of the common categories listed below:

Commodity Type	NMFC #
Printed Greeting Cards	152360
Printed Paper Stock – Stacked Sheets	161870
Tissue Paper Stock - Rolls	151440
Plush Toys	84260
Pulpboard Plates	152940
Paper Cups	152840
Paper Napkins	153900
Candles	39810
Decorations, Ornaments	56290
Ribbon Bows	49070
Wrapping Paper	151780 (151800 if >50 ft)
Tissue Paper	150910
Printed Matter	161870
Papeteries (packaged stationery)	179180
Albums, Books	12600
Calendars, Desk Pads Paper	178910
Paper Bags Printed	20530
Notions	056290
Picture Puzzles, Paperboard..Unassembled	84260
Frames Picture	76580
Store Display Racks or Stands	57410

3.3.1 Completing a VICS BOL

- Proper completing of the Bill of Lading will be the responsibility of the shipper. The VICS Standard Bill-of-Lading must be used on all shipments for Hallmark. The following information must be shown on the VICS Bill of Lading. Please refer to the VICS Standard Bill of Lading form and continuation page example at the end of this section.
- Vendors must prepare one Master VICS BOL, in triplicate, for the total tender.
- Consign the master bill to the "Ship To" address shown on the Purchase Order.
- Instructions for completing a VICS BOL
 1. Enter the date
 2. Enter bill of lading number if applicable and affix or print bar code in this area.
 3. Clearly print the shipper's information. Information must match the address used when requesting the load to be picked

- up.(the sender of the goods)
4. Consignee's (the receiver of the goods) names and complete addresses where indicated. Be sure to include ZIP codes. Information must match the information passed along in the Hallmark PO.
 5. Print Carriers name. Include if applicable the trailer number and seal number
 6. Notate carrier SCAC and enter the Pro number if applicable.
 7. Mark terms of transportation payment in accordance with section 3.1.1 above
 8. If a third party (other than shipper or consignee) is paying the bill, clearly print the company's name, address and phone number. In the case of all freight going to or coming from a Hallmark location the name and address should read
Hallmark Marketing Company, LLC
c/o Intelligent Audit
365 W. Passiac St., STE 455
Rochelle Park, NJ 07662
 9. Special instructions for the documented load. Examples: pallet presentation, refrigerated, hazmat, no stackable, must arrive by dates, etc..
 10. Customer order information section. Enter in the individual customer PO numbers, enter the number of shipping units, the weight of each designated line, mark shipping transfer method (pallet or slip sheet or if individually stack don't circle either) and any additional shipper info. If a shipment is secured so that the individual pieces cannot be separated from one another, you have one shipping unit, no matter how many pieces are in the shipment.
 11. Carrier Information section
 - a. Enter the unit of measure (e.g., EA = each).
 - b. Enter the type of packaging (typical packaging includes cartons, skids and drums).
 - c. Enter the correct weight of your shipment. If multiple products are being shipped, list the weight of each product separately.
 - d. Place an X in this column if a product is a Department of Transportation (DOT) hazardous material. Special rules and requirements apply to hazardous products. Contact YRC Freight to discuss the shipment of hazardous products.
 - e. Write a description of the articles. Include the material the product is made from and its common name. Remember, DOT hazardous materials have special requirements.
 - f. Enter length, width and height measurements of the shipment. If multiple products are being shipped, list the measurement of each separately.
 - g. Include the National Motor Freight Classification (NMFC) item number. Consult the NMFC table above for proper item description and number. Your shipment charges will be based on the shipment's classification.
 - h. Enter the correct class specification. As specified prescribed in the above section
 - i. If shipping hazardous materials, enter an emergency contact number.
 12. Enter your company's name (as the shipper) and have your authorized agent sign the bill of lading.
 - a. When signed, this section removes the shipper from recourse by the carrier in collecting any shipment charges that are billed to the consignee.
 13. Shippers signature
 14. The driver will indicate who loaded and counted the shipment.
 15. Driver signature

Date:		BILL OF LADING		Page _____			
SHIP FROM		Bill of Lading Number: _____ <div style="text-align: center; font-size: 1.2em; color: #ccc; margin-top: 20px;">BAR CODE SPACE</div>					
Name:							
Address:							
City/State/Zip:							
SID#:						FOB: <input type="checkbox"/>	
SHIP TO		CARRIER NAME: _____ Trailer number: _____ Seal number(s): _____ SCAC: _____ Pro number: _____ <div style="text-align: center; font-size: 1.2em; color: #ccc; margin-top: 20px;">BAR CODE SPACE</div>					
Name:							
Location #: _____							
Address:							
City/State/Zip:						CID#: _____	FOB: <input type="checkbox"/>
THIRD PARTY FREIGHT CHARGES BILL TO:		Freight Charge Terms: (<i>freight charges are prepaid unless marked otherwise</i>) Prepaid _____ Collect <input checked="" type="checkbox"/> 3 rd Party _____ <input type="checkbox"/> Master Bill of Lading: with attached underlying Bills of Lading <small>(check box)</small>					
Name: Hallmark Marketing Company LLC c/o Intelligent Audit							
Address: 365 W Passiac St. STE 455							
City/State/Zip: Rochelle Park, NJ 07662							
SPECIAL INSTRUCTIONS:							
CUSTOMER ORDER INFORMATION							
CUSTOMER ORDER NUMBER		# PKGS	WEIGHT	PALLET/SPLIT <small>(CIRCLE ONE)</small>		ADDITIONAL SHIPPER INFO	
				Y	N		
				Y	N		
				Y	N		
				Y	N		
				Y	N		
				Y	N		
GRAND TOTAL							
CARRIER INFORMATION							
HANDLING UNIT		PACKAGE		COMMODITY DESCRIPTION		LTL ONLY	
QTY	TYPE	QTY	TYPE			NMFC #	CLASS
				<small>Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged as to ensure safe transportation with ordinary care. See Section 2(a) of NMFC Item 369.</small>			
				<div style="font-size: 1.5em; color: #ccc; margin-bottom: 10px;">RECEIVING STAMP SPACE</div>			
GRAND TOTAL							
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____.				COD Amount: \$ _____		Fee Terms: Collect: <input checked="" type="checkbox"/> Prepaid: <input type="checkbox"/> Customer check acceptable: <input type="checkbox"/>	
NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. * 14706(c)(1)(A) and (B).				Signature _____			
RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.				The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.			
SHIPPER SIGNATURE / DATE				Trailer Loaded:		Freight Counted:	
This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.				<input type="checkbox"/> By Shipper		<input type="checkbox"/> By Shipper	
				<input type="checkbox"/> By Driver		<input type="checkbox"/> By Driver/pallets said to contain	
						<input type="checkbox"/> By Driver/Pieces	
				CARRIER SIGNATURE / PICKUP DATE			
				Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle. <small>Property described above is received in good order, except as noted.</small>			

3.4 DOMESTIC SHIPMENT CHARGEBACKS:

In addition to the chargeback fee for violating guidelines outlined in the Hallmark Vendor Compliance manual, Hallmark will also charge an Administration Fee per occurrence to correct vendor errors. Fee amounts will be deducted from the vendor's invoice.

Administration Fees will be charged per violation on an escalating scale for repeat occurrences:

- 1st Occurrence: \$250
- 2nd Occurrence: \$500
- 3rd Occurrence: \$750
- 4th Occurrence: \$1,000
- 5th Occurrence: \$1,500

Chargeback Reason	Chargeback Reason <i>Nature of Violation</i>	Shipment Requirement	Chargeback Standard (USD)
Shipments routed outside of Hallmark Transportation's Management System (TMS)	A Shipments routed outside of Hallmark Transportation's Transportation Management System (TMS) chargeback means that a Collect or 3 rd Party Bill shipments routed outside of Hallmark Transportation's Transportation Management System (TMS). Errors may include: Unauthorized carrier; Unauthorized expediting; Incorrect mode.	Domestic PO shipments with terms "FOB Shipping Point, Collect" are to ship to Hallmark facilities and Hallmark designated locations using Hallmark's Domestic US Shipping Instructions	\$250 + Administration Fee
Bill of Lading error	A Bill of Lading error chargeback means that a Collect or 3 rd Party Bill shipments were marked incorrectly on the Bill of Lading as Pre-Paid. Domestic PO shipment terms should match instructions provided on the Hallmark Purchase Order.	Domestic PO shipment terms should match instructions provided on the Hallmark Purchase Order	Transportation cost to be paid by Vendor (at no cost to Hallmark) + Administration Fee
Carrier Delay Caused by Shipment Issue	A Carrier Delay Caused by Shipment Issue chargeback means that a carrier arrives at vendor location during the confirmed pickup window and the shipment is not ready to be loaded, or a carrier is in-transit to the vendor location when the pickup delay is communicated.	Ensure shipment is staged and ready for carrier pickup at the start of the communicated carrier pickup window	\$300 per shipment + Admin Fee
Shipment Detail discrepancy	A Shipment Detail discrepancy chargeback means that the shipment details input into Hallmark Transportation's Shipment Portal or on the shipment Bill of Lading do not match the physical shipment.	Documented shipment details (Addresses, # of Pallets, Dimensions, Weight, Pickup/Delivery Date, Freight Class, PO Details, etc.) must match the physical shipment.	\$200 per instance + Admin Fee
Shipping to Wrong Location error	A Shipping to Wrong Location error chargeback means that a vendor had a mis-shipment of freight to the wrong destination, requiring a return to origin or reconsignment to an alternate Hallmark location.	Domestic shipments should be validated prior to carrier pickup, to ensure the destination address, quantities, and documentation match their Hallmark PO details	\$400 per instance + Admin Fee In addition, any Return-to-Origin request will require full reimbursement of transportation costs incurred.

4. Customs Compliance

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4.1 Documentation Submission for Payment

The vendor's commercial invoice presented for payment must be the same Hallmark Standardized Commercial Invoice supplied with shipping documents. Value for payment must match value used in all other documentation.

Open Account Payment Terms

- Vendors should present the below listed documents to Hallmark Accounting Department for payment

Letter of Credit (L/C) Payment Terms

- Vendors should fax or e-mail related Invoice and FCR/BL copy to Hallmark buyer/buying agent in exchange for "Authorization to Ship Certificate".

For shipments from Mainland China, Hong Kong, Taiwan, Thailand, and Sri Lanka, copy to Hallmark HK Logistics in exchange for "Authorization to Ship Certificate".

- Vendors should submit "Authorization to Ship Certificate" and other necessary documents required in L/C to bank for negotiation.
- L/C payment terms are 30 days after physical receipt of documents by the issuing bank.

Bank Draft Payment Terms

- Vendors should present the below listed documents to Hallmark Accounting Department for payment.

Documentation Requirements for Payment		
	PO issued by Hallmark Marketing Company, LLC	Contracts issued by Hallmark Cards (HK) Ltd.
Invoice Header	Invoice Header should contain the followings: Buyer: <u>Hallmark Marketing Company, LLC</u>	Invoice Header should contain the followings: Buyer : <u>Customer Name (e.g. DaySpring)</u> Invoice To: <u>Hallmark Cards (HK) Ltd.</u>
Documentation Requirements	1 original commercial invoice 1 original clean on board ocean Bill of Lading and/or 1 original Forwarder cargo receipt (FCR) and/or 1 original/copy seaway Bill of Lading and/or 1 original/copy Airway Bill of Lading and/or 1 original/copy delivery order/receipt for domestic delivery	1 original commercial invoice 1 original clean on board ocean Bill of Lading And/or 1 original Forwarder cargo receipt (FCR) and/or 1 original/copy seaway Bill of Lading and/or 1 original/copy Airway Bill of Lading and/or 1 original/copy delivery order/receipt for domestic delivery
	All the above documents should be delivered to Hallmark Accounting Department for payment	All the above documents should be delivered to Hallmark Accounting Department for payment

Additional Requirements	1 invoice per shipping destination Shipping destination must be clearly stated on the invoice. e.g. Liberty, Enfield, Canada All invoice line items must quote PO no. and SKU no. Extra charges must be billed separately from shipping invoice Mold charge – 1st 50% can be billed without shipment. Balance 50% can only be billed after 1st shipment. Each commercial invoice must not have more than 10 line items Must use Hallmark Standard invoice format	1 invoice per shipping destination Shipping destination must be clearly stated on the invoice. e.g. DaySpring Cards 3) All invoice line items must quote Contract no., PO no. and SKU no. 4) Extra charges must be billed separately from shipping invoice 5) Mold charge – 1st 50% can be billed without shipment. Balance 50% can only be billed after 1st shipment. 6) Each commercial invoice must not have more than 10 line items 7) Must use Hallmark Standard invoice format
Settlement	Payment will be settled within payment term stated on Hallmark PO after receipt of complete documentation by Hallmark Accounting Department	

4.2 Chargebacks to Vendors for Non-Compliance

It is Hallmark's goal to develop mutually beneficial relationships with our valued vendors. Whenever possible, Hallmark will assist in educating international vendors on the requirements set forth in this manual. However, Hallmark reserves the right to assess Administration Fees and Non-Compliance chargebacks when vendor guidelines are violated. Fees will be deducted from the vendor's invoice.

Administration Fees will be charged per violation on an escalating scale for repeat occurrences:

- 1st Occurrence: \$250
- 2nd Occurrence: \$500
- 3rd Occurrence: \$750
- 4th Occurrence: \$1,000
- 5th Occurrence: \$1,500

Chargeback Reason	Chargeback Reason <i>Nature of Violation</i>	Shipment Requirement	Chargeback Standard (USD)
Missing or Inaccurate Shipping Document error	A Missing or Inaccurate Shipping Document error chargeback means that shipments were delivered with missing or inaccurate information on shipping documents.	Tender a complete set of shipping documents with correct information including accurate invoices, packing lists and special document requirements to the freight forwarder	\$200 per set of invoice + Administrative Fee. When applicable, amendment filing fee of \$150.00 + entry amendment labor @ \$135.00 per hour + Customs penalties may be assessed
HTS Classification error	An HTS Classification error chargeback means that products were in transit without necessary information for HTS classification.	Classification template provided where appropriate, with complete and accurate information as well as product photo	\$200 per missing or inaccurate template + Administrative Fee. When applicable, amendment filing fee of \$150.00 + entry amendment labor @ \$135.00 per hour + Customs penalties may be assessed
Declared Values discrepancy	A Declared Values discrepancy chargeback means that the value on the Parcel AWB did not match the accurate commercial invoice value.	Value on Parcel AWB must match accurate commercial invoice value	\$200 per AWB + Administrative Fee. When applicable, amendment filing fee of \$150.00 + entry amendment labor @ \$135.00 per hour + Customs penalties may be assessed

Separate Shipping Document non-compliance	An Separate Shipping Document non-compliance chargeback means that there was a failure to create separate Bill of Ladings and shipping documents when required. Such as goods subject to ADD or Fish and Wildlife.	Separate Bill of Lading and separate invoice must be issued for items which are subject to ADD (Anti-dumping Duties) or Fish and Wildlife	\$400 per set of invoice + Administrative Fee. When applicable, amendment filing fee of \$150.00 + entry amendment labor @ \$135.00 per hour + Customs penalties may be assessed																												
Paid for Goods or Sample shipping error	A Paid for Goods or Sample Shipping error chargeback means that a vendor did not ship samples through FedEx via the Broker Select option.	Failure to follow required paid for goods and sample shipping guidelines or an Amendment was made to resubmitted documents 3 days after vessel departure	\$200 per set of invoice + Administrative Fee. When applicable, amendment filing fee of \$150.00 + entry amendment labor @ \$135.00 per hour + Customs penalties may be assessed																												
Required CBM Volume non-compliance	<p>A Required CBM Volume non-compliance chargeback means that containers were received with less than required CBM volume as stated in the chart below:</p> <table border="1"> <thead> <tr> <th colspan="4">Hallmark Container Minimums</th></tr> <tr> <th>Container Size</th><th>Container Minimum (CBM)</th><th>Container Capacity (CBM)</th><th>Container % Utilization</th></tr> </thead> <tbody> <tr> <td>20'</td><td>30</td><td>33</td><td>90.9%</td></tr> <tr> <td>40'</td><td>61</td><td>67</td><td>91.0%</td></tr> <tr> <td>40' NOR</td><td>58</td><td>64</td><td>90.6%</td></tr> <tr> <td>40' HQ</td><td>69</td><td>76</td><td>90.8%</td></tr> <tr> <td>45'</td><td>78</td><td>86.5</td><td>90.2%</td></tr> </tbody> </table>	Hallmark Container Minimums				Container Size	Container Minimum (CBM)	Container Capacity (CBM)	Container % Utilization	20'	30	33	90.9%	40'	61	67	91.0%	40' NOR	58	64	90.6%	40' HQ	69	76	90.8%	45'	78	86.5	90.2%	For factory loaded containers, load each container to meet the minimum CBM volume requirement	<p>Dead freight rate: US shipment: Ocean freight rate provided yearly by Hallmark International Transportation Team Canada Shipment: \$100/CBM</p> <p>Remarks: Assumes shipment has not been authorized by Hallmark</p>
Hallmark Container Minimums																															
Container Size	Container Minimum (CBM)	Container Capacity (CBM)	Container % Utilization																												
20'	30	33	90.9%																												
40'	61	67	91.0%																												
40' NOR	58	64	90.6%																												
40' HQ	69	76	90.8%																												
45'	78	86.5	90.2%																												
Quantities Over / Under	A Quantity Over/Under chargeback means that shipments were received containing incorrect quantities declared by vendors compared to what was on the Shipping documents (e.g. bill of lading / manifest / packing slip).	Ensure no shipment discrepancy found in destination	Product cost value of the missing items and no payment for overshipped items																												

4.3 Ship to Address VS Destination Code in PAVE & SAP

The Destination code in the PAVE system may differ from the Location Code that must be listed on the carton label. Please use the below table to confirm the correct Destination or Location Code.

PAVE Destination Code	Address Description	Physical Location	Mapped to SAP Plant/Storage Location Code
10080001	Liberty	Liberty, MO	10080001
LBMFG	Liberty Manufacturing	Liberty, MO	10080003
10650001	Independence Distribution Center	Independence, MO	10650001
10470001	Dayspring - Plant 1047	Siloam Springs, AR	10470001
10010008	KC Sample	Kansas City, MO	10010008
10220001	Center-BOSS, Fixture	Center, TX	10220001
10220002	Center-KBM	Center, TX	10220002
10020001	Lawrence	Lawrence, KS	10020001
10040001	Leavenworth	Leavenworth, KS	10040001
10220003	Metamora-BOSS	Metamora, IL	10220003
10220004	Metamora-KBM	Metamora, IL	10220004
10120001	Canada Virtual Plant	N/A	10120001
10180001	DC By-Pass	N/A	10180001
10190001	FOB Asia	N/A	10190001
10590001	Other Subsidiaries	N/A	10590001

4.4 Special Customs Documentation Requirement – SCDR

The below sections list several main situations requiring additional documentation. For a more in-depth explanation please refer to Section 3.5: Import Compliance.

Cost breakdown

- Generally applies to all shipments with multiple components, i.e. sets and kits
- Component value breakdowns by weight and value must be shown in invoice



Cost Breakdown.xlsx



Cost Breakdown Instructions.pdf

Cold Cast Resin (CCR) Certificate

- Certain items produced from Cold Cast Resin (also referred to as Calcium Carbonate Resin) that include a required level of natural stone may be classified as Stone Articles (duty free) for US Customs purposes.
- CCR Certificate must show breakdown by weight and value
- Must list type of stone it is derived from. i.e.: Limestone, Granite, etc.



Microsoft Excel Worksheet

Anti-dumping and Countervailing Duties (ADD and CVD)

All items subject to Anti-Dumping or Countervailing Duty must be shipped on a separate bill of lading and appear on a separate commercial invoice from non-ADD items.

Vendor is required to provide Hallmark an annual certification statement confirming they are not being reimbursed for antidumping duties. See below soft copy of the anti-dumping certificate letter.



ADD letter.doc

The below list of commodities are examples of products frequently offered for sale to Hallmark affected by an Antidumping or Countervailing Duty case.

ADD items – ISO Country Code	Remark
Cased Pencils - (CN)	Separate booking, SI, Bill of Lading and invoice must be issued.
Tissue Paper - (CN)	
Folding Gift Boxes - (CN)	
Plastic Retail Bags - Several	
Lined Paper goods - (CN, IN, ID)	
Paper Clips – (CN)	
Woven Ribbons with Selvedge Edge – (CN, TW)	
Candles – (CN)	
Flexible Magnets – (CN)	
Artist Canvas – (CN)	
Extruded Aluminum – (CN)	

GSP Confirmation of Eligibility

Required for all shipments where preferential duty treatment could be claimed based on US General System of Preferences. See below for a soft copy of the GSP Confirmation of Eligibility template and calculation instructions.



GSP Eligibility Calculation Instructions



GSP Eligibility Calculation Form Template

FCC Statement

- **Note:** Hallmark products do not normally apply to US Federal Communication Commission control
- If you feel your product falls under FCC jurisdiction, please contact Hallmark Customs Administrator.
- If required, FCC statement must be provided with the shipments shipping documents
- See the form "FCC form.pdf"



TAPCD (Textile & Apparel Product Country Declaration Form)

- Vendor must complete TAPCD form per request in Tradeflow and upload to Tradeflow..
- TAPCD required for most textile and/or apparel articles
- See the below copy of the TAPCD form



TAPCD.xls

ISPM-15 / WPM Regulation (Wood Packing Material)

- Applies to all shipments imported into the United States
- Must follow 7 CFR 319 wood packing material regulations
- Requires regulated WPM used in International trade to be treated.
- Must be marked with the Intl. Plant Protection Convention (IPPC) logo
- Must be marked with the two-letter Intl. Org. for Standardization (ISO) code for the country that treated the WPM
- Refer to Section 3.7 for further details on ISPM-15 and WPM requirements

Fish and Wildlife

Fish & Wildlife products must be shipped through one of the below US ports. Consult with Global Transportation to determine the most appropriate routing for your shipment.

- Los Angeles, CA
- Chicago, IL
- New York, NY

Note: All Fish & Wildlife products must be shipped separately from all other cargo, i.e. on a separate bill of lading.

- Must list Scientific and Common name on the Invoice
- Must clear FCL shipments in Los Angeles, CA
- Must clear LCL shipments in Chicago
- Must be on separate Bill of Lading
- Must be tail loaded on container
- If required, F&W Declaration form must be provided with the shipments shipping documents



F&W declaration.pdf

FDA

- Applies for food/food related items
- FDA registration number is required
- Manufacturer name & address needs to be shown on invoice

Fumigation Certificate *(only if applicable)*

- Must be completed in English

Lacey Act Declaration (APHIS)

- Effective October 1, 2009 all wooden/paper products that fall within Phase III (HTS# code as of 4414,4415,4419,4420) and are purchased abroad will require a Plant and Plant Product Declaration form to be imported into the US
- Please refer to Tradeflow Notes for request of Lacey Act Declaration form
- The vendor must submit the declaration with their shipping documents so that the information is filed with US Customs in a timely manner preventing late delivery
- Each shipment requires its own declaration
- US Customs will track the items being imported by its assigned Harmonized Tariff Schedule (HTS)

- The vendor will be liable for any costs associated to holds and/or violations of the shipment related to the declaration of these goods

- Lacey Declarations **MUST** be submitted on PPQ Form 505. See the attached copy of the PPQ Form 505

- **ADDITIONAL DETAILS ON DETERMINING THE REQUIREMENT FOR THE LACY DECLARATION IS INCLUDED IN SECTION 3.7.**



Lacey
declaration.pdf



Lacey Special Use
Codes.pdf

Toxic Substances Control Act (TSCA)

- Provides US Environmental Protection Agency with authority to control importation of certain chemical substances
- Requires that certain chemical substances are tested prior to importation
- Requires a positive or negative TSCA certification statement.

USDA – Natural Materials

Products made of natural materials potentially require import licensing through USDA. This license process may require a different port of unloading than the standard routing. Contact Hallmark International Transportation prior to booking.

Natural materials include, but are not limited to:

- Corn
- Wheat
- Rice
- Straw
- Grasses
- Sticks with bark
- Bamboo

4.5 Import Compliance

Commercial Invoice-Packing List-Certificate of Weights and Measures

The accuracy and completeness of information contained on a commercial invoice-packing list-certificate of weights and measures are essential to meeting Customs Reasonable Care guidelines and legal obligations. Below is an excerpt summary of the general invoice requirements for U.S. Customs purposes, as well as Hallmark's specific requirements. A copy of the actual Customs Regulations (19 CFR 141.86) can be found at the below link (may be necessary to copy and paste the link)

<http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=c5ca4cc0b815c74d00f96e4c10d4ede3&rqn=div8&view=text&node=19:2.0.1.1.1.6.1.6&idno=19>

<u>Customs Requirements</u>	
• Seller name and address	• All discounts or adjustments to the price separately itemized on the invoice
• Actual Manufacturer's name and address	• Purchasers name and address (buyer)
• Country of Origin	• Port of Entry
• Stock number	• Carton marks and numbers
• Purchase order number	• Itemization of values paid outside the unit price
• Detailed description of the merchandise	• Quantities in Weights and Measures
• The purchase price, in the currency of purchase and the extended invoice total	• Quantities in units/pieces
• Terms of sale (Payment Terms)	• Must be in English
• Incoterms, with named place	• Printed name, signature, title and date signed
<u>Hallmark Additional Requirements</u>	
• Ship To name and address	• Mode of Shipment
• Notify Party name and address	• Container number (as applicable)
• Stuffing Location name and address	• Parties Related Code
• Consolidator name and address	• Other References
• CCC# (as applicable)	• Multi Manufacturer code Attachment as applicable
• FDA License/Registration # (as applicable)	• Cost Breakdown Indicator and Breakdown as applicable
• Invoice number, date and version sequence number, i.e. V001 (Original), V002, etc.	• HTS Classification
• Shipment date	• Special Quantity Reporting (HTS statistical reporting units of quantity)

Note: Hallmark's Standardized Invoice-Packing List-Certificate of Weights and Measures must be used for shipments to all destinations.

Generalized System of Preferences (GSP)

Articles eligible for GSP treatment are identified in the current edition of the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS is published by the U.S. International Trade Commission and can be downloaded from the USITC website

<http://hts.usitc.gov/current>.

The Generalized System of Preferences (GSP) program provides duty-free treatment for various imported articles originating from specifically identified countries known as Beneficiary Developing Countries (BDC) and Least-Developed Beneficiary Developing Countries. See the above listed website for a list of qualifying countries by viewing the General Notes Section, Specifically "General Note 4".

A GSP eligible import must meet the following requirements (some described in more detail below) to be eligible for duty-free treatment:

1. Must be classified in a provision of the ("HTSUS") that designates the articles as GSP eligible, i.e. have an (A, A*, A+) in the "Special" sub-column of the assigned HTSUS number (classification);
2. Must be imported directly from a designated beneficiary developing country (BDC) or association;
3. The BDC or association must be eligible for GSP treatment for that article; and
4. The article must be the growth, product, or manufacture of a BDC and must meet the value-added requirements.

Additional guidance regarding the GSP program can be downloaded from the below Office of the United States Trade Representative website:

http://www.ustr.gov/sites/default/files/GSP%20Guidebook_Final_06262013.pdf

Evidence of Country Of Origin

The product must be wholly grown, produced, or manufactured in the Beneficiary Developing Country (BDC), and at least 35% of the product's dutiable value, upon entering the United States, must be from costs directly attributable to the BDC. **(See the GSP Confirmation of Eligibility Template and GSP Eligibility Calculation Instruction and Template for more information on calculating GSP eligibility.)**



GSP Eligibility
Calculation Instruction



GSP Eligibility
Calculation Form Tem

Evidence Of Direct Shipment

Eligible articles shall be imported directly from a beneficiary developing country to the United States without passing through the territory of any other country; or if the shipment from a beneficiary developing country passes through the territory of another country, while in route to the U.S., the merchandise in the shipment must not enter into the commerce of any other country, and the invoice, bills of lading, and other shipping documents must show the U.S. as the final destination.

GSP DECLARATION MUST BE PRESENTED AT TIME OF IMPORT ENTRY

A Confirmation of Eligibility GSP template must be presented with each set of shipping documents **(See the GSP Confirmation of Eligibility template)**



Confirmation of
Eligibility GSP Templat

A vendor is required to keep accurate and detailed records regarding material and manufacturing information relative to the items claimed as eligible for duty-free treatment under GSP. Customs at any time may request documentation from Hallmark Marketing Company, LLC or from the foreign exporter (vendor), or both.

It is therefore imperative that all parties be ready to provide proof of GSP eligibility for all GSP eligible claims.

Vendors making GSP eligibility claims Must:

- Ensure training is provided to personnel responsible for preparing the GSP Eligibility Calculation Sheet and Confirmation of Eligibility template. Training must cover, but not be limited to, the proper calculation of the material and processing cost that are to be considered in determining the GSP local content eligibility requirements;
- Complete a GSP Eligibility Calculation Template for all goods claimed as GSP eligible.
- Maintain information and records necessary for the preparation of the GSP Eligible Calculation template for five years from the date of export. Information and documentation maintained include, but are not limited to:
 - Signed Certification of Origin for qualifying materials or components;
 - Purchase orders, Invoice and Payment records;
 - Proof of Bill of Materials;
 - Proof of factory labor and cost sheets; and
 - Support for manufacturing overhead

- Complete a Confirmation of Eligibility template for each article and purchase order that is eligible and qualifies for GSP. A copy of the completed Confirmation of Eligibility GSP template must be provided with each set of shipping documents.

A vendor is responsible for proper calculation if item is not wholly grown, produced, or manufactured in the BDC.

Cold Cast Resin (CCR) – Articles of Agglomerated Stone

Articles of agglomerated stone are articles that consist of natural stone uniformly blended with a binding material such as plastic, cement, lime, etc.

Articles claimed to consist of agglomerated stone are often described as “calcium carbonate” or “calcite” agglomerated with plastic material.

Additional information regarding agglomerated stone can be found in the Custom Informed Compliance Publications “What Every member of the Trade Community Should Know About “Agglomerated Stone”. Listed below is a link to the publication:

http://www.cbp.gov/sites/default/files/documents/icp88_3.pdf

Key Factors:

- Natural stone must be used,
- Natural stone must be uniformly blended throughout the product; and
- Items having greater than 30% by weight of natural stone provide the greatest certainty of meeting Customs agglomerated stone requirements.

Hallmark CCR/Agglomerated Stone requirements:

- Vendors are expected to familiarize themselves with the Customs Agglomerated Stone Informed Compliance Publication;
- Goods purchased from the vendor meeting the Customs agglomerated stone requirement must have an “Agglomerated Stone Certification” form completed and uploaded to Tradeflow within the required time frames. A copy of this form must also be provided with each set of shipping documents. The Agglomerated Stone Certificate can be found in the Special Customs Documentation Required section of this manual.

- Vendors are expected to maintain sufficient documentation evidence necessary to support the “Agglomerated Stone Certification” claims.

Material Breakdown by Weight and Cost

Breakdown of components, materials, or ingredients by weight and actual cost of the components at the time of assembly into the finished article may be needed when an article consists of multiple materials or is made up of different components.

In addition to the role each component, material, or ingredient plays in relationship the use of the article, the weights and costs of the components, materials, or ingredients can play a key role in determining the most important (“essential character”) of the article, and ultimately in correctly assigning an HTS classification.

Hallmark and/or Tradewin are responsible for determining when a material breakdown by weight and cost is necessary for making an HTS classification determination.

When requested, vendors are responsible for providing timely (within 48 hours), complete and accurate material breakdown, as well as maintaining documented evidence necessary to support the breakdown claims.

Cost Breakdown

Certain categories of imported articles require a vendor to provide a cost breakdown. Cost breakdowns are needed to calculate the correct duty and meet import requirements. Articles typically requiring a cost breakdown include sets, kits, assortments, clocks/watches, etc.

Vendor Cost Breakdown Requirements:

- Develop an understanding of cost breakdown requirements as outlined in the below documents



Cost Breakdown
Instructions 0328201



Cost Breakdown.xlsx

- Properly calculate unit cost breakdown;
- Properly complete the required cost breakdown tab within Hallmark’s classification template;
- Provide a properly completed cost breakdown with each set of shipping documents, utilizing the cost breakdown sheet (tab) within Hallmark’s standardized Invoice-Packing List-Certificate of Weights and Measures template.

Country of Origin

The country of origin of merchandise imported into the U.S. is important for several reasons. The country of origin of merchandise can affect, among other things, the rate of duty, the eligibility for special programs, admissibility, quota and marking requirements.

The below referenced Customs informed compliance publication should be used to determine non-preferential origin for goods.

“What Every Member of the Trade Community Should Know About U.S. Rules of Origin”

http://www.cbp.gov/sites/default/files/documents/icp026_3.pdf

U.S. Customs “Reasonable Care” obligation requires importers to make accurate declarations as to the country of origin of imported merchandise. This determination can be complicated where goods include raw materials, parts and inputs sourced from multiple countries, and/or where such goods undergo manufacturing, processing, and assembly operations in several different countries. Equally, it’s important to understand that there are different country of origin rules for determining the origin a product, i.e. one for purposes of confirming whether that product qualifies for reduced duties under a tariff preference program “Preferential rules of origin” (e.g., GSP,

USMCA, DR-CAFTA), and one for “Non-preferential rules of origin” (e.g., marking).

The following is intended for general information purposes only to help Hallmark vendors determine country of origin. Ultimately, Vendors are responsible for providing accurate country of origin on their goods.

Further information is available through various seminars and government web-based data; i.e., Rules of Origin, Title 19, Part 102, Code of Federal Regulations (19 CFR 102) available via http://www.ecfr.gov/cgi-bin/text-idx?SID=11f4bc9432cd4db9325bedab1b6072a7&mc=true&tpl=/ecfrbrowse/Title19/19cfrv1_02.tpl#0.

In general, the country of origin for a good is the country in which the good is manufactured, produced or grown. Further work or material added to the good of another country must affect “substantial transformation” of the good in order to change the good’s country of origin. Substantial transformation is production that results in a new and different good, which then has a name, character, use, and tariff code different from those of its constituent materials. The following is an overview of rules that can help establish the origin of a good.

Rules of origin are used to determine the country of origin of a product for purposes of international trade. There are two common types of rules of origin, preferential and non-preferential (see link to 19 CFR 102 above for complete information). The exact rules vary from country to country.

Preferential rules of origin are part of a free trade area or preferential trade arrangement which includes tariff concessions. The rules of origin determine what products can benefit from the tariff concession or preference. USMCA is an example of a trade agreement that offers tariff concession for goods that originate according to its rules.

Non-preferential rules of origin are used to determine the country of origin for purposes such as origin labeling, quotas, anti-dumping, anti-circumvention, and statistics.

All U.S. non-preferential rules of origin schemes employ both a “wholly obtained” criterion for goods that are wholly the growth, product, or manufacture of a particular country and a “substantial transformation” criterion for goods that consist in whole or in part of materials from more than one country.

In the majority of the non-preferential schemes, the substantial transformation criterion is applied on a case-by-case basis, and it is based on a change in name/character/use method (i.e., an article that consists in whole or in part of materials from more than one country is a product of the country in which it has been substantially transformed).

When a good is manufactured and/or has components from more than one country a country of origin determination is more complex. It’s useful to ask at what point in the process the article “becomes” what it is or at what point does the article get its essential nature, even if more work is done on it before it is sold.

Substantial Transformation – Factors to consider include:

- Do parts or components lose their identity and become an integral part of the new article?
- Do the parts or components go through a physical change?
- What level or degree of skill / technology is required?
- How much time was involved in the processing?
- How complex is the processing?
- How much value was added as a result of the processing?

Generally, repackaging or assembly operations that are minimal or simple will not result in substantial transformation.

Caution – “Manufacture” implies a change, but not every change involves manufacturing, i.e. a manufacturing process must transform the good into a new and different article, having a distinctive name, character, or use in order to change the country of origin of the good.

Unique country of origin rules that employs the substantial transformation criterion based upon a tariff-shift method exists for the following:

- Textiles and textile products (See [section 3.5](#)); and
- Canada or Mexico products

Additional information regarding country of origin can be found at the following links on the U.S. Customs and Border Protection websites:

1. U.S Rules of Origin: http://www.cbp.gov/sites/default/files/documents/icp026_3.pdf
2. Textile & Apparel Rules of Origin: http://www.cbp.gov/sites/default/files/documents/icp006r3_3.pdf

Please contact a Hallmark Customs Administrator with any question or concerns regarding country of origin.

Marking

United States customs laws require every article of foreign origin or its immediate container imported into the U.S. to be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit, so as to permit the Ultimate Purchaser in the U.S. to know the English name of the country of origin of the article.

“Ultimate Purchaser” The last person in the U.S. who will receive the article in the form in which it was imported.

The following is intended for general information purposes only to help Hallmark vendors meet U.S. Customs country of origin marking requirements. Ultimately, Vendors are responsible for ensuring their goods are marked in accordance with the U.S. Customs marking requirements.

Further information is available through various seminars and government web-based data; i.e., Country of Origin Marking, Title 19, Part 134, Code of Federal Regulations (19 CFR 134) available at:

- http://www.ecfr.gov/cgi-bin/text-idx?SID=f74ee475b89ff1c65a6827ad4612f558&mc=true&tpl=/ecfrbrowse/Title19/19cfrv1_02.tpl#0.

Marking must be Conspicuous, Legible, Indelible and Permanent.

Conspicuousness – the marking must appear on the article or its container in a place which is readily accessible, and where the marking can be found upon casual examination and read without strain;

Legible – the marking must be in lettering which is clear, and which can be read without strain; and

Permanent – the country of origin must be noted permanently on the article or its container, and must be designed to remain on the article or container until it reaches the “ultimate purchaser” in the U.S., i.e. survive “normal” handling and shipping;

Full English name of country must be used.

If the name of any other geographic location appears on the product or its packaging:

- Country of origin must be marked next to it preceded by the words “Made in” or “Product of” or words of similar meaning and
- Must be in same or larger type.

Collection of several distinct items:

- If items have different countries of origin. The product or package needs to be marked to show individual countries of all major components included within.

Use of “Assembled in - ”The phrase “Assembled in” is synonymous with “Made in” or “Product of” as an indicator of origin. Use of the “Assembled in” phrase is only acceptable when the country of origin is conferred during the assembly process.

Special Marking Requirements – Certain types of goods have special marking requirement.

- See 19 CFR 134.43, in the above link, i.e. hand tools, watch, clock and timing apparatus, knives, forks, scissors, plus others

Note: The above information is strictly limited to marking of country of origin on U.S. imports. Please be aware that in addition to this information, certain products are subject to additional labeling requirements. For example, clothing must have labels indicating fabric content and washing instructions, food products and certain radio frequency devices have additional special labelling requirements.

Please contact transportation@hallmark.com with any question or concerns regarding proper country of origin marking.

Textile and Apparel Products

A textile and apparel product is any good classifiable in chapters 50 through 63 (The first two digits of the HS Number) and any good classifiable under one of the following HS headings (first four digits) or sub headings (first six digits):

3005.90	3921.12.15	3921.13.15	3921.90.2550	4202.12.40-80 Luggage
4202.22.40-80 Handbags	4202.32.40-95 Articles w/in Handbag	4202.92.04-08 Luggage	4202.92.15-30 Luggage	4202.92.60-90 Luggage
6405.20.60 Footwear	6406.10.77 Footwear	6406.10.90 Footwear	6406.99.15 Footwear	6501 Headwear Part
6502 Headwear Part	6504	6505 *	6601.10-99 Garden Umbrella	7019.19.15
7019.19.28	7019.40-59	8708.21	8804	9113.90.40
9404.90. Pillow, Bedding, Furnishings	9612.10.9010			

Textile and Apparel Products have a unique set of rules for determining country of origin that employ the substantial transformation criterion which is expressed or based exclusively on a HS tariff-shift method. See section 13.6 of this manual for additional information regarding country of origin.

All Textile and Apparel Product require the vendor to complete a Hallmark Textile and Apparel Product Country Declaration ("TAPCD") form.

*Note: The current 19 Code of Federal Regulations 102.21 appears to incorrectly state subheading 6505.90 requires a TAPCD form. However, 6505.90 is not an accurate subheading in the current USHTS tariff. Hallmark has elected to apply the rule at the heading level.

Federal Communications Commission

The FCC is the government agency responsible for regulating interstate and international communications by radio, television, wire, satellite and cable. FCC jurisdiction covers the 50 states, the District of Columbia and all U.S. possessions. If an item gives/receives a signal, is used for communication and/or electronic and/or emits radiation, then the FCC most likely regulates the product.

Examples of regulated items include: radios and TV receivers, converters, transmitters, transmitting devices, radio frequency amplifiers, microwave ovens, industrial heaters, ultrasonic transceivers, computers and computer related devices.

Vendors are responsible for ensuring items comply with all applicable FCC laws, rules and regulations. For all FCC regulated product, vendors must provide an FCC Form 740 with their shipping documents.

Toxic Substances Control Act (TSCA)

TSCA regulates any products containing a chemical substances that are shipped into the U.S. Compliance is mandatory and requires that manufactures and importers meet the notification, reporting, and labeling requirements specified within the Act. While TSCA has been in effect since October 11, 1976, increased monitoring by US Customs has created delays for manufacturers and importers of products without proper documentation.

Generally, any product that is intended to release a chemical substance must comply. A few examples of common consumer product include:

Pens Markers Paints Inks Glue

Goods subject to TSCA reporting requirements require the proper positive or negative TSCA Certification Statement to be declared to US Customs..

Additional information regarding U.S. import TSCA requirements can be found on the following U.S Environmental Protection Agency (EPA) websites:

<http://www.epa.gov/oppt/import-export/pubs/sec13.html>

Food & Drug Administration (FDA)

The FDA's mission is to enforce the Federal Food, Drug and Cosmetic Act (FD&C) and other laws designed to protect consumers' health and safety. FDA monitors any importation related to, either directly or indirectly, commodities having any relation to human well-being. This includes, but is not limited to: drugs, foods, cosmetics, beverages, medical devices, electronic products that emit radiation, food containers and cookware including cups, bowls, glasses and plates. In addition, The FDA adheres to a strict interpretation of these requirements under the Federal Food, Drug and Cosmetic Act. All items subject to FDA regulations must be FDA compliant and have the vendor's FDA registration number stated in the appropriate box of Hallmark's Standardized Invoice-Packing List-Certificate of Weights and Measures.

Anti-dumping and Countervailing Duties (ADD and CVD)

Anti-dumping and Countervailing duties are used to offset unfair trade practices that give imports an unfair advantage over competing U.S. made goods.

Vendors selling goods that are subject to ADD and/or CVD must complete an annual certification letter that require the vendor to provide both the manufacture and exporter information (name and address) for ADD/CVD items, as well as certifies there will be no reimbursement of anti-dumping duties paid to Hallmark.

Vendors producing a good that falls within the scope of an ADD or CVD order, but is excluded based solely on the articles country of production will be asked to complete a Supply Chain Source Agreement and to provide other documented evidence as deemed necessary by Hallmark to ensure the goods are not subject to ADD and/or CVD.

Note: Goods subject to ADD and/or CVD have special shipping requirements (See [Section 2.4](#) Special Shipping Requirements and [Section 3.4](#) Special Customs Document Requirements anti-dumping and Countervailing Duties.

A listing of ADD and CVD orders currently in place can be found at:
http://usitc.gov/trade_remedy/731_ad_701_cvd/investigations/active/index.htm

4.6 Supply Chain Security

Customs Trade Partnership Against Terrorism (C-TPAT)

Due to the events of September 11, 2001, the U.S. Department of Homeland Security's Bureau for Customs and Border Protection (CBP) introduced many new security initiatives. One key initiative being the Customs-Trade Partnership Against Terrorism (C-TPAT).

The C-TPAT program is a collective agreement between U.S. business and government with the intent to protect the global supply chain from terrorism and allow legitimate cargo to enter the U.S. with minimal delay.

Hallmark believes participation in C-TPAT aligns with Hallmark's beliefs and values regarding high standards of ethics, integrity, caring and responsible corporate citizenship for each community in which we operate. Hallmark also believes that participation in C-TPAT is essential to maintaining the integrity of its supply chain.

As a participant, Hallmark has committed to undertake its best efforts to review and identify necessary enhancements, and to develop and implement a verifiable and documented program that maintains a secure global supply chain. We equally committed to informing Hallmark's supply chain business partners of the C-TPAT requirements/recommendations and, where practical, conditioning relationships with such entities.

In furtherance of assisting Hallmark comply with its C-TPAT obligations vendors located outside of USA agrees to:

- Complete and return the C-TPAT Agreement (noted in new vendor checklist on page 2) between Hallmark and Vendor to factorycompliance@hallmark.com.
- Submit a 3rd party C-TPAT/Security audit to factorycompliance@hallmark.com.
- Conduct and document a seven point container inspection, utilizing Hallmark's Container Inspection and Seal Control form, prior to container stuffing. As well as maintain copies of the completed forms for a minimum of 60 days from the date of export.

Additional information regarding C-TPAT can be found at the following links on the U.S. Customs and Border Protection website:

C-TPAT General Overview:

<http://www.cbp.gov/border-security/ports-entry/cargo-security/c-tpat-customs-trade-partnership-against-terrorism>

Security Criteria for C-TPAT Foreign Manufacturers – Available in multiple languages:

<http://www.cbp.gov/border-security/ports-entry/cargo-security/ctpat/security-guidelines/foreign-manufacturers>

C-TPAT Resource Library and Job Aids – Wide array of information and/or templates related C-TPAT criteria:

<http://www.cbp.gov/border-security/ports-entry/cargo-security/c-tpat-customs-trade-partnership-against-terrorism/c-tpat-resource-library-and-job-aids>

Import Security Filing (ISF 10+2)

Hallmark requires strict adherence to all U.S. government security programs including "Importer Security Filing "ISF" (10+2). Hallmark's designated freight forwarder will collect data, within mandated time-lines, necessary to comply with ISF filing requirements from the vendor. All vendors must provide complete and accurate ISF data to Hallmark's designated freight forwarder via the freight forwarders ISF sheet at least 48 hours prior to shipment. ISF filing sheets must be submitted to the freight forwarder within shipping instruction (SI) cut-off for full container (CY) shipments and within container freight station (CFS) cut-off for CFS cargo. Failure to provide complete, accurate and timely data may prevent goods from being loaded under Do Not Load "DNL" status and the monetary penalties applicable to this regulation. For more details regarding ISF please visit the security section of CBP's (Customs) website: <http://www.cbp.gov/border-security/ports-entry/cargo-security/importer-security-filing-102>.

U.S. Department of Agriculture

Lacey Act:

On May 22 2008, the U.S. passed a law banning commerce in illegally sourced plants and plant products, including timber and wood products.

The Lacey Act requires an import declaration at the time of importation for certain plants and plant products identified in the table below. When required, **Vendors** must accurately complete and submit a Plant and Production Declaration Form 505 (see the Special Documents Required section for a copy of the form) with each set of shipping documents.

Hallmark recommends vendors communicate these requirements to their plant and wood vendors, emphasizing the importance in obtaining the correct scientific name (Genus and Species) and country of harvest of all plant and plant products, as any false statements may be subject to law enforcement actions including prosecution. Failure to submit a declaration will result in denial of entry into the United States.

HTSUS Heading	HTSUS Description
4401	Fuel Wood
4402	Wood Charcoal
4403	Wood in the rough
4404	Hoopwood; poles, piles, stakes
4406	Railway or tramway sleepers
4407	Wood sawn or chipped lengthwise
4408	Sheets for veneering
4409	Wood continuously shaped
4412	Plywood, veneered panels, except 4412.99.06 and 4412.99.57
4414	Wood frames
4416.00.3010	new casks, barrels, and parts of wood
4416.00.3020	used assembled casks of wood
4416.00.3030	used unassembled casks of wood
4416.00.6010	new barrel staves of wood
4416.00.6020	new barrel hoops of softwood
4416.00.6030	new tight barrelheads of wood
4416.00.6040	used barrels staves of softwood
4416.00.6050	used hoops, tight barrelheads of softwood
4416.00.9020	new other casks, barrels, wood
4416.00.9040	used other cooper goods, wood
4417	Tools, tool handles, broom handles
4418	Builders' joinery and carpentry of wood
4419	Tablewear & kitchenware of wood
4420	Wood marquetry, caskets, statuettes
4421	Other articles of wood
6602	Walking sticks, whips, crops
8201	Hand tools
8211.92.6000	hunting knives with wood handles
8215.99.2400	table barbeque forks with wood handles
9201	Pianos
9202	Other stringed instruments
9302	Revolvers and pistols
9305.10.20	Parts and accessories for revolvers and pistols

9401.61.2010	upholstered teak chair, household
9401.61.2030	upholstered teak chairs, other
9401.69	Seats with wood frames
9401.90.1500	parts of bent-wood seats
9403.30.4000	bent-wood office furniture
9403.40.4000	bent-wood kitchen furniture
9403.50.4000	bent-wood bedroom furniture
9403.60.4000	other bent-wood furniture
9504.2	Articles and accessories for billiards
9614.00.2100	rough wood blocks for smoking pipe manufacture
9703	Sculptures

Table 1: Items in bold are those most commonly imported by Hallmark

A guide to the class, order, family and genus of a specific plant item can be found at the following link:

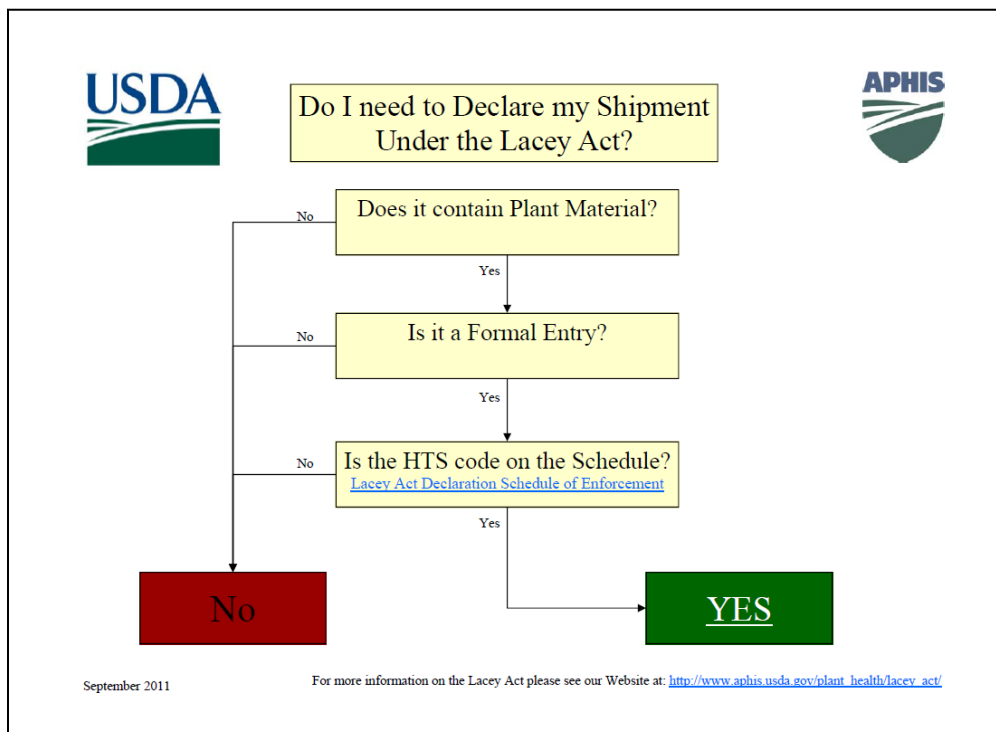
<https://plants.usda.gov/classification.html> .If a plant species or country of origin cannot be determined, the plant declaration must include a list of possible plant species found in the product or a list of possible countries from which the plant originated. The declaration requirement does not apply to packaging materials used to support, protect or carry another item (unless the packaging material itself is the item being imported).

Additional information regarding the Lacey Act can be found at the following link:

http://www.aphis.usda.gov/wps/portal/aphis/ourfocus/planthealth?1dmy&urile=wcm%3apath%3a%2Faphis_content_library%2Fsa_our_focus%2Fsa_plant_health%2Fsa_import%2Fsa_lacey_act%2Fct_lacey_act

Lacey Act: Decision Guide

In addition to the Table 1 above, the following decision guide is provided to assist in determining whether a Lacey Declaration is required:



Lacey Act: Special Use Codes

APHIS has developed a list of shorthand designations that satisfy the requirement to identify the plant species and genus contained in a product or shipment. The following shorthand designations have been determined as satisfactory for the purposes of completing the PPQ505 document:

Issue	Genus Code	Species Code
Species groupings		
SPF	Special	SPF
Composite, Recycled, or Reused Plant Materials		
MDF (Medium Density Fiberboard)	Special	MDF
Particle Board		
Paper/Paperboard	Special	Paper
Recycled	Special	Recycled
Reused	Special	Reused
Reclaimed	Special	Recycled
Other Special Cases		
Manufactured Prior to May 22, 2008 – Sourcing of Pre-Amendment Materials Untraceable Despite Due Diligence	Special	PreAmendment

Table 2: See, Lacey Act - Plant and Plant Product Declaration Special Use Codes/ Shipping Manual Attachments

Wood Packaging Materials (WPM):

Import regulations for WPM require WPM used in international trade to be treated in accordance with the International Standards for Phytosanitary Measures (ISPM) 15 Regulations of Wood Packaging Materials in International Trade.

As general rule wood packaging materials are not authorized for use in connection with Hallmark shipments. Any use of wood packaging materials for a shipment requires written authorization from a Customs Administrator.

Requirements:

- Apply to all shipments imported into the United States
- Must follow 7 CFR 319 regulations
- Must be treated in accordance with the regulations
- Must be marked with the International Plant Protection Convention (ISPP) logo, the two-letter ISO country code, a producer/treatment provider code and a treatment code

Additional information regarding WPM requirements can be found at the below links:

7 CFR 319

<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=55f1675520bc3da7a0c7ae8582b50cec&n=7y5.1.1.1.6.10&r=SUBPART&ty=HTML#7:5.1.1.1.6.10.36.1>

ISPM 15 Regulations of Wood Packaging Materials in International Trade

<https://www.ippc.int/publications/regulation-wood-packaging-material-international-trade-0>

U.S. Department of Fish and Wildlife (FWS)

The [United States Fish and Wildlife Service](#) (FWS) regulate importation and exportation of animal (mammal, fish or reptile) products in and out of the United States. This regulation applies to finished manufactured articles and not just fish and wildlife itself.

Even if an item is made from a species that is not endangered, the item is regulated by FWS and requires FWS release.

Articles containing wildlife components subject to the jurisdiction of FWS include, but are not limited to:

- Artificial jewelry and similar accessories
- Photo frames
- Greeting cards with secondary use attachments
- Gift/ trinket/ jewelry boxes
- Statuettes
- Ornaments
- Tableware (bowls, plates, utensils, and similar articles)
- Brushes and combs
- Wallets, purses, hand bags, satchels, tote bags, and similar articles

Examples of fish & wildlife components/ materials commonly found on the above and generally subject to FWS regulations include, but are not limited to:

Mother of Pearl - Puka shells - Conch pearls - Black or Red coral – Feathers - Sea Turtle
Walrus or Elephant Ivory - Wildlife teeth or claws - Reptilian leather

Certain domesticated animals and birds listed as domesticated may be exempt from FWS requirements.

Goat – Camel - European Rabbit – Cattle – Pig – Sheep – Ferret – Alpaca - Chicken
Turkey - Water Buffalo - Peafowl

These lists are provided as reference only and are not inclusive of all items which may be subject to FWS regulations.

Vendors and vendors must include specific details in the requisite Classification Template and communicate the following elements to Hallmarks Customs Department.

- Common and scientific name (genus and species) of the animal (mammal, fish or reptile);
- Country of origin of the animal (mammal, fish or reptile);
- Indicate if the animal (mammal, fish or reptile) is from domesticated/farm raised or from the wild; and
- The value of animal (mammal, fish or reptile) product on the imported good

If the item is from an endangered species, but still allowed to be shipped under the Convention of International Trade in Endangered Species (CITES) a CITES Certificate must be submitted with the document submission to forwarder for destination Customs clearance. A CITES certificate is issued by the country of production acknowledging that they are aware of the species of the entered product and are allowing exportation and includes, but not limited to, the information listed above. It is required that any shipment that needs to be shipped with a CITES certificate, the certificate must be obtained prior to export.

If the export countries require the exporter to obtain an export permit or certificate, an original copy of such permit or certificate must be submitted with the document submission to forwarder for destination Customs clearance.

FWS requires an import declaration at time of import for goods subject to FWS. When required, **Vendors** must accurately complete and submit an F&W declaration (See the required document below) with each set of shipping documents



F&W declaration.pdf

Note: Goods subject to FWS have special shipping requirements (See [Section 2.4](#) Special Shipping Requirements and [Section 3.4](#) Special Customs Document Requirements Fish and Wildlife).

5. Vendor Compliance

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- 5.1 Background
In today's competitive environment, it is essential that our vendors to comply with our Product Quality, Code of Conduct, Shipping, Labeling and Ship Quantity requirement. The purpose of this program is to protect Hallmark's brand reputation, as well as ensuring product quality, smooth receiving at DC, on time shipping and accurate information and documents
- 5.2 Program summary
All Hallmark vendors are required to comply with requirements communicated by Hallmark. If vendors fail to meet any of these requirements, they will be warned and eventually charged with a fee for the non-compliance. We expect that the chargeback will draw vendor's attention and take necessary corrective action to avoid the same issue from reappearing in future.

5.3 NonCompliance Chargeback List

Chargeback Reason	Chargeback Reason (Nature of Violation)																												
Missing or Inaccurate Shipping Document error	A Missing or Inaccurate Shipping Document error chargeback means that shipments were delivered with missing or inaccurate information on shipping documents.																												
HTS Classification error	An HTS Classification error chargeback means that products were in transit without necessary information for HTS classification.																												
Declared Values discrepancy	A Declared Values discrepancy chargeback means that the value on the Parcel AWB did not match the accurate commercial invoice value.																												
Separate Shipping Document non-compliance	An Separate Shipping Document non-compliance chargeback means that there was a failure to create separate Bill of Ladings and shipping documents when required. Such as goods subject to ADD or Fish and Wildlife.																												
Paid for Goods or Sample shipping error	A Paid for Goods or Sample Shipping error chargeback means that a vendor did not ship samples through FedEx via the Broker Select option.																												
Required CBM Volume non-compliance	<div>A Required CBM Volume non-compliance chargeback means that containers were received with less than required CBM volume as stated in the chart below:</div> <table><tr><th colspan="4">Hallmark Container Minimums</th></tr><tr><th>Container Size</th><th>Container Minimum (CBM)</th><th>Container Capacity (CBM)</th><th>Container % Utilization</th></tr><tr><td>20'</td><td>30</td><td>33</td><td>90.9%</td></tr><tr><td>40'</td><td>61</td><td>67</td><td>91.0%</td></tr><tr><td>40' NOR</td><td>58</td><td>64</td><td>90.6%</td></tr><tr><td>40' HQ</td><td>69</td><td>76</td><td>90.8%</td></tr><tr><td>45'</td><td>78</td><td>86.5</td><td>90.2%</td></tr></table>	Hallmark Container Minimums				Container Size	Container Minimum (CBM)	Container Capacity (CBM)	Container % Utilization	20'	30	33	90.9%	40'	61	67	91.0%	40' NOR	58	64	90.6%	40' HQ	69	76	90.8%	45'	78	86.5	90.2%
Hallmark Container Minimums																													
Container Size	Container Minimum (CBM)	Container Capacity (CBM)	Container % Utilization																										
20'	30	33	90.9%																										
40'	61	67	91.0%																										
40' NOR	58	64	90.6%																										
40' HQ	69	76	90.8%																										
45'	78	86.5	90.2%																										

Quantities Over / Under	A Quantity Over/Under chargeback means that shipments were received containing incorrect quantities declared by vendors compared to what was on the Shipping documents (e.g. bill of lading / manifest / packing slip).
Shipments routed outside of Hallmark Transportation's Transportation Management System (TMS)	A Shipments routed outside of Hallmark Transportation's Transportation Management System (TMS) chargeback means that a Collect or 3 rd Party Bill shipments routed outside of Hallmark Transportation's Transportation Management System (TMS). Errors may include: Unauthorized carrier; Unauthorized expediting; Incorrect mode.
Bill of Lading error	A Bill of Lading error chargeback means that a Collect or 3 rd Party Bill shipments were marked incorrectly on the Bill of Lading as Pre-Paid. Domestic PO shipment terms should match instructions provided on the Hallmark Purchase Order.
Carrier Delay Caused by Shipment Issue	A Carrier Delay Caused by Shipment Issue chargeback means that a carrier arrives at vendor location during the confirmed pickup window and the shipment is not ready to be loaded, or a carrier is in-transit to the vendor location when the pickup delay is communicated.
Shipment Detail discrepancy	A Shipment Detail discrepancy chargeback means that the shipment details input into Hallmark Transportation's Shipment Portal or on the shipment Bill of Lading do not match the physical shipment.
Shipping to Wrong Location error	A Shipping to Wrong Location error chargeback means that a vendor had a mis-shipment of freight to the wrong destination, requiring a return to origin or reconsignment to an alternate Hallmark location.
Unauthorized Subcontracting non-compliance	An Unauthorized Subcontracting non-compliance chargeback means that the vendor has taken our PO and sent work somewhere else without disclosure to Hallmark. It could also mean that a vendor sent out branded materials to a subcontractor without Hallmarks knowledge.
Failed Safety & Regulatory Testing	A Failed Safety & Regulatory Testing chargeback means that the product failed safety testing and a re-test is required. It could also mean that it failed but was given a chargeable override.
Failed Vendor Inspection	A Failed Vendor Inspection chargeback means that the vendor failed their factory inspection.
Failed QMS (Quality Management System) audit	A Failed QMS Audit chargeback means that a QMS audit was required for that vendor per Hallmark policy and they failed.
Carton Label Error	A Carton Label error chargeback means that the corner label on the shipper carton did not meet the requirements of the Document 512.
Testing non-compliance	A Testing non-compliance chargeback occurs when a 3rd party testing facility performs additional testing than what is required and therefore over-test. It relates to group testing or providing insufficient documents when the TRF is submitted to labs that create over-testing.
Retails per Carton discrepancy	A Retails per Carton discrepancy chargeback means that a SKU is in Hallmark's system and the retails/carton received do not match what is already in the system for that SKU.

Manifest discrepancy	A Manifest discrepancy chargeback means that a piece of data on the manifest is incorrect. This includes but is not limited to, incorrect Country of Origin, SKU on manifest but not on trailer or sku on trailer but not on manifest.
Failed Product Inspection	A Failed Product Inspection chargeback means that product failed upon receiving inspection at the distribution center. This could be for various reasons.
Mixed Sku non-compliance	A Mixed Sku non-compliance chargeback is when cartons on a pallet are not separated by a slip sheet by SKU or the same SKU was not loaded in the same zone of container
Safety Data Sheet (SDS) non-compliance	An SDS non-compliance chargeback means that Hallmark did not receive the SDS sheet with the shipment.
Merchandise/Packaging non-compliance	A Merchandise/Packaging non-compliance chargeback is when merchandise is not packaged to proper specifications including but not limited to the labeling of the merchandise or a retail per wholesale discrepancy.

6. General Packaging and Labeling Requirements

6.1 Packaging Specifications

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Shipping Packaging:

CORRUGATED CARTON:

- Style: RSC (Regular Slotted Container)
- Dimensions: Vendor to determine size based on guidelines below.
- See attachment *Corrugated Carton Sizing Guidelines* for a visual.
 1. If wholesale cartons are used, then used carton must easily slide out when the shipper is turned upside down.
 2. Maximum packed carton weight is 50 lb. (22.7 kg). Minimum packed carton weight is 5 lb. (2.3 kg).
 3. Maximum carton size is 21"L x 20"W x 30"D (533mm x 508mm x 762mm).
 4. Minimum carton size is 12"L x 12"W x 5"D (305mm x 305mm x 127mm).
 5. Maximize size of the carton while not exceeding maximum size/weight limit.
 6. The shipping carton maximum and minimum sizing is specifically for our Hallmark DC. This does not correspond to other DCs.
- Material: Corrugated Fiberboard
- Test: Minimum psi and ECT test requirements
 - Domestic Purchased
 - Normal product: 200 psi (1379 kPa) Burst or 32 lb./in. (5.6 kN/m) ECT
 - Heavy product: 250 psi (1724 kPa) Burst or 40 lb./in. (7.0 kN/m) ECT
 - Foreign Purchased
 - Normal product: 200 psi (1379 kPa) Burst or 42 lb./in. (7.4 kN/m) ECT
 - Heavy product: 250 psi (1724 kPa) Burst or 40 lb./in. (7.0 kN/m) ECT
- Flute: Domestic Purchased: C-Flute Single wall, Foreign Purchased: B/A or B/C Double wall
- Graphics:
 - Brand Logo: See Purchase Order
 - Graphic Notes: Reference Hallmark Carton Printing Guideline & Artwork below.



Corrugated Carton
Sizing Guidelines.pdf

LABELS:

- Style: Flat
- Shape: Rectangle
- Dimensions: 6 x 4 in. (152 x 102 mm)
- Material: White Semi-Gloss or Matte Litho Label Stock
- Adhesive: Permanent
- Stock Basis Weight: 60 lb. (89 gsm)
- Liner Basis Weight: 40 lb. (65 gsm)
- Graphics:
 - Print Color(s): 1 (Black)
- Graphic Notes: See diagram for graphics

NOTES:

- Vendor to follow Hallmark Document 512 to design this label. See Document 512 below.
- Pack wholesales into shipping carton and tape closed with 2 in. (50 mm) transparent plastic tape.
- Apply warehouse carton label to lower right corner of one side panel per Document 512.



Document 512- Nov
2017 update.pdf

- Additional two orange tape markings are required for partial quantity shipping cartons. Follow photo below for tape positioning.



Wholesale Packaging:

Wholesale film specification for all formats except Greeting cards:

Use the film overwrap/bag wholesale specs below (Option 1) IF the retails pass the "Transport Environment Test Procedure - Document 1301. If not, use the Option 2 and if it fails, use Option 3 below. Add packing materials/dividers as needed.

Option 1: Film Package

- Style: L-sealed film overwrap or Flat Bag taped close.
- Dimensions: Determined by vendor based on style used.
- Material: 1.5 mil to 2.0 mil thick Low Density Polyethylene (LDPE).

Option 2: Chipboard Folding Carton with Label

- Style: Folding Carton with tuck top with snap lock (1-2-3) bottom or reverse tuck
 - Slit Lock on closure flaps
- Dimensions: Determined by vendor to hold required number of retils.
- Material: 28 PT. Chipboard

Option 3: Corrugated Carton with Label

- Style: Carton or 1 Piece folder.
 - RSC (Regular Slotted Container) for ctns > 76mm wide.
 - FOL (Full Over Lap) for ctns 39mm to 76mm wide.
 - 1 Piece Folder for cartons 38mm thick or less.
- Dimensions: Determined by vendor to hold wholesale pack-in.
- Material: B-flute or C-flute single wall Corrugated Fiberboard
- Test: 150psi (1035kPa) to 175psi (1208kPa) burst; 26 lb./in. (4.6kN/m) to 30 lb./in. (5.6kN/m) ECT
- Graphics: None

Wholesale Carton Label: used with Option 2 and Option 3

- See below Section 4.3 Wholesale Carton Labeling

Wholesale film specification for Greeting cards:

- FILM OVERWRAP:
 - Style: L-sealed, tube wrapped or poly bag film overwrap.
 - Dimensions: Determined by vendor based on equipment used.
 - Material: 1 mil (25.4 micron) thick Polyethylene. DO NOT USE PVC OR BOPP FILM
 - Graphics: None
 - Perforated slit: 102mm (4") length with 12mm perforated slits for Every Day SKUs
 - Assembly Instructions: Reference Style Code W-020



W-20.pdf

Wholesale Film Label: used if stock number is not easily read through film.

- See below Section 4.3 Wholesale Carton Labeling

6.2 Warehouse Carton and Unitization Guidelines

Purpose: In order to support the Liberty Distribution Center, there are guidelines for warehouse cartons that must be followed. Please see the documents listed below for the criteria. Content includes the following:

- Hallmark Distribution Wholesale Restrictions
- Hallmark Warehouse Conveyable Carton and Bin Space Size and Weight Restrictions
- Hallmark Warehouse Restrictions for Unitizing (unitizing guidelines)
- FedEx Ground Restrictions
- Packable / Ship Separate Decision Tree
- Splitting Pallet Loads



Hallmark Distribution
Warehouse Restriction



Hallmark Warehouse
Conveyable Carton ar



Hallmark Warehouse
Restrictions for Unitiz



Packable_Ship
Separate Decision Tre



Splitting Pallet
Loads.doc

6.3 Wholesale Carton Labeling

Purpose: This procedure is to establish uniform guidelines and minimum requirements for the labeling of wholesale packages.

Wholesale Label: used if stock number is not easily read through film or if a carton is used.

- Style: Flat
- Shape: Rectangle
- Dimensions: 2.625 x 1 in. (67 x 25 mm)
- Material: White Semi-Gloss or Matte Litho Label Stock
- Adhesive: Permanent
- Stock Basis Weight: 32 lb. to 40 lb.
- Graphics:
 - Print Color(s): Black
 - Graphic Notes: See diagram for graphics
 - Notes: Vendor to strip in stock numbers, retail quantity, production date, etc.



Wholesale Label
template.pdf



Whsl Label
Guidelines.doc

6.4 Transport Environment Test – Document 1301

Purpose: The Document 1301 is used to simulate the shipping and handling for our products and packages. It is required in order to best determine the most economical protection for the product as it travels with the current Ground Package Carrier that Hallmark uses.

Included in the document are the following:

• Products to be Tested	• Vibration Test Procedure
• Test Quantity	• Drop Test Procedure
• Shipping Carton to be Used	• Transport Environment Test Evaluation
• How to Load Test Carton	• Cold Transport Environment Test



Transportation Ship
Test_Document 1301.

6.5 Sales Sample Protocol

SALES SAMPLE WORDING:

The instructions recorded are as follows:

- Each item/SKU (Each piece) must be wrapped for shipment to US separately and marked on the outside of the bubble wrap or container with its SKU number.
- Each retail item needs to be marked as listed.

Example

Salesman Sample

Not for resale

Not safety tested

Do not give to children

- Each retail item must be marked on the item (retail cartons, wholesale cartons and shipper cartons do not require marking)

If product must be co-packed or repackaged by the sales sample group, please notify Dennis Davis in advance and provide one sample to be used as a reference for assembly

Send Sales Samples to:

Hallmark Cards, Inc
Sample/Salesforce Services, 6-C Mail Drop 372
2501 McGee
Kansas City, MO 64018

Atten: Sharon Wolf

Tel # 816-274-8347 ext. 48347

DO NOT PUT BUYERS NAME ON THIS

7. Product Integrity Requirements

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GENERAL:

The Product Integrity requirements include: product, packaging, and occasionally product engineering requirements. Hallmark also has several Product Integrity policies that may influence product design or material choices. Each of which will be described in greater detail below. If a vendor has questions or is not sure of the requirements, it is their responsibility to contact their Hallmark representative for clarification. In addition, Hallmark always welcomes the vendor's input on how to modify the product's attributes (e.g. shape, size, thickness) or raw materials to make it more cost-effective throughout the manufacturing process.

7.1 Product Requirements

The key fields and definitions included in product requirements are list below. (Note: not all fields will be completed or relevant for the specific product.)

Colorway Name or Product Name = SKU number – often printed on the labeling, packaging, invoice, etc.

GTIN Number = UPC code – usually printed on retail labeling (e.g. hangtag, label, retail box, etc.)

Price – often printed on the retail labeling, but sometimes products are “price-off”

SAP Inspection Plan – the product classification under which the testing protocols can be found.

Testing Category – all products will be classified as a toy, children's product non-toy, or general-use. This information should be used by the vendor when determining appropriate materials and will be used by labs for testing.

Packaging Labeling Requirement – this field contains information on labeling requirements for packaging and should be referenced during development, pre-production, and inspection.

Product Labeling Requirement – this field contains information on labeling requirements for product and should be referenced during development, pre-production, and inspection.

Sewn-In Label/Stuffed Articles Labeling Requirement – this field is completed for colorway and will identify which sewn in/stuffed articles labels are required for a SKU.

Age Label – this field will identify if a stated age label should be present on packaging.

Age Grade - the 3rd party lab will test to the requirements for that specific age. It's very important that products are designed with adequate materials and construction methods to meet the indicated age grade. Hallmark makes the final determination for the age grade for all of its products, but will seek input from 3rd party labs and outside safety consultants, as needed.

Tracking Date Code – the date of manufacture, expressed in a month/year format (MMYY), e.g. April 2018 = 0418. This four digit code is printed on both the retail packaging and product (where practicable) for all “children’s product” – those designed and intended for children 12 years of age or younger.

Rtls/Pack = Rtls/Whls – the number of retail units packaged inside the wholesale unit.

Number in Rtl = Items/Rtl – the number of pieces packaged inside a retail unit.

Product Image – this is only a point of reference and should not be used for color or design reproduction. The vendor should follow the DA sample for design, color, shape, size, finish, etc.

PI Notes – This field addresses general quality comments that are deemed important to share with the vendor. Often these comments include notes about how the product must function, special labeling requirements for the product and/or packaging, and possibly requirements at pilot production or final inspection.

High Attention – When this field is indicated “YES”, information and instructions will be provided in the PI Notes. Hallmark has identified certain criteria or risk factors (a few examples listed below) that may require such products to undergo extra attention or additional steps in the process to ensure successful production.

- nationally advertised
- innovative or complex technology
- new licensor relationship that Hallmark must satisfy
- new vendor, or one that has a limited Quality Mgmt. System
- high dollar or unit volume

The above factors do not automatically classify a product as High Attention, nor is it an exhaustive list. Other variables are included in the process such as vendor experience with Hallmark, past product quality performance, country location, etc. This classification also does NOT mean the quality level or visual standards are any different than prior skus. Hallmark will work with the vendor to mitigate any concerns to ensure quality product is produced and shipped on time.

Hallmark Quality Requirements (HQR) relevant to this product format will be listed on the specification. These documents may be organized by the product’s raw material (e.g. glass, metal, wood, plastic, resin, fabric, leather, etc.) or by the product format (plush, water globes, books, candles, jewelry, etc.). Each HQR will list Hallmark’s general requirements for the category, reference to regulatory requirements if applicable, the Average Outgoing Quality Limit (AOQL) level, and visual quality attributes identified in the base materials, decorating process, assembly/production process, and production handling process.

The HQR documents will be provided to the vendor either by the Hallmark representative or found on Hallmark’s vendor portal. However, these change frequently. It is the vendor’s responsibility to ensure that they acquire any and all HQRs that pertain to their product with each new PO.

Safety & Regulatory (SR) Testing/Protocol

Based on the name of SAP Inspection Plan or product classification and the testing age-grade, the vendor will acquire from Hallmark’s designated, 3rd party testing lab, Bureau Veritas or Intertek a Hallmark Safety & Regulatory (SR) Protocol, to follow for the specific sku. This SR protocol will list all of the testing requirements for that product format. A complete listing of Hallmark’s SR Protocols can be found on Bureau Veritas’ website, DocuShare. The web address and login information for DocuShare is as follows:

<https://docushare.cps.bureauveritas.com/docushare/dsweb/Home>

Username: vendor@hallmark

Password: thlesplu

Not all tests listed in the Protocol apply to each stock number. If the vendor is not familiar with the testing requirements for a product, they can submit a Safety Regulatory Request (SRR) to Bureau Veritas. The instructions to complete an SRR can also be found on DocuShare. Within three days of receipt, Bureau Veritas will provide to the vendor the appropriate SR Protocol, identifying all applicable tests for the product in question.

In addition to the SR Protocol that covers testing required by federal regulations, Hallmark also has a supplemental product protocol that includes some state requirements as well as areas critical to Hallmark that may be above and beyond those regulated by government agencies. This Hallmark testing protocol is called HLMK 10000 (Hallmark Company Testing Policy), and can also be found on Bureau Veritas' DocuShare website.

Samples submitted to Bureau Veritas for SR testing must be representative of production, i.e. they must come off the production line from pilot production, and include complete packaging. If the packaging/labeling elements are not available at pilot production, then artwork files or a pdf of packaging can be submitted along with the product samples so that labeling requirements can be evaluated by Bureau Veritas. A Test Request Form (TRF), located on BV OneSource, must be completed and sent to the lab along with sufficient samples for testing. KC Product Integrity must approve the use of a different 3rd party lab. Group testing of similar skus (same materials, construction, etc.) produced at the same timeframe, and from the same vendor is also permissible, but must be approved by a Product integrity representative and indicated on the TRF.

Function & Reliability (FR) Testing/Protocol

Hallmark has also developed Functional & Reliability (FR) Protocol documents to address physical characteristics and key product performance testing. Although these are not regulated requirements, they are important to Hallmark's brand reputation and many are vital to ensure consumer product satisfaction and overall product durability and quality throughout the product's intended life.

Hallmark will provide the vendor with the appropriate Hallmark FR Protocol; however, not all tests listed within the FR protocol are applicable to all product designs. Only if the product meets the condition(s) stated for the test will it then be applicable/required. All FR testing should be performed by Hallmark staff, any recognized 3rd party lab, or the vendor (if the vendor has the necessary testing equipment and capabilities, and they have been approved by Hallmark). Consult with your Hallmark Product Integrity Analyst or Engineer if you have questions.

Test Comments

Any additional requirements or special comments regarding the testing of a particular product will be called out in the previously described PI Notes field.

Verification Testing

Ultimately, the vendor is accountable to ensure the products they produce will meet the both the FR and SR Protocols. If they are unsure of whether the materials, components, and manufacturing processes used in their product will pass these testing protocols, then they can choose to conduct Verification Testing.

Verification testing is at the discretion of the vendor. It involves making a prototype using the same materials, components, & processes planned for mass production and submitting such sample(s) to the lab for testing (against the entire protocol or only for a specific test of concern) to *verify* that it will pass the requirement(s). This reduces the vendor's risk of a testing failure at production; however, successful verification testing does not alleviate the vendor's responsibility to complete all required testing on representative samples pulled from actual production.

Inspection

Finished goods will be inspected at a Hallmark distribution center, or at the vendor's manufacturing facility either by a Hallmark inspector or an approved 3rd party inspector. For on-site inspections, the factory will schedule an appointment for the final inspection when all testing has been successfully completed and production of finished goods is complete.

The product will be inspected according to the AOQL level shown on the Hallmark's Quality Specification (typically a 3.0% AOQL plan is used, contact your Hallmark representative for details). All elements of packaging (retail packaging, wholesale packaging, and the shipper carton) will be evaluated against the requirements outlined in the Quality Specification. In addition, the UPC code will be evaluated/scanned to ensure it is correct.

Any significant discrepancies found during the inspection process will cause the product to be placed on-hold (if conducted at the Distribution Center) or rejected (if conducted at the factory). Discussions will then take place to resolve the quality issues found at inspection. Typically, the disposition for a rejected lot will involve one of the following options: sort & repair, discard, or return-to-vendor; and include financial reconciliation or chargeback, if applicable.

Hallmark must be provided with or have access to a successful SR and FR Test report, and an inspection report for each sku, prior to shipping the product to retail.

7.2 Packaging Requirements

Packaging consists of three areas:

Retail unit – how the retail product is packaged and labeled for sale to the consumer.

Wholesale unit – the number of retail units packed into a wholesale unit, and how the wholesale is packaged and labeled. (This is the "product configuration" that we sell and ship to retail stores.)

Shipper Carton unit – the number of wholesale units packed into a shipper carton and how the shipper carton is configured and labeled. *Please be sure to follow the Document 512 guidelines* (see Section 4) since shipper cartons cannot be received or handled within our automated Distribution Center unless labeled properly with the correct and scannable, code 128 bar code. Errors will result in a rejected shipment and the vendor may incur extra handling and relabeling charges.

Each product will have a unique packaging configuration (# of retails/wholesale, and # of wholesales/shipper carton), as well as utilize various packaging elements (e.g., polybags, hangtags, chipboard boxes, vacforms, bubblewrap, tissue paper, etc.). Follow the instructions, as shown in the sku-level, Packaging Specification as well as consult the "General Packaging and Labeling Requirements" as outlined in Section 4.0 of this document. Please note that once the number of wholesales per shipper carton has been established, any changes must be approved by Hallmark. Consult your KC Product Integrity Analyst if you have any questions since packaging can be the most difficult element to execute properly based on our unique shipping requirements and automated warehouse.

Vendors are encouraged to use our Carton Optimization Program (COP) which can be provided by Hallmark and download our shipper carton software program located on our website at Hallmark.com.

Packaging Comments

Any additional requirements or special comments regarding a particular product will be called out in the Packaging Notes field.

7.3 Product Engineering Requirements

Product Engineering requirements are typically present with electronic products only. Often these products have light, sound, or motion features that must be engineered with specific performance attributes in mind so that the correct materials, circuit boards, voltage, etc. can be considered up-front during product design & development. Engineering specifications can include, but are not limited to: play patterns and life cycle requirements, electronic components required, battery type/quantity/size/location, mechanical drawings, light/sound sequence, specific raw material usage, etc. If you have questions, please consult with the Hallmark engineer assigned.

Engineering Comments

Any additional requirements or special comments regarding a particular product will be called out in the Engineering Notes field.

7.4 Product Integrity Policies

In addition to the requirements listed above, Hallmark feels strongly about a number of product safety issues that go above and beyond the regulations established by laws or industry standards. These policies pertain to product components that may pose a serious potential health risk to the consumer or the environment, and include the following:

- Hallmark **PVC Policy** – PVC is prohibited in our product and packaging.
- Hallmark **Battery Policy** – No lithium batteries. When small batteries that fit within a small parts test cylinder are used, and battery accessibility is required, then product must utilize a screw closure for battery compartment.
- Hallmark **Magnet Policy** – Hazardous magnets must be secured in all products and packaging.
- Hallmark **Paper Policy** – Responsible sourcing of paper.

If batteries or magnets are included with a vendor's product, it is the vendor's responsibility to read and understand the relevant policy. The above policies are also contained within the **HLMK 10000 Protocol**.

Restricted Substance List (RSL)

Proactive chemical management is important to Hallmark and our customers. In order to further ensure the safety of Hallmark customers and protect the environment, Hallmark has a chemical management policy designed to monitor and ultimately reduce regulated chemicals in our products. Hallmark has developed a Restricted Substance List (RSL), consisting of more than 100 chemicals that are either restricted and/or reportable. These chemicals may be present in dyes, textiles, plastics and other materials. Vendors are expected to identify and report the presence of these chemicals in Hallmark products. See your Hallmark representatives for more details on this requirement.

8. Vendor Payment Terms and Conditions

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8.1 Supplier Portal Requirements (Domestic)

Your company is required to enroll in Hallmark's supplier portal to be set up as a vendor. **Enrollment and use of the portal is completely free.** Complete the form on page 47 of this packet and an invitation to Hallmark's supplier portal will be sent to you. Your company will need to upload a W-9 to complete enrollment.

The invoice will be paid based on the invoice received date according to the approved terms set up by your company. Send all invoices to Hallmark@scanneddocs.com. Questions regarding payment of invoices can be emailed to customercare.ap@hallmark.com or call Customer Care at 816-274-5126. You can also visit Hallmark's supplier portal 24/7 regarding the status of invoices and payments.

8.2 Hallmark Supplier Portal Information

Hallmark Cards, Inc. and its subsidiaries have provided a web-based portal that enables electronic communications, invoicing, and payment features. Vendors will have **FREE** access to the portal's features, including:

- 24/7 online access to invoice status, PO details, and payment remittance details
- Free invoice creation and submission for applicable purchase orders
- Review, download, and print PO, invoice, and payment details
- Send electronic messages to Hallmark's accounts payable team in regards to specific POs, Invoices, and payments
- Maintain and update your organization's address, bank account information, tax identification number, and W9/W8 documents
- Select approved invoices for early payment so you can have quick and reliable access to cash
- The easy to use portal is completely secure and only requires access to the internet

Instructions for portal enrollment and usage can be found in the below.



Hallmark Supplier Portal User Guide



Hallmark Supplier Portal Enrollment Guide

8.3 Global Procurement Terms and Conditions

These details are provided for current Hallmark vendors and vendors in order to verify terms and conditions related to purchase orders for Hallmark Cards, Incorporated divisions and subsidiaries. Global Procurement Terms and Conditions can be found at:

<http://corporate.hallmark.com/Vendors>

8.4 Tax Processes

Foreign Vendors

1. Tax Department will initiate email invitation for vendor to complete and submit electronically required IRS tax documentation (W-8 Forms)

-Invitation email will come from (Comply.Admin Application)

2. Once vendor completes required tax documentation in the website, Tax Department will approve vendor for payment of invoices (with or without required tax withholding)

3. Upon Tax Department approval, Customer Care will remove system payment block from vendor when no tax withholding required (block remains on others so that payments can be processed with required tax withholding)

Any new vendor that is set up with a **foreign bank account** must submit a SIGNED letter from their bank stating wiring instructions and must be submitted on the bank's letterhead. Please make sure the name on the bank account is the EXACT same as the name on the vendor set up. This includes abbreviations, spacing, capitalization, etc. If a word is SPELLED out on the bank, such as "Incorporated", it must be spelled out in the vendor name too. The letter can be attached in the portal when the vendor is set up or sent to customercare.ap@hallmark.com.

8.5 Hallmark Global Services ACH Payment Processing Policy

Dear Valued Supplier,

If you currently receive payments from Hallmark Retail, LLC. Or one of its subsidiaries in the form of a check, please consider signing up to receive payments electronically. It is as simple as receiving your paycheck through direct deposit. If your company is already receiving electronic payments from Hallmark Retail, LLC., we want to take this opportunity to thank you.

Hallmark Global Services (HGS) is committed to remitting payment to our suppliers on the due date. HGS currently issues payments through traditional paper checks or with added security and convenience, through electronic ACH payments.

It is the goal of HGS that both the supplier and HGS benefit from efficiencies provided by the electronic ACH payment process. We do not intend for either party to benefit from the increase or decrease in the amount of float used in this process.

The electronic ACH payment policy is designed to reflect the normal float experienced when remitting a paper check through the mail. We assign a bank settlement date of 4 business days after the payment date. **HGS passes all payment remittances, including the associated invoice numbers in the addenda record of each payment to our bank, which then passes all of the information to the receiving bank. The supplier is then responsible for retrieving the payment information from their bank's ACH department.**

*****Please confirm with your bank's ACH department how they provide your remittance information to you.***** HGS will send remittance information via email to the address you designate on the attached authorization form.

HGS is confident that you will find our electronic ACH payment policy consistent with others in the electronic commerce industry. **Please complete the attached form and fax to Customer Care at 816-274-8821. If you have questions regarding this policy, you may contact Hallmark Global Services by phone or email at 816-274-5126 or CustomerCare.AP@HMKGS.com.**

Sincerely,
Tara L. Lancaster
Finance Manager, Accounts Payable/Business Expense Hallmark Retail,
LLC./Hallmark Cards, Inc.

HALLMARK GLOBAL SERVICES, INC.

ACH ELECTRONIC PAYMENT (EFT) AUTHORIZATION FORM

**SUPPLIER
INFORMATION**

Name _____

Address _____

Tax ID _____

Treasury
Contact _____

Telephone _____

Fax number _____

* Email address _____

(For automated email remittance information)

Authorized
Signature _____

**SUPPLIER'S
BANK INFORMATION**

Name _____

Address _____

Telephone Bank ABA _____

Account
Title _____

Account # _____

It is the responsibility of the supplier's bank to inform its customer how and when remittance information will be supplied. Hallmark Global Services' ACH electronic payment policy is to settle funds on the 3rd business day following the due date. Hallmark must be notified, in writing, of bank account changes or closures a minimum of 30 days in advance. If a change involves a bank other than listed above, a new ACH authorization form is required.

Hallmark Payment Plus Form



☐ Yes, I agree to participate in the Payment Plus MasterCard program for my settlements with Hallmark Global Services.

SUPPLIER INFORMATION

Supplier Name _____

Address _____

City _____

State / Zip _____

Tax ID _____
(will be used for Hallmark internal purposes only)

Accounts Receivable Contact Information Name

Phone Number _____

Number Fax _____

* Email Address _____

IMPORTANT: Your Email Address is **required** for Payment Plus to receive Email Remittance Notification (ERN) . It is critical that this email address be current and accurate in the Hallmark's system so please notify Hallmark immediately with any changes to the email address or in the person receiving the email at your company.

***** Please return this form to Hallmark Global Services either via Fax at 816-274-8821 or email to customercare.ap@hallmark.com. If you have an questions, please contact Disbursements Customer Care at 816-274-5126.



Hallmark Cards, Inc. Supplier Information Sheet

Hallmark Buyer Name:

Supplier Company Name:

Company Website Address:

Contact Information

Contact Name:

Phone:

Fax:

Email:

Business Address:

City:

State:

Zip:

Accounts Receivable Information (if different than above)

Contact Name:

Phone:

Fax:

Email:

Remit to Address:

City:

State:

Zip:

Other Required Information

Federal Tax ID:

Minority Owned Business:

- ☐ African American
- ☐ Native American
- ☐ Asian Pacific American
- ☐ Woman Owned
- ☐ Asian Indian American
- ☐ Other _____

Please fax or email this document to 816-274-8821 or CustomerCare.AP@Hallmark.com

9.0 Hallmark Corporate Store Group (CSG) Requirements

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GENERAL:

The Hallmark Corporate Store Group (CSG) Requirements are designed to assist retail suppliers in preparing merchandise and exchanging documents with Hallmark Retail, LLC ("Hallmark"). The supplier must not deviate from the terms and conditions in this manual without advance written permission from person(s) of contact at Hallmark Retail, LLC.

In the document below you will find reference document to the following:

- Vendor Compliance Manual (pages 2-3)
- Shipping/Routing Guide (pages 4-7)
- Product Warranty Document (page 8)
- Vendor Information Worksheet (page 9)
- Hallmark Retail, LLC Credit Reference (page 10)



2_CSG_2020
VENDOR COMPLIANCE