Shipment Preparation and Routing

18305 E. San Jose Ave.
City Of Industry, CA. 91748
## Index Updates to Vendor Manual

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1 Introduction

Hot Topic’s long-term success is dependent on our ability to consistently offer products that meet our customer’s expectations for style, quality and price. Furthermore, we know that consistently obtaining high-quality products on time requires strong relationships with qualified and supportive vendors. You, as our esteemed Vendor, play an important role in the distribution process, which includes understanding the Vendor Terms and Conditions before you accept orders. With the support of our Vendor Relations Department, we expect that our vendors:

- Provide a Statement of Conformity (S.O.C.), which confirms that your product meets all federal and state requirements.
- Adhere to the Purchase Order Terms and Conditions.
- Ensure the production quality of all merchandise matches both our buyer’s specifications and approved production samples.
- Label all merchandise with the Country of Origin (C.O.O.).
- Pre-ticket 100% of merchandise shipped to Hot Topic.
- Properly pack all merchandise per the Purchase Order Instructions.
- Provide ASNs (Advance Shipment Notifications) and use TPM carton labels.
- Ship merchandise within the specified timeframe per the shipment prep guidelines.
- Adhere to Routing Instructions.

The following sections outline in greater detail our specific policies and procedures as they pertain to correct merchandise preparation, shipping and routing methods, invoicing and product development and quality assurance. We anticipate that the Vendor Manual will be read carefully and shared with the appropriate personnel in your organization as well as any participating third parties. Violations of our policies and procedures will result in direct chargebacks to you to offset additional costs to correctly package, label, or dispose of unsatisfactory products.

If there are any questions regarding the information provided, please direct your inquiries to the appropriate contacts listed in the section of this manual labeled “Key Contacts.” We look forward to strengthening our partnership through a clear understanding of our requirements.

It is highly recommended that all vendors review the Vendor Manual in its entirety. Ensure all appropriate personnel in your organization also familiarize themselves with the revised standards applicable to their duties.

Please note that during the most recent revision process, the entire manual was reformatted, reorganized and rewritten for clarification and convenience purposes.

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1 For convenience, the term “Hot Topic” is being used to refer to Hot Topic, Inc., Hot Topic Merchandising and any of its subsidiaries, including Hot Topic, Torrid, and our newest addition, Blackheart.
2 Vendor Terms and Conditions

1. All Agreements in Writing. No contract, agreement or other commitment shall be binding against Hot Topic unless or until reduced to a writing and signed by Hot Topic in accordance with its then current policy for contract approval. Emails, verbal statements, and other such informal communication shall not be deemed a binding commitment by Hot Topic. Vendor's acceptance of the Vendor Manual, including these Vendor Terms and Conditions, by means of Hot Topic's TPM system, shall constitute a binding commitment by Vendor.

2. Priority of the Vendor Terms & Conditions. These Vendor Terms and Conditions and the terms of any purchase order approved by Vendor and Hot Topic (collectively “Vendor Commitments”) shall be binding on the Vendor and its affiliates involved in the transactions contemplated by the Vendor Commitments, regardless of whether Vendor may have submitted or may submit its own terms or other documentation. In the event of a conflict between (a) these Vendor Terms and Conditions, (b) the terms set forth on any purchase order or similar such document prepared by Hot Topic (a “Purchase Order”), and (c) and any Vendor form, order, invoice, terms and conditions, or similar such document (collectively “Vendor Documentation”), the conflict shall be resolved by giving first priority to these Vendor Terms and Conditions, second priority to the Purchase Order and third priority to any Vendor Documentation.


(a) Merchandise must be delivered to Hot Topic at its designated distribution center(s) (or store, if applicable) on, and no later than, as specified in the Vendor Commitment. Any such authorized partial shipments must be made in like proportion to the size/color breakdown specified by Hot Topic. The earliest date Merchandise may be delivered to Hot Topic shall be such date indicated in the Vendor Commitment. Time is of the essence with respect to Vendor’s obligations arising under any Vendor Commitment.

(b) Hot Topic may, in its sole and absolute discretion, reject and/or return any and all merchandise, goods, services and/or materials (collectively referred to as “Merchandise”) if any portion: (a) varies from the quantity identified on the Vendor Commitment by more than 3% in any SKU or other specification; (b) is or will be delivered after the date of delivery and receipt set forth in the Purchase Order, time being of the essence with respect to delivery dates; (c) is not in full conformance with all specifications, prototype(s), Hot Topic approved production samples, TOP samples, and Hot Topic quality standards and industry standards (collectively the “Merchandise Standards”); (d) is completed or shipped contrary to specifications or prototype(s), packing/shipment details or other instructions, including instructions set forth in this Vendor Manual; (e) of the Merchandise is not as warranted; or (f) if Vendor otherwise breaches any provision of the Vendor Commitment or any other commitment of Vendor. In the event of any such return or rejection, Hot Topic may charge Vendor and Vendor is liable for all expenses of unpacking, inspecting, storing and shipping any such items, as well as necessary ticketing, packing, unpacking and other special handling contemplated by the Vendor Commitment but performed by Hot Topic. In the event of any such return or rejection, except as otherwise agreed in writing by Hot Topic, Vendor shall promptly: (i) advise Hot Topic to return the rejected Merchandise to Vendor at Vendor's sole cost; (ii) refund to Hot Topic all amounts paid for the Merchandise; (iii) pay all claims for damages and expenses reasonably incurred by Hot Topic; and (iv) ensure the all of Hot Topic’s Intellectual Property is removed from the Merchandise. In addition, in the event Hot Topic reasonably concludes the Merchandise of Vendor must be recalled for any reason, Vendor shall be responsible for all costs of such recall, including costs of...
customer notifications, shipping, and customer refunds. Hot Topic reserves the right to exercise any other remedy permitted by law. Hot Topic shall have no obligation with respect to the storage, safety, or return of any rejected Merchandise.

(c) If Hot Topic has any other Vendor Commitments with Vendor and Vendor fails to comply with or breaches any obligation, covenant, representation or warranty hereunder, Hot Topic shall also be entitled, at any time, to cancel, or suspend its performance (in whole or in part) under any other Vendor Commitments, and to set off against any amounts payable to Vendor any indebtedness or liability of Vendor or any claims of Hot Topic against Vendor.

(d) All unsatisfied Vendor Commitments will automatically cancel in the event of the insolvency of Vendor or in the event that Vendor files a voluntary petition under any bankruptcy or insolvency law or makes an assignment for the benefit of creditors or in the event a petition under any bankruptcy or insolvency law is filed against the Vendor.

4. Inspection & Testing Right.

(a) Hot Topic or its representatives shall have the right to inspect and examine, and Vendor shall make available immediately upon demand, any and all Merchandise and materials used during any phase of production or after production. It is expressly understood by Vendor that the inspection by Hot Topic is Hot Topic’s right, rather than its obligation. Acceptance of Merchandise shall be conditioned upon final inspection approval at Hot Topic’s distribution centers (or stores if applicable). Neither Hot Topic’s inspection of any Merchandise and materials nor its acceptance thereof shall constitute a waiver of any of Hot Topic’s rights or remedies herein, including those arising from or related to late shipment(s), Defective Products, or any other breach of a Vendor Commitment.

(b) Hot Topic shall have the right to require testing of Vendor’s Merchandise by authorized chemical laboratories and other such laboratories commonly used by retailers to ensure the compliance of the Merchandise with the Merchandise Standards, the terms of Vendor Commitment(s), and All Laws applicable to the Merchandise and Hot Topic. All such testing shall be at the cost of Vendor.

(c) If an Epidemic Failure occurs within ninety (90) days after Hot Topic receives Merchandise from Vendor, Hot Topic may, at its sole discretion, reasonably assume that all the units of such Merchandise with respect to that Purchase Order are Defective Products. In such event, Hot Topic will be entitled to take action at its sole option to reject and/or return all of the units of such Merchandise at Vendor’s expense and risk. “Epidemic Failure” shall mean the Merchandise delivered to Hot Topic of which an amount equal to or more than three (3) percent (%) of any SKU or specification are Defective Products. “Defective Products” shall mean that Merchandise, or any portion thereof, fails to conform to the Merchandise Standards, the Vendor Commitment, or any representations and warranties of Vendor.

5. Exclusivity. In the event of a Vendor Commitment in connection with which Vendor and Hot Topic have agreed upon an “exclusive”, Vendor agrees to comply with the relevant terms and conditions thereof, including terms and conditions relating to scope, minimums or maximums, geographical or commercial parameters, and time. Vendor agrees a breach of such exclusive terms shall constitute a breach hereof.
6. **Invoicing & Use of Factors.**

   (a) All invoices submitted by Vendor for payment by Hot Topic must meet invoice requirements as set forth in the Vendor Manual. Hot Topic shall have no obligation to make payment on any Vendor invoices received by Hot Topic more than six (6) months after the date on which Hot Topic shall have accepted the Merchandise.

   (b) Except as agreed in writing by Hot Topic and for commercially reasonable use of “factors” as referenced in the Vendor Manual, Vendor shall not delegate or assign any obligations under a Vendor Commitment. Notwithstanding the foregoing, Hot Topic shall be under no obligation to pay any assignee, transferee, subcontractor, supplier, factor, or facility for any Merchandise, payment, or amount unless it has specifically agreed to do so in a writing signed by an officer of Hot Topic. As an accommodation to Vendor, Hot Topic may make payments to an assignee, transferee, subcontractor, supplier, factor or facility for Merchandise, however Hot Topic shall assume no liability for any such payments. Hot Topic may, but shall not be required, to rely on any assignment of Vendor’s right of payment to a factor if Hot Topic reasonably believes such assignment is valid. Vendor forever disclaims and waives any liability of Hot Topic for and shall, upon demand, reimburse Hot Topic for any and all costs and damages incurred by Hot Topic in connection with any such transfer or any payment actually made by Hot Topic.

7. **Risk of Loss & Other Vendor Responsibilities.**

   (a) Subject to any specific terms to the contrary set forth in Purchase Order, Vendor irrevocably and unconditionally assumes all risk of loss prior to delivery of Merchandise, including time in transit with any common carrier, whether shipping costs are paid by Vendor or paid by or billed to Hot Topic, and whether any applicable shipping contract is with Vendor or Hot Topic or its expressly designated consolidator. Subject to any specific terms to the contrary set forth in Purchase Order, Vendor irrevocably and unconditionally assumes all risk of loss after delivery of the Merchandise if such Merchandise is not accepted or is nonconforming or unsatisfactory, is a Defective Product, or if Vendor has otherwise breached any term of a Vendor Commitment. In the event of loss or damage of Merchandise in transit for which Vendor has risk of loss pursuant to this paragraph, Hot Topic agrees to use commercially reasonable efforts to pursue claim(s) with common carrier(s) in the event Hot Topic is the appropriate claimant due to contractual relationship or otherwise.

   (b) Hot Topic shall not be responsible for packing, freight and other costs necessary to deliver Merchandise, or applicable taxes, unless otherwise set forth on the face of a Purchase Order.

   (c) Vendor agrees to comply with all terms of Hot Topic’s “Vendor Code of Conduct”, as may be in effect from time to time. A current copy of which is attached to the Vendor Manual and is incorporated herein by this reference.

   (d) To the extent that a Vendor Commitment permits Vendor to subcontract to deliver the Merchandise, including to perform any services herein, Vendor shall be fully liable for the actions of any and all of its subcontractors and their respective agents and employees to the same extent to which Vendor is liable for the acts or failure to act of its own employees.

   (e) Vendor agrees that it shall be solely responsible for the payment of all wages, fringe benefits, social security, unemployment and similar expenses and taxes in connection with each Vendor Commitment and all Merchandise, including any fines, penalties or other matters
arising as a result of any claim Vendor failed to fully discharge such responsibilities.

8. **Representations & Warranties.**

(a) Vendor represents and warrants, as of the date hereof and as of the date of each shipment, delivery and receipt, respectively, of the Merchandise to Hot Topic: (i) all Merchandise is merchantable and fit for the use and purpose for which it is intended and is free from any defects or matter injurious to persons or property; (ii) the manufacture, packaging, labeling, advertising, delivery and sale of the Merchandise complies with All Laws; (iii) all processes used or engaged in with respect to processing, manufacturing, packaging, labeling, storing and shipping the Merchandise comply with All Laws; (iv) Vendor, its agents, contractors, subcontractors, and factories comply in all respects with All Laws, regulations and standards relating to the employment of persons, including Hot Topic’s Vendor Code of Conduct; (v) the Merchandise does not include any product or item which may not be introduced, delivered, received, sold into interstate commerce; (vi) the Merchandise is safe for use by consumers and complies with all applicable consumer product safety laws, rules, and regulations; (vii) the Merchandise may be promoted and sold by Hot Topic, without additional labeling, warnings, conditions, or restrictions, without causing Hot Topic to become liable for violation of any applicable consumer product safety laws, rules, regulations or standards and; (viii) Vendor has, and by virtue of the Vendor Commitment Hot Topic benefits from Vendor having, all necessary Intellectual Property Rights relating to the manufacture, advertising, and sale of the Merchandise, (ix) the promotion and sale of Merchandise by Hot Topic does not, and shall not, violate the Intellectual Property Rights of any third party; (x) to the extent the Vendor Commitment states the Merchandise is exclusive to Hot Topic, Vendor has not, and will not, manufacture, deliver or sell merchandise with similar designs and specification as the Merchandise in the preceding and following twelve (12 ) month periods; (xi) no portion of the Merchandise contains “conflict minerals” as that term is defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act; (x) Vendor has not exercised any “undue influence” or other pressure on any third party (including any third party laboratory) to improperly influence the results of any testing of the Merchandise; and (xiii) all certifications and lab reports provided by Vendor to Hot Topic shall be true, correct, and complete as to the matters set forth in such reports.

(b) Vendor is familiar with the location of Hot Topic’s distribution centers and stores (including worldwide via the Internet, the “Sale Locations”). For purposes of these Vendor Terms and Conditions, “All Laws” shall mean and include all applicable federal, state, local, foreign, domestic and other laws, rules, regulations, standards and requirements, including but not limited to the Tariff Act of 1930; the Fair Packaging and Labeling Act; the Federal Food, Drug and Cosmetic Act; the Federal Trade Commission Act; the Magnuson-Moss Warranty Act – Federal Trade Commission Improvement Act; the Consumer Product Safety Act; the Consumer Product Safety Improvement Act of 2008; the Flammable Fabrics Act; the Federal Hazardous Substances Act; the Fair Labor Standards Act; the Wool Products Labeling Act; the Textile Fiber Products Identification Act; the Fur Products Labeling Act; the United States Poison Prevention Packaging Act; the Child Protection Safety Act; the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act; the United States Leachable Lead and Cadmium standards and all other applicable Federal Food and Drug Administration Standards; the Federal Food, Drug and Cosmetic Act, 21 U.S.C. 301 et seq.; laws relating to environmental and transportation matters or those requiring any form of notice or warning in connection with the sale, shipment, storage, marketing or promotion of the Merchandise in all Sale Locations; and all labeling, tagging and manufacturing rules and regulations for all Sale Locations, including but not limited to country of origin labeling.
requirements; and any amendments thereto. For purposes of these Vendor Terms and Conditions, “Intellectual Property Rights” shall mean and include all rights, title, licenses or other interests in and to all patents, designs, trade names, trademarks, copyrights, trade dress, rights of privacy, rights of publicity, and other proprietary and intellectual property rights necessary or convenient for purposes of manufacturing, distributing, and selling the Merchandise, including for sale by Hot Topic at any of its brick and mortar retail stores and online.

(c) In the event that Vendor breaches any representations or warranties herein or fails to comply with any term or requirement of a Vendor Commitment including but not limited to failure to timely deliver conforming Merchandise, Hot Topic shall be entitled to, in addition to and not in limitation of any other remedies available, at Hot Topic’s sole option and without any liability to Vendor: (i) immediately cancel any Vendor Commitment without advance notice; (ii) reject shipments, in whole or in part; (iii) insist on Vendor’s performance or re-performance under the Vendor Commitment and offset the amounts due under the Vendor Commitment by the actual or estimated damages incurred by Hot Topic; (iv) withhold payments due Vendor; (v) recover any and all actual, incidental and consequential damages, including but not limited to actual or estimated loss of profits or sales and costs to cover, attorneys’ fees and costs, and any penalties or liquidated damages assessed by or paid to the customs authorities of the importing country or any other governmental agency or entity; and/or (vi) offset any amounts due Vendor by any actual or estimated loss incurred by Hot Topic. Remedies of Hot Topic herein shall not be exclusive but shall be cumulative of any other remedy of Hot Topic herein or under any statute or law.

9. **Indemnification.** Vendor agrees to defend, indemnify and hold Hot Topic and its agents, affiliates and employees harmless from and against any and all claims, allegations, liabilities, fines, demands, causes of action, penalties, damages and expenses (including court costs and reasonable attorneys’ fees and costs) (“Claims”) which any person or entity (including employees or agents of Vendor), whether in privity to Hot Topic or not, may make against Hot Topic, whether based on claim of tort, breach of express or implied warranty, workers’ compensation, or any other legal theory of liability, or if brought as a class action or not, in any way and to any extent arising out of or related to: (a) the design, production, manufacture, packaging, labeling, shipment or sale of any Merchandise; (b) the sale, purchase or use of such Merchandise by Hot Topic or customers of Hot Topic or by any other person or entity; (c) the breach of or failure to perform by Vendor under any provision of any Vendor Commitment; (d) the breach of any representation or warranty contained in any Vendor Commitment; (e) any representation or warranty applicable to consumers with respect to any Merchandise; (f) the failure of Vendor’s products to comply with All Laws; (g) the failure of Vendor, its agents, contractors, subcontractors, and factories to comply with all laws, regulations and standards relating to the employment of persons, including Hot Topic’s Vendor Code of Conduct; (g) the Intellectual Property Rights applicable to the manufacture, advertising, distribution, promotion, use, and sale of the Merchandise; (h) Vendor’s use of any subcontractor, supplier, factor or facility; (i) the failure of Vendor or the Merchandise to conform to retail and apparel industry standards for design, production, labeling, manufacture, shipment and sale; (j) any “conflict minerals” contained in the Merchandise, as that term is defined in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and (k) any negligence, wrongful act, failure to act, misconduct or breach of duty by Vendor in the performance of its duties and obligations. All defense and indemnity obligations of Vendor shall be without limit, without regard as to whether or not Hot Topic furnishes artwork, designs, specifications or inspects the Merchandise, and without regard as to the relative negligence of any party or parties, whether such negligence be sole, contributory or comparative, joint or concurrent, active or passive, and without regard to the underlying merits of the Claim.
10. **Insurance.** Vendor shall maintain insurance as follows: (a) workers' compensation insurance as required by applicable law and employer's liability insurance with limits of $1,000,000 per occurrence with respect to any employee, agent or subcontractor of Vendor; and (b) commercial general liability (including broad form contractual coverage and coverage for personal injury, product liability, bodily injury and property damages arising from the Merchandise) with a minimum limit of $5,000,000 combined single limit per occurrence, with Vendor's insurance for commercial general liability as primary and not contributory, and name the Hot Topic as additional named insureds under each such policy of Vendor, in the amount of the full policy limits. A waiver of subrogation endorsement is required with respects to the commercial general liability insurance, which policy should be written on an occurrence basis. All insurance required of any Vendor Commitment shall be placed with a carrier possessing a Best's Rating of “A-” or better, and a minimum Best's Financial Size Category of “A VII” or higher. Vendor shall use commercially reasonable efforts to notify Hot Topic within thirty (30) days prior to any reduction or cancellation of the coverages set forth above so as to cause Vendor to not comply with the foregoing insurance provisions. Vendor shall maintain the insurance required by this Agreement throughout the term and for at least for eighteen (18) months following the last delivery of Merchandise to Hot Topic, and upon request provide Hot Topic evidence of such insurance reasonably satisfactory to Hot Topic.

11. **Intellectual Property.**

(a) **License to Vendor Intellectual Property.** Vendor represents and warrants that as of the date of any Purchase Order and on the date of delivery of the Merchandise, it has lawfully obtained all Intellectual Property Rights to permit the transactions contemplated by the Purchase Order. Except as may otherwise be provided on the face of any Purchase Order, Vendor hereby grants to Hot Topic the irrevocable, worldwide license to the Intellectual Property Rights necessary or convenient to promote, market, and sell the Merchandise in Hot Topic’s “brick and mortar” retail store locations, on any Internet site owned, controlled or licensed by Hot Topic, and all such other locations, methods, outlets and venues for sale of the Merchandise as could be reasonably anticipated by the parties. Other than the license provided by the preceding sentence, Hot Topic understands and agrees that nothing in these Vendor Terms and Conditions shall cause the Intellectual Property Rights of Vendor to be conveyed to Hot Topic.

(b) **Hot Topic Intellectual Property.** Notwithstanding anything herein to the contrary, Vendor irrevocably acknowledges and agrees that Hot Topic owns all Intellectual Property Rights, worldwide, in and to any and all designs, materials, sketches, drawings, photos, packaging, protectable phrases or slogans, creations, trademarks, logos, and any other work provided by Hot Topic to Vendor or originally created, developed and/or materially modified by Vendor specifically for Hot Topic (collectively, “Hot Topic Designs”). For avoidance of doubt, changes merely to the sizing or color of the Merchandise shall not constitute material modifications. Vendor also acknowledges and agrees that Hot Topic owns all worldwide right to any Derivatives of any Hot Topic Designs. A “Derivative” of any Hot Topic Design shall mean: (a) any revision, addition or other form in which such Designs may be recast, transformed or adapted; (b) any improvement of such designs; and (c) any new information or material derived from such designs, including without limitation new information or material protected under copyright, patent and/or trade secret laws. To the extent that Vendor is deemed to own, acquire or control any rights in the Hot Topic Designs or their Derivatives, including any copyrights or any other rights therein, Vendor hereby irrevocably assigns, transfers and conveys all right, title and interest therein and thereto (and any future ownership and rights, title and interest therein and thereto) to Hot Topic. Vendor further agrees as to all Hot Topic Designs and their Derivatives to assist Hot Topic in any and all countries with such transfer, including the
execution of any documents and assignments to Hot Topic or persons designated by it. Vendor agrees not to use any Hot Topic Design or Derivative other than for the purpose of complying with a Vendor Commitment, and agrees not to copy or reproduce or cause to be copied or reproduced, either directly or indirectly, any Hot Topic Design or Derivative without the express written consent of Hot Topic.

(c) **Limited License for Hot Topic Intellectual Property.** Vendor may use Hot Topic’s Intellectual Property on a non-exclusive basis during the term of any active Purchase Order and solely in connection with producing Merchandise for the benefit of Hot Topic. Vendor shall not at any time do or permit any act to be done which may in any way impair Hot Topic’s Intellectual Property Rights including, but not limited to, directly or indirectly (through its subsidiaries, affiliates, or otherwise) imitating, copying, misapplying or usurping Hot Topic’s Intellectual Property Rights, manufacturing for anyone else using Hot Topic’s Intellectual Property Rights, or selling items using Hot Topic’s Intellectual Property Rights directly to anyone, regardless of whether they use any of Hot Topic’s trademarks. Vendor shall not disclose, distribute, sell, or transfer any of Hot Topic’s labels, hang tags, ticketing, packaging, authenticity markers, Hot Topic Designs, Derivatives, photographs, or other materials to any third parties without Hot Topic’s express authorization in writing. Any breach of this section by Vendor shall constitute a material breach of these Vendor Terms and Conditions. Vendor further acknowledges that any breach will cause Hot Topic irreparable harm that cannot be remedied by monetary damages, such that Hot Topic shall be entitled to immediate injunctive relief. Hot Topic may pursue such relief without having to prove actual damages or post bond. Vendor also agrees that it will get a similar commitment from its subcontractors if it subcontracts any portion of its work under this Agreement.

(d) **Sell-Off.** Hot Topic does not permit the sale by Vendor of non-conforming Merchandise, “factory seconds”, Defective Products, or any other products with Hot Topic’s labels, hang tags, ticketing, packaging, authenticity markers, Hot Topic Designs, Derivatives, photographs, trademarks, trade names, or other materials without Hot Topic’s express authorization in writing. In the limited circumstance where Hot Topic will provide such consent, it is expressly conditioned on Vendor removing any labels, hang tags, ticketing, packaging, authenticity markers, or other items bearing the trademarks or trade names of Hot Topic.

(e) **Vendor Assistance.** Vendor shall, at the expense of Hot Topic, take all such steps as Hot Topic may reasonably request to assist Hot Topic in maintaining the validity and enforceability of its Intellectual Property Rights. Vendor shall promptly notify Hot Topic in writing of any actual, threatened or suspected infringement or unauthorized use of Hot Topic’s Intellectual Property Rights which Hot Topic has become aware. Hot Topic shall have the exclusive right in its sole discretion to institute any proceedings against such third party in its name and on its behalf. Vendor shall cooperate fully with Hot Topic in any legal action taken by Hot Topic against such third parties, provided that Hot Topic shall pay all reasonable out-of-pocket expenses of such action and all damages relating to damage suffered personally by Hot Topic which may be awarded or agreed upon in settlement of such action shall accrue to Hot Topic.

12. **Force Majeure.** The discontinuance of or substantial interference with either Hot Topic’s or Vendor’s business, in whole or in part, by reason of fire, flood, earthquake, unusually severe weather, strikes, wars, Acts of God, embargo, civil commotion, or governmental regulations, which causes are beyond its reasonable control, shall give Hot Topic, at any time thereafter and from time to time, the option to cancel all or any part of a Vendor Commitment without any liability.

13. **Waiver.** The waiver of any provision under a Commitment shall not be construed to be a
waiver of any other provision or Hot Topic's right to later require strict observance and performance of each of the provisions herein. If any term of a Commitment is found to be unenforceable or invalid for any reason, all other terms shall remain in full force and effect.

14. **Dispute Resolution.** Vendor expressly agrees that any and all disputes or claims arising from or related to a Vendor Commitment shall be exclusively resolved by the courts of the State of California, and Vendor waives objections thereto and consents and submits to personal jurisdiction in such courts. It is acknowledged and agreed that all Vendor Commitments are entered into in California, are to be performed in California, and shall be construed and enforced in accordance with the laws of the State of California, exclusive of conflicts of laws provisions and the U.N. Convention on the International Sale of Goods. If Hot Topic seeks to enforce any of its rights hereunder by legal proceedings and prevails, Hot Topic shall be entitled to recover from Vendor any and all costs and expenses incurred by Hot Topic, including but not limited to all attorneys' fees, court costs and expert fees. No claim, action, suit or arbitration of any kind may be commenced or asserted against Hot Topic later than the earlier to occur of (a) six (6) months from the date which Vendor's claim, action, suit, or cause of action against Hot Topic first accrued, or (b) if related to Merchandise delivered to Hot Topic, then six (6) months from the date Merchandise was delivered to Hot Topic.

15. **Confidential Information.** Except as required by law, Vendor shall not use, disclose, duplicate, publish, modify or otherwise distribute any Proprietary Information of Hot Topic to any person other than those employees who are actively and directly responsible for the Vendor Commitment without Hot Topic’s written consent. "Proprietary Information" shall include, but not be limited to, any and all technical and non-technical information (including without limitation patent, copyright, trade secret, and ideas, inventions, discoveries, processes, art, methods, techniques, equipment, manufacture, composition of matter, material, formulae, improvements, sketches, drawings, designs, algorithms, software programs, models, know-how, and technical data and concepts) disclosed or disseminated hereunder by Hot Topic to Vendor, whether in connection with a Vendor Commitment or otherwise, which information is related to the past, current, future or proposed products or services of Hot Topic or related to pricing, competitive advantages and disadvantages, product and other research, experimental work, product development, design details and specifications, financial information, procurement requirements, purchasing, manufacturing, customer and vendor lists, investors, employees, business and contractual relationships, business forecasts, sales and merchandising, marketing information and strategies, and information. “Proprietary Information” also includes proprietary or confidential information of any third party who may disclose or disseminate such information to Vendor in the course of Hot Topic’s business. Vendor also agrees to take such reasonable steps as necessary to prevent any unauthorized disclosure of the Proprietary Information by any of its employees, agents, and representatives (collectively, “Representatives”), which steps shall include at least those taken by Vendor to protect its own confidential information of like kind. Vendor shall be responsible for a breach of this agreement by its Representatives. Vendor must segregate any such Proprietary Information from its own or other of its business partners’ information, and promptly return any such information to Hot Topic upon Hot Topic’s request. Vendor acknowledges it may from time to time be exposed to sensitive or confidential information relevant to the public stock marketplace. Vendor agrees not to effect any transaction in any of Hot Topic’s stock while in possession of material, nonpublic information as contemplated by the securities laws of the United States and the various states.
1.1.1 Vendor Code of Conduct

Workplace Code of Conduct

Hot Topic, Inc. has formulated the following set of standards defining decent and humane working conditions, and has created the attached Principles of Monitoring Workplace Obligations of Companies for use in adherence to those standards. Hot Topic, Inc. wishes to support the ideals explained below through maintaining this Workplace Code of Conduct and the attached Principles, and choosing not to do business with Vendors or other organizations that do not act in accordance with these rules and guidelines.

Hot Topic, Inc. believes that consumers should have confidence that products that are manufactured in compliance with these standards are not produced under exploitative or inhumane conditions. Consequently, Hot Topic, Inc. asks each of its Vendors to comply with the requirements of this Code of Conduct as to it and its employees, and to ensure, monitor and maintain compliance with this Code of Conduct (through implementation of procedures in accordance with the attached Principles) by it and by each person, company or other organization, both domestic and international, that the Vendor works with in connection with its business relationship with Hot Topic.

General

In general, each Vendor (and those with whom the Vendor conducts relevant business) shall comply with all applicable laws relating to workplace safety, conduct and other subjects addressed by this Code of Conduct.

For purposes of this Code of Conduct and the attached Principles, all references to “law” or “laws” mean all applicable Federal, state, region, local or other jurisdictional laws, rules and regulations, including those by a government-authorized agency, applicable from time to time to the particular place or practice referenced.

This Code of Conduct and implementation of procedures in accordance with the attached Principles are intended to augment, not replace, applicable laws. To that end, Hot Topic, Inc. requires compliance with both applicable laws and the Workplace Code of Conduct (in accordance with the attached Principles), and such compliance shall obligate adherence to the higher, or more “worker-friendly,” standard in cases of conflict, omission, or inconsistency.

Minimum Requirements

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 years; provided that this minimum age may be 14 where permitted by law.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Effective: 3-24-2014 Published: 2-24-2014
**Nondiscrimination.** No person shall be subject to any discrimination in employment, including with respect to hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

**Health and Safety.** Employers shall provide a safe and healthy working environment designed to maximize prevention of accidents and injury arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

**Freedom of Association and Collective Bargaining.** Employers shall recognize and respect all applicable laws regarding freedom of association and collective bargaining.

**Subcontracting and Homeworkers.** Vendors and manufacturers may not use subcontractors for the manufacture of Hot Topic merchandise or components without the express written consent of Hot Topic, and only after the subcontractor has entered into a written commitment with Hot Topic to comply with this Code of Conduct. Vendors and manufacturers may not contract, use or employ homeworkers in the production of merchandise or components for Hot Topic.

**Wages and Benefits.** Employers must demonstrate recognition that sufficient wages are essential to meeting their employees’ basic needs. Accordingly, employers shall pay employees at least the minimum wage required by local law and shall provide all legally mandated benefits.

**Hours of Work.** Except in extraordinary business circumstances, employees shall not (1) be required to work more than the lesser of (a) 60 hours per week (of which at least 12 hours must be paid at the applicable premium overtime rate for the jurisdiction for the initial period beyond the relevant defined workday), or (b) the weekly limit on regular and overtime hours allowed by the law of the relevant jurisdiction or, where the laws of such jurisdiction do not so limit the hours of work, the regular work week in such jurisdiction plus 12 hours overtime (at the rate described above); or (2) be entitled to less than one full day off in every seven day period.

**Overtime Compensation.** In addition to compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate or rates as are legally required in the jurisdiction or, in those jurisdictions where no such laws apply, at a rate at least equal to their regular hourly compensation rate.

**Protection of the Environment.** Vendors and manufacturers must comply with all applicable environmental laws and regulations.

**Monitoring and Compliance.** Manufacturers will authorize Hot Topic and its designated agents (including third parties) to engage in monitoring activities to confirm compliance with this Code of Conduct, including unannounced on-site inspections of manufacturing facilities and employer-provided housing; reviews of books and records relating to employment matters; and private interviews with employees. Manufacturers will maintain on site all documentation that may be needed to demonstrate compliance with this Code of Conduct.
**Myanmar.** No products, or any components (i.e., fabric, “blanks,” tags, or written material) of any products may be produced, manufactured, assembled or otherwise worked on in the country of Myanmar (a.k.a. Burma).

**Principles of Monitoring Obligations of Companies**

Hot Topic, Inc. requires its Vendors, and others who do business with those entities (whether contractors, suppliers or other persons or entities; referred to collectively below as “contractors”) to comply with minimum conduct requirements set forth in Hot Topic’s Workplace Code of Conduct. These Principles of Monitoring have been created to help ensure such compliance.

It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources and other circumstances. However, Hot Topic nevertheless requires that any internal monitoring program adopted by a company be consistent with the intent and objectives of these Principles. Hot Topic will also permit delegation of implementation of these Principles or similar principles to independent external monitors, in circumstances where companies do not have the resources, financial or otherwise, to otherwise implement them.

**A. Establish Clear Workplace Standards**

Establish and articulate clear, written workplace standards, which embody the Workplace Code of Conduct and additional conduct requirements and limitations as appropriate under the circumstances to help foster decent and humane working conditions.

Convey those workplace standards, including posting as reasonably necessary as described below, to company factories and other worksites (referred to below collectively as “worksites”), as well as to contractors.

Receive written certifications, on a regular basis, from company worksites, as well as contractors, that all workplace standards are being met, and that employees have been informed about the workplace standards.

Obtain written agreement of company worksites, and contractors, to submit to periodic inspections and audits, including by independent external monitors, for compliance with the workplace standards.

**B. Create an Informed Workplace**

Ensure that all company worksites as well as contractors inform their employees about the workplace standards orally and through the posting of workplace standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the workplace standards on a regular basis.

**C. Conduct Periodic Visits and Audits**

Effective: 3-24-2014 Published: 2-24-2014
Have trained company monitors conduct periodic announced and unannounced visits to an appropriate sampling of company worksites and facilities of contractors to assess compliance with the workplace standards.

Have company monitors conduct periodic audits of production records and practices and of wage, hour, payroll and other employee records and practices of company worksites and contractors.

D. Provide Employees with Opportunity to Report Noncompliance

Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable company employees and employees of contractors to report to the company any noncompliance with the workplace standards, with adequate assurance that they will not be punished or prejudiced for doing so.

E. Establish Means of Remediation

Work with company worksites and contractors to correct instances of noncompliance with the workplace standards promptly as they are discovered and to take steps to ensure that such instances do not recur.

Condition future business with contractors upon compliance with the workplace standards.
3 Prerequisites for New Vendors

Before we welcome new vendors to Hot Topic’s business community, vendors must undergo a screening process during which they submit important documents regarding information about their company as well as their assent to Hot Topic’s policies and procedures. No Purchase Orders will be issued to vendors that have not submitted the required documents. Any incomplete or missing documents will cause a delay in set-up.

While filling out the documents listed below, please keep spellings of the company name(s) consistent. Once completed, submit all necessary documents in one email to Vendor Relations at vendorrelations@hottopic.com.

Required Documents:

- Vendor Information Form
  - Legal address should reflect the same address on W-9.
- Trading Partner Management Form
  - Include the TPM role you chose when signing up: Administrator, Supervisor or User.
- W-9 or W-8ECI
  - If you do not have a U.S. taxpayer identification number (TAX ID #), please substitute with a foreign tax identification number.
- Certificate of Liability Insurance (C of I)
  - The address listed should correspond to the corporate address on the invoice.
  - Requirements for the Certificate of Liability Insurance:
    - General Liability type of insurance
    - $2,000,000 minimum limit of General Aggregate
    - $1,000,000 minimum limit per Occurrence
    - $1,000,000 minimum limit Products Liability and Personal Injury
    - $5,000,000 minimum limit Excess/Umbrella Liability (Food and Candy Vendors)
    - Hot Topic Inc., Hot Topic Merchandising, and any of its subsidiaries are to be listed in the “Description of Operations” box.
    - Certificate Holder: Hot Topic, 18305 E. San Jose Ave, City of Industry, CA 91748.
- Copy/Sample of an Invoice
  - We require a copy of an invoice in order to confirm the remittance address will be sent to the correct recipient(s).
- Fictitious Business Statement or legal documentation for DBA (if applicable).
- Acknowledgement of the Vendor Manual Document
  - This must be signed by the owner or principle that is financially responsible for the company.
4 Consumer Product Safety

Since product safety is a top priority at Hot Topic, we want to be assured all products available for sale to customers are safe and meet all federal and state requirements. As the partner and supplier to Hot Topic, you are responsible for being informed about how to comply with all rules, bans, standards, laws and regulations applicable to your products, including U.S. State laws (e.g. California Prop 65), the Consumer Product Safety Improvement Act of 2008 and any other rule or law enforceable by the U.S. Consumer Product Safety Commission.

A Statement of Conformity (S.O.C.) is required for all merchandise as the supplier’s statement to Hot Topic that their product meets all federal and state requirements as well as social responsibility.

In order to obtain a copy of the S.O.C. form, please email Consumer Product Safety at consumerproductsafety@hottopic.com. The form must be filled out and submitted to SOC@hottopic.com one (1) week prior to contacting the Traffic department to schedule a delivery appointment. Please note that S.O.C.s submitted less than two (2) business days before contacting Traffic will result in a chargeback.

We will only accept the Hot Topic version of the S.O.C.

4.1 S.O.C. Requirements

- Must be in English.
- Manufacturer/importer and third-party lab (when necessary):
  - Name
  - Address
  - Phone number
- Date and place where the product was manufactured.
- Date and place of testing.
- Contact information for the person maintaining test records.
- Each applicable regulation test.
- One item# per SOC submitted

In addition to S.O.C.s, vendors shipping Children’s Products, Jewelry, Hair and Fashion Accessories must submit third party certified test reports declaring that the merchandise meets all applicable regulations.

4.2 Lab Reports

If an item is re-ordered under the same style number and the S.O.C. or lab report on file is less than 12 months old, a new lab report is unnecessary.

Children’s Products

- Include plush items, toys, etc. that are “primarily intended” for children 12 years or younger.
• Require third party test reports from an accredited CPSIA lab.
• Must have permanent “Tracking Labels” attached.

**Jewelry and Fashion Accessories**

• Include head and body jewelry, hair accessories, handbags, purses, wallets, belts, shoes, etc.
• Require testing within a year a being sent to Hot Topic.

5 **Purchase Orders**

Hot Topic’s goal is to enhance our management of the supply chain and efforts to deliver the correct merchandise to our stores in a timely manner through the proper execution of our Purchase Order (PO) process.

Hot Topic’s responsibility in this process is to:

• Create POs on time.
• Specify the exact quantity of each SKU the Vendor is to produce.
• Communicate all changes through a revised copy of the PO.
• Pay for merchandise based on our terms and conditions (not the Vendor’s packing slip).

The Vendor’s responsibility in this process is to:

• Verify that all information contained in the PO is correct.
• Communicate any discrepancies on the PO with the buyer immediately.
• Obtain buyer approval for any substitutions of merchandise.
• Follow the Vendor Manual completely and accurately.
• Ship merchandise to arrive within the assigned delivery window.
5.1 PO Details

Any quantity received in excess of the quantity ordered will be considered unsolicited merchandise and may be returned without payment, the Vendor being responsible for any additional expenses incurred.

Hot Topic reserves the right to return POs to the Vendor with shortages greater than 5% of the ordered quantity.

Each PO will state a ship window (“Not to arrive before date” and “Canceled if not received by date”). All shipments are expected to arrive within the given dates.

- The “Not to arrive before date” on the PO is the earliest date we will accept the PO shipment.
- It is the Vendor’s responsibility to forecast transit time in order to ensure merchandise arrives by the cancelation date.
- If a PO is not delivered prior to the cancel date. Shipments arriving after the cancelation date detailed in the PO may be refused and returned at the Vendor’s expense.

5.2 Terms of Purchase

Before accepting any PO from Hot Topic, a Vendor is responsible for making themselves fully aware of all Terms and Conditions. More details can be found in the “PO Terms and Conditions” section of this manual as well as online after the sign-in page of TPM.

5.3 Damaged and Defective Merchandise

Hot Topic is committed to providing our customers with the highest quality merchandise possible. Merchandise found to be defective with regards to material or workmanship may be returned at the discretion of Hot Topic at the Vendor’s expense (Reference the “Terms and Conditions” section of this manual for details).

Hot Topic will not return damaged and defective merchandise found at the store level except for quality control issues. To cut down on the cost and labor associated with this process, for the benefit of both the Vendor and Hot Topic, a damaged/defective allowance will be taken on every Purchase Order. Below is the damage and defective allowance discounts applied to each Purchase Order based on category.

**Hot Topic:**

- Fashion Apparel – 1% (Departments 8, 21, 22, 24, 26, 31, 32)
- Accessories – 2% (Departments 1, 2, 3, 5, 7, 10, 11, 12, 17, 25, 28, 30)
- License/Music Apparel – .5% (Departments 4, 6, 9, 13, 14, 18, 19, 23)
**Torrid**:  
- Jewelry Department Orders - 2% (Department 61)  
- All Other Departments - 1% (Departments 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 62, 63, 64, 65, 66, 67, 68)

**Blackheart**:  
- Fashion Apparel – 1% (Departments 81, 82, 83, 84, 85, 91)  
- Accessories – 2% (Departments 86, 87, 88)  
- Music Apparel – .5% (Departments 89)

### 5.4 Torrid Store Discount

Torrid deducts a 3% discount on all Purchase Orders. This discount funds a share of the costs associated with business expansion in new and existing Torrid stores and on Torrid.com. As business partners, we feel it is in our mutual interest to continue to grow and expand our availability to new customers. These terms apply to all vendors and all POs.
6 Pre-Pack PO Guidelines

What is a Pre-Pack?
Pre-pack is a predetermined assortment of a style. Pre-pack consists of a size array for a given item communicated in the purchase order as a single shipping unit.

PO Details:

How to identify if your order is a pre-pack?
TPM will list the pre-pack description as well as the units per pack for the specific size. This information will also be included in the Purchase Order print out.

<table>
<thead>
<tr>
<th>MASTER SKU:10068772</th>
<th>PRE PACK DESC: PREPACK FOR ITEM 100687718</th>
<th>ORDER QTY: 160</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 HK PLAD BOW</td>
<td>HCHAR HK PINK PLAD BC</td>
<td>10068718</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10068721</td>
</tr>
<tr>
<td>50 HK PLAD BOW</td>
<td></td>
<td>10068718</td>
</tr>
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<td></td>
<td></td>
<td>10068722</td>
</tr>
<tr>
<td>50 HK PLAD BOW</td>
<td></td>
<td>10068718</td>
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<td></td>
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<td>10068723</td>
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<tr>
<td>50 HK PLAD BOW</td>
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<td>10068718</td>
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<td>10068725</td>
</tr>
<tr>
<td>50 HK PLAD BOW</td>
<td></td>
<td>10068718</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10068724</td>
</tr>
</tbody>
</table>

TORRID
BILL TO: Hot Topic Merchandise Inc.
P.O. Box 80010
City of Industry, CA 91715-0016
SHIP TO: Torrid
15305 San Jose Avenue
City of Industry, CA 91746

VENDOR FAX:
REP FAX:

VENDOR ID:
APPROVED BY:
TERMS:
SHIP VIA:
P.O.B.

BUNER:

INSTRUCTIONS

1. IMPORTANT - This order is automatically cancelled on the Cancel if Not Received by date. Orders received after this date will be refused.
2. OUR ORDER NUMBER MUST APPEAR ON ALL PACKAGING SLIPS, MAILING LABELS AND INVOICES. Shipments without order number may be refused.
3. All terms of payment are from receipt of goods.
4. If order is not shipping complete, please contact the buyer.
5. All orders subject to terms of Hot Topic Vendor Manual, as amended from time to time.
**Ticket orders:**
All products are to arrive with price tickets. Tickets are to be attached with the barcode facing out. FineLine is the nominated supplier for ordering price tickets. FineLine ordering instructions can be found in the Merchandise Preparation section under 3.3.1.

**Packing Procedures:**
Pre-packed quantities should be poly-bagged as one as stated on the PO. No limit to the number of pre-packs in one case. Merchandise preparations for folding guides are to be followed as outlined in section 4. Cases will need to meet the Shipment Preparation guidelines as stated in section 7.1.

**Pre-Pack Label Placement:**
When ordering price tickets, FineLine will provide a roll containing sku labels. Sku label is required in the middle of the master poly-bag for those containing pre-packs.
If the purchase order has only one pre-pack per carton, pre-pack label must be placed on the top corner above the TPM label.

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**TPM PO process:**

**TPM Step by Step Reference Guide**

**Accepting Purchase Orders:**

1. Select the PO tab.
2. Click “List.”
3. Select “PO.”
4. Click “Accept.”
5. Select “Accept” from drop down.
6. Click “Save.”

**Building Cases:**

Note: In order to begin you must know the number of units packed in your cases and build your cases as stated on the pre-pack quantities.

7. Click “Fulfillment.”
8. Click “Build Cases.”
9. Enter the PO number.
10. Click “Next.”
11. Enter the Number of Cases for SKU’s in the pre-pack you are building.
    Do NOT use “Build Remaining.”
12. Enter Case Quantity (units in an individual carton).
13. Click “Save.”
14. Repeat steps 11, 12 and 13 until all cases are built.
15. Click “Fulfillment.”
16. Click “Post-Print Case Labels.”
17. Enter the PO number.
18. Click “Next.”
19. Click “Print.”

Creating a Shipment:
20. Click “Shipping.”
21. Click “New Shipment.”
22. Select your shipment destination (must match the Ship to location indicated on PO: CADC for City of Industry, CA or TNDC for La Vergne, TN).
23. Click “Next.”
24. Fill in the indicated fields: Ship method (choose “Ocean, Air, or Land”), PO, Estimated Cases, Estimated Weight, Estimated ship date, Estimated delivery date, and Carrier.
25. Click “Save.”
26. Click “Add LPNs.”
27. Enter the PO number.
28. Click “List.”
29. Click “Add All LPNs.” Once you add all LPNs, you will see that there are no more LPNs to add to this shipment.
30. Click “Exit.”
31. Click “Update to Pending” twice.
32. Click “Ok” on the prompt window.
33. Click “Print Documents.” This will generate the packing slip that is sent to the Traffic Department.
34. Click “Update to Shipped” twice and then click “Ok” on the prompt window.

Note: Step 34 transmits the ASN and once this step is performed no changes can be made. We suggest vendors not ‘update to shipped’ too far in advance of physically shipping the merchandise.
**Offset Fee:**

Code (42): Not Poly-bagged as a pre-pack
$500 + $10 per prepack

Code (43): Packaging not matching the pre-pack quantities listed on the PO
$500 + 1.00 per unit

Code (44): Pre-pack label not applied to the poly-bag
$500 + $1.00 poly-bag
7 Trading Partner Management (TPM)

Trading Partner Management (TPM) is a free, web-based software system used to communicate Purchase Order details and chargeback activity to our vendors.

Requirements for Use:

- Internet access.
- Windows ‘98 or above.
- A laser printer (Zebra printers are optional).
- Well-trained warehouse and PO contacts, as both will use the system.

Note: TPM is not currently compatible with Mac Computers.

7.1 TPM Functionality and Benefits

The system allows vendors to:

- Manage POs.
- View, Print, Accept or Decline POs.
- Receive alerts for new POs, updates to POs and chargebacks.
- PO information is transferred in real time and up-to-date.
- Manage chargebacks.
- Print carton labels with barcodes that reflect carton contents.
- Transmit Advance Shipping Notices (ASNs) to Hot Topic.

7.2 PO Alerts

A maximum of two (2) users on a Vendor’s account can receive e-mail alerts when:

- A new Purchase Order is generated.
- An existing Purchase Order has been modified.
- A chargeback has been issued for a violation.

Once a PO is generated, the Vendor can access the TPM site to accept or decline a PO. It is important to note that the Vendor is required to view and accept/decline a PO if a buyer initiates any changes to the PO.

**Before declining** a PO, communicate the reason for declining to the buyer. The buyer then has the option of updating the PO to meet the Vendor’s request.
7.3 **User Guide**

The TPM user guide is not intended to recommend operational or business procedures, but rather to provide our vendor community instructions on how to utilize basic TPM functions. This guide is solely for the use of Hot Topic vendors.

When signing into TPM, please note that each user you add to your account is assigned a role that determines what they can access and edit within TPM. The abilities of each role are defined below.

**The “User” Role:**
- Build Cases.
- Print labels.
- Delete/undelete cases.
- Create new shipment.
- Add cases to shipment.
- Print documents.
- CANNOT: Accept/decline a PO, change/add/delete users, update shipment to pending or dispatch a shipment.

**The “Supervisor” Role** (can perform every function as the User role as well as):
- Update shipment to pending.
- Dispatch a shipment
- CANNOT: Accept/decline a PO, change/add/delete users.

**The “Administrator” Role:**
- Performs all functionalities.

**Important User Tips**
- Pay special attention to which users have the “Contact” box check marked to receive PO alerts as only two will be allowed this option.
- Disable all built-in spam and pop-up blockers, as they can prevent PO alerts from reaching the intended e-mail recipient. Pop-up blockers will also interfere with the Vendor’s ability to print case labels.
- When using the copy/paste feature, please be aware of spacing. Leaving a space before/after a password or User ID could cause a failure or error message.
Accepting Purchase Orders:

35. Select the PO tab.
36. Click “List.”
37. Select “PO.”
38. Click “Accept.”
39. Select “Accept” from drop down.
40. Click “Save.”

Building Cases:

Note: In order to begin you must know the number of units packed in your cases and build your cases one SKU at a time.

41. Click “Fulfillment.”
42. Click “Build Cases.”
43. Enter the PO number.
44. Click “Next.”
45. Enter the Number of Cases for the first SKU you are building. Do NOT use “Build Remaining.”
46. Enter Case Quantity (units in an individual carton).
47. Click “Save.”
48. Repeat steps 11, 12 and 13 until all cases are built.
49. Click “Fulfillment.”
50. Click “Post-Print Case Labels.”
51. Enter the PO number.
52. Click “Next.”
53. Click “Print.”

Creating a Shipment:

54. Click “Shipping.”
55. Click “New Shipment.”
56. Select your shipment destination (must match the Ship to location indicated on PO: CADC for City of Industry, CA or TNDC for La Vergne, TN).
57. Click “Next.”
58. Fill in the indicated fields: Ship method (choose “Ocean, Air, or Land”), PO, Estimated Cases, Estimated Weight, Estimated ship date, Estimated delivery date, and Carrier.
59. Click “Save.”
60. Click “Add LPNs.”
61. Enter the PO number.
62. Click “List.”
63. Click “Add All LPNs.” Once you add all LPNs, you will see that there are no more LPNs to add to this shipment.
64. Click “Exit.”
65. Click “Update to Pending” twice.
66. Click “Ok” on the prompt window.
67. Click “Print Documents.” This will generate the packing slip that is sent to the Traffic
Department.
68. Click “Update to Shipped” twice and then click “Ok” on the prompt window.

Note: Step 34 transmits the ASN and once this step is performed no changes can be
made. We suggest vendors not ‘update to shipped’ too far in advance of physically
shipping the merchandise.

**TPM How-to Guide**

**Creating a New User:**

1. Click on the “Administration Tab.”
2. Under this tab, select “Organizations.”
3. Go to the “Users” tab.
4. Click on “New User” (blue hyperlink).
5. Enter your Location ID (Company ID #).
6. Click “Next.”
7. Fill out all the necessary information.

Note: This is an Administrator only function.

**Re-setting a Password:**

1. Click on the “Administration Tab.”
2. Under this tab, select “Organizations.”
3. Go to the “Users” tab and select “List.”
4. Select the User that must be reset.
5. Un-check the “Disable” box.
6. Enter a new password for the User.
7. Check the “Password to Expire” box.
8. Click “Save.”

Note: This is an Administrator only function.

**Locating Purchase Orders:**

Option 1:

1. Click on PO Tab in TPM.
2. Enter PO # in PO lookup box.
3. Click “Go.”
4. This will generate a specific Purchase Order.
Option 2:
1. Click on PO Tab in TPM.
2. Click on “List.”
3. This will generate all your Purchase Orders.

Note: You will be able to sort by PO status, however, all new POs will be noted on the last page.

Printing Purchase Orders:
1. Click on the PO Tab in TPM.
2. Enter the PO # in the blank PO box.
3. Click “Go.”
4. Click “Print PO.”
5. A PDF file will generate with the Purchase Order.

Note: To bypass pop-up blocker, hold the Ctrl key down, click Print, and continue holding down the Ctrl key until the document appears.

Printing a TPM Label once Post-Print is no longer available:
1. Click on the “Fulfillment” tab.
2. Select “Inventory.”
3. Enter the PO # in the blank PO box.
4. Click on “List.”
5. This will generate your TPM labels.
6. Then, click on “Print all LPNs”

Note: To bypass pop-up blocker, hold the Ctrl key down, click Print, and continue holding down the Ctrl key until the document appears.

Deleting an LPN (label):

Only if you have NOT created a shipment for a PO, please follow these steps:
1. Go to the “Fulfillment” tab.
2. Select “Inventory.”
3. Enter the PO # in the blank PO box (next to the “Sort By” drop-down tab).
4. Click on “List.”
5. This will generate all LPNs created in “Build Cases.”
6. At this point, you can locate an LPN with an incorrect quantity, highlight it and delete it by clicking “Delete Selected LPN.”
7. If you wish to start all over, click on “Delete All LPN’s.”

Note: You must remove and dispose of any LPNs that were already printed and applied to the carton before you deleted them in our system. They will be unreadable by our automated scanner and may result in a chargeback.

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**Printing the Packing List:**

1. Click on the “Shipping” tab.
2. Click on “List.”
3. This will generate all shipments.
4. Locate and select the Shipment that corresponds to your PO.
5. Click on “Print Document” (grey button) to print the Packing List.

**Looking up Chargebacks:**

1. Click on “Chargeback” tab.
2. Enter the Chargeback ID # in the Lookup Box.
3. Select “Go.”
8 Shipment Preparation

The ability to efficiently process shipments of cartons through our automated facilities is highly dependent on vendor compliance. Non-compliance results in additional time, labor and funds to expedite merchandise through the supply chain.

8.1 Carton Dimensions

Hot Topic’s carton size and weight requirements are established to maximize product flow. The requirements listed below apply to all cartons shipped to our Distribution Centers. It is imperative that cases do not deviate from these specifications as cases too large will not pass through our conveyor system and cases too small will not scan.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Length</th>
<th>Width</th>
<th>Height</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>12 inch. (30 cm.)</td>
<td>12 inch. (30 cm.)</td>
<td>6 inch. (15 cm.)</td>
<td>2 lbs. (1 kg.)</td>
</tr>
<tr>
<td>Maximum</td>
<td>26 inch. (66 cm.)</td>
<td>19 inch. (48 cm.)</td>
<td>12 inch. (30 cm.)</td>
<td>40 lbs. (18 kg.)</td>
</tr>
</tbody>
</table>

Smallest Case Dimension:
12 inch. long x 12 inch. wide x 6 inch. tall
OR
30 cm. long x 30 cm. wide x 15 cm. tall

Largest Case Dimension:
26 inch. long x 19 inch. wide x 12 inch. tall
OR
66 cm. long x 48 cm. wide x 30 cm. tall

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8.2 Carton Construction & Sealing

While ordering or building cartons, please note that they must have a minimum Regular Slotted Carton (RSC) bursting test strength of 200 lbs. or an Edge Crush Test (ECT) minimum of 32. The Box Maker’s Certificates (BMCs) shown below are not required on cartons. However, they guarantee the ECT or RSC of cartons.

![Box Maker’s Certificates](image)

Inferior cardboard under packed or protruding on the sides and bottom due to overstuffing may either collapse during transit or adversely affect the scanning capability of labels. In addition, improper packing methods may result in lost or damaged merchandise for which Hot Topic will not be held responsible.

Keep in mind cartons that are strong, well-built and abide by our standards will greatly aid Hot Topic’s eco-friendly habit of reusing and recycling cartons.

8.3 Tape

All cartons shipped to Hot Topic must be sealed with tape that meets the following requirements:

- Minimum of 2 inches/5 centimeters wide.
- Minimum millimeter thickness of 2.
- Must be PVC or fiber-reinforced AND colored. DO NOT USE CLEAR TAPE as it is more difficult to detect tampered cartons.
- Must not cover ANY part of the TPM label on the carton.

8.4 Material Restrictions

Due to the sensitivity of the automated material handling equipment in each of Hot Topic’s facilities, vendors may NOT use the following materials to seal the exterior of each carton:

- Twine or String
- Staples or any other metal objects—may come loose.
- Straps or bands—tend to slacken and get caught in the mechanized equipment.
8.5 Carton Labeling

To easily identify, sort and process the products, Hot Topic requires that each carton be properly marked and have an original TPM label properly placed. Due to the fact that cases are first acknowledged in our system after the TPM barcodes have been scanned, it is essential that the information programmed into each label EXACTLY matches the contents of the case. Should any new items be added to a previously labeled carton, vendors are responsible for printing a fresh and accurate TPM label.

While printing TPM labels, as a Vendor you should:

- Use self-adhesive labels that are 4x5 inches for laser printers or 4x6 inches for zebra printers. Self-adhesive labels for laser printers, such as Avery label 5353, may be purchased from any office supply store.
- Refrain from using labels printed on regular paper and applied to cases with tape, as they do not comply with Hot Topic’s scanning technologies and will result in a chargeback.
- Ensure that TPM barcodes are printed with 100% quality. Barcodes that are faded, cut off, or have obvious imperfections will not scan properly.

While placing labels on the cartons, please note that:

- Altering information printed on the TPM labels with pen, white out, or any other means does not affect the information stored in the barcodes and is thus, an unacceptable alternative to printing a new label.
- No barcode other than the TPM label should be printed on the length side of the carton. A single TPM label should be placed on one length side only. Duplicate barcodes of any sort on either length side cause rejection in the automated reading system.
- Carton markings are unnecessary but permitted.
- Any labels or barcodes intended for manufacturing purposes must be limited to the width side of the case, or otherwise covered with blank, solid stickers or papers prior to shipping.
- TPM labels must be placed securely in the top right hand corner of the length side so that the edges of the label meet the corner of the carton. Reference the image below. Please observe that the label is also placed straight up and down, not at an angle.
- If your cartons are equal in length and width, apply the TPM label on the side in which the top flap opens towards the label.
8.6 Carton Packing Instructions: Store and Internet Fulfillment Orders

We understand that some packing and/or protective materials are necessary to ensure proper presentation. However, in an effort to be environmentally friendly, cut your costs and reduce labor for all parties, we are requiring that vendors do not use any excessive or unsustainable packing material that we are obliged to remove at our Distribution Centers or stores.

We insist that while following a packing procedure, vendors confirm that:

- Items with the same SKU are packed in bulk per case. Example: An assortment of shoe sizes (even if they are in separate shoe boxes) in one carton is NOT acceptable.
- The barcode on each price ticket is visible, even when items are not individually poly bagged, as Hot Topic processes merchandise through our DC by SKU number.
- Cases are to contain merchandise from one PO only.
- Poly bags do not need to be marked other than with the warning label.
- Poly bags MUST be sealed.

8.7 Warning Labels

All individual poly bagged merchandise should have the following warning labels:

**WARNING:** To avoid danger of suffocation, keep this plastic bag away from babies and children. Do not use this bag in cribs, beds, carriages or play pens. This bag is not a toy.

The font size for the warning must be bigger for larger bags, as follows:

<table>
<thead>
<tr>
<th>Length + Width (inches)</th>
<th>Font Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;60</td>
<td>24</td>
</tr>
<tr>
<td>&gt;40</td>
<td>18</td>
</tr>
<tr>
<td>&gt;30</td>
<td>14</td>
</tr>
<tr>
<td>&lt;30</td>
<td>10</td>
</tr>
</tbody>
</table>

The warning labels need to be printed on the poly bag or on a self-adhesive label. Master poly bags or poly bags with multiple items that are used only for the protection of items during the shipping and handling process do not require this label.
8.8 Brand Specific Requirements

**Hot Topic Orders Only:**
- Do not individually poly bag apparel, unless it is deemed necessary to protect the garment in the shipping and handling process (i.e. items with light colored embellishments or fine knits).
- Accessories (with the exception of shoes) should be bundled in increments of three.
- Swimwear and intimates for internet fulfillment orders do not require hangers.

**Torrid Orders Only:**
- All apparel and accessories shipped to Torrid require individual poly bags.

**Blackheart Orders Only:**
- All apparel and accessories shipped to Blackheart require individual poly bags (T-shirts exempt).
9 Routing Guide

Hot Topic understands that multiple individuals within a Vendor’s organization are involved in the routing process. The Vendor is responsible for ensuring all individuals and third parties involved are knowledgeable of the guidelines and adhere to the requirements.

9.1 Freight Presentation

Freight tendered and presented to Hot Topic must be sorted and segregated on standard four way pallets by PO(s) specifically by distribution center (CA or TN) prior to arrival at the dock. Vendors cannot work their freight on Hot Topic’s dock for any reason.

If the PO is written F.O.B. (Free on Board) Hot Topic Dock, it is the freight carrier’s responsibility to unload their own truck.

To facilitate the systemic receiving process, please shrink wrap the pallet with the TPM labels facing outward. Only when a Vendor must employ an excess of pallets to accommodate ill-fitted cartons while following this instruction, can a Vendor be allowed an exception. In this case, the Vendor should stack as many cartons with labels facing outward as their structure and pallet allows. If an order contains pre-packs, those must be stacked on the pallet at the end.

Due to both the height restraints on trucks and weight limitations of cartons, pallets should not be stacked higher than six (6) feet. However, there is an exception for vendors delivering to CA consolidation, in which the acceptable height is eight (8) feet.

9.2 Freight and Routing Policy

Hot Topic has implemented a standardized Freight and Routing Policy to support shipping to multiple DCs. Our policy is outlined below as well as in the “Vendor Code of Conduct” section of this manual, which covers terms related to shipping and the risk of loss.

Prepaid Shipments (Freight charges paid 100% by the Vendor) include:

- All shipments sent from within the state of California to the California DC (CADC).
- All shipments sent from within the Tennessee Ship Zone to the Tennessee DC (TNDC).
  - The Tennessee Ship Zone consists of: Tennessee, Kentucky, North and South Carolina, Georgia, Alabama, Mississippi and Arkansas.

Freight Charges Split on a 50/50 Basis:

- This 50/50 split includes all shipments to CADC and TNDC that originate outside of California and Tennessee shipping zones.
- The 50/50 freight terms also apply to all shipping charges incurred by freight moving from the California consolidator to TNDC.
- Hot Topic will deduct the 50% freight share from the Vendor’s invoice.

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Vendors that have been authorized to ship freight COLLECT must ship via the designated carriers. By using the designated carriers, we will ensure the best available rates for all parties.

Under no circumstances will Hot Topic:

- Pay individual freight invoices from the Vendor.
- Authorize or accept C.O.D. (Collect on Delivery) shipments from a carrier.
- Honor charges appearing on a merchandise invoice from the Vendor for minimum shipments, insurance, tracking, delivery, confirmation, packing, crating, pallets, hangers, cases or any other miscellaneous shipping issues.

When tendering the freight to the assigned carrier, load it by PO to keep the integrity of the shipment. Do not “shot gun” (mix POs) when loading the cases into the trailer/pallet.

9.3 Delivery Appointments

All deliveries, regardless of the number of cases, must be scheduled for an appointment at least two (2) business days prior to shipping to Hot Topic. Any deliveries made without an appointment or arrive late are subject to a chargeback.

Vendors should only contact the Traffic department to schedule an appointment after:

- The Statement of Conformity has been received by our Consumer Product Safety department one (1) week prior (two(2) business days minimum).
- T.O.P’s have been approved.
- The TPM process, including the submission of an ASN through the “Update to Shipped” step has been completed.

When scheduling, include the vendor name and the shipment ready-date in the subject line of the email. Delivery appointments for both CADC and TNDC will be made at the same time.

The email must include the following:
- All POs
- Number of cartons by PO
- Estimated weight of cartons by PO
- Attach packing list(s)
- Ship from address
- Torrid wearing apparel depts. must attach the email from the Fit Team, confirming TOP approval

Traffic Department Contact Information:

Email: traffic@hottopic.com

Hours of Operations:

Monday – Friday (closed on all major holidays).

Last appointment time is 11am (Pacific Time).
9.4 FedEx Ground Shipping

All small package shipments of 10 cartons or less to Hot Topic are to move via FedEx Ground. These shipments exclude the prepaid Commercial Zones in California and Tennessee.

The Vendor is to include the PO number in the first reference field of the FedEx Ground shipping document for each carton.

Shipment delivery by FedEx Ground should be forwarded with no insurance or declared value. The Vendor will incur the additional charges for doing so.

All FedEx Ground COLLECT shipments (under 200lbs) and FedEx Hundredweight COLLECT shipments (from 201 to 500lbs) must move under Hot Topic’s FedEx Ground COLLECT account number. Please contact the Traffic department for this account number or for assistance in selecting the carrier.

All routing violations, misdirects and unauthorized freight that must be returned to the shipper can result in a chargeback.

9.5 Bill Of Lading

Either a Bill of Lading or an Airway Bill (AWB) must accompany any shipment other than FedEx Ground that has been arranged by the Vendor. Multiple POs shipped to the same location, on a given day, must be listed on one Bill of Lading. The following is a list of minimum information required for each PO on the Bill of Lading:

- Number of Cartons
- Purchase Order Number
- Weight

Any shipment in which the Bill of Lading does not provide the required information may be refused at the discretion of Hot Topic and returned at the Vendor’s expense.

9.6 Pallet Exchange Program

When a Vendor’s freight carrier unloads pallets at the docks, Hot Topic will offer an even pallet exchange program in which the Vendor receives pallets in return. The program is intended to provide cost savings for both the Vendor and Hot Topic.

Exchanges will only transpire at the time of delivery. Therefore, the Vendor’s carrier(s) may not return at a later time to complete the exchange.
9.7 Shipment of Hazardous Materials

All vendors must abide by either the Code of Federal Regulations (49 CFR) or the International Air Transport Association Regulations (I.A.T.A.).

Vendors should note that the U.S. Department of Transportation (DOT) has jurisdiction over all interstate, intrastate and foreign transportation of hazardous materials on aircraft, railcars, vessels and highway carriers and shippers in the United States.

Requirements for Hazardous Material Shipments:

- Submit an MSDS sheet to MSDS@hottopic.com prior to shipping the merchandise.
- Package the merchandise according to 49 CFR, part 173 and 178.
- Mark cartons according to 49 CFR or I.A.T.A.
- ORM-D labels should be placed securely in the left hand corner of the length side of the carton, opposite the TPM label. Reference the image below.
10 Accounts Payable

Hot Topic is committed to paying each Vendor’s invoice on time. The following section outlines the procedures that vendors should follow to enable Hot Topic’s adherence of this commitment.

10.1 Merchandise Invoices

Merchandise invoices, quarterly statements and outstanding invoices should be either emailed or mailed to Accounts Payable (AP) the day the merchandise leaves the Vendor’s domestic facility. Please do not attach invoices to shipment.

Each invoice must:

- Be written at the SKU level.
- Reference a valid PO number issued by Hot Topic for proper reconciliation and payment.
- Total units must be listed
- Total invoice value must be listed
- Only submit one invoice per PO. Invoices submitted for multiple POs will be returned to the Vendor without payment.
- Include a vendor name that matches the vendor name on the PO. If the PO is issued with the incorrect vendor information, please decline the PO in TPM and contact the buyer to have the correction made.

Hot Topic will not recognize any freight charges added to merchandise invoices.

The email and mailing addresses for our AP department are listed below:

APmerchandise2@hottopic.com or Hot Topic Merchandising, Inc.
P.O. Box 60016
City of Industry, CA 91716-0016

10.2 Codes on Check Remittance:

<table>
<thead>
<tr>
<th>Code</th>
<th>Definition</th>
<th>Contact for Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>RTV</td>
<td>Return to Vendor</td>
<td>Buyer</td>
</tr>
<tr>
<td>DCCB</td>
<td>Distribution Center Chargeback</td>
<td>Vendor Relations, ext. 2909</td>
</tr>
<tr>
<td>MD</td>
<td>Markdown Allowance</td>
<td>Buyer</td>
</tr>
<tr>
<td>DMG</td>
<td>Damage Allowance</td>
<td>Buyer</td>
</tr>
<tr>
<td>FRT 50/50</td>
<td>Freight Allowance</td>
<td>Transportation Dept., ext. 2875</td>
</tr>
<tr>
<td>Disc</td>
<td>Torrid New Store Allowance 3%</td>
<td>Buyer</td>
</tr>
</tbody>
</table>

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10.3 **Terms and Conditions for Payment**

All terms and conditions of payment begin when the merchandise is received in full at the correct DC, as detailed in the PO. Payment will be based on the verified quantity received by the DCs, not on the Vendor’s ASN or the packing slip quantities.

Net 30 is the minimum payment term Hot Topic will allow.

Vendors choosing to utilize a factor for invoices are to clearly note the arrangement on the merchandise invoice. Hot Topic will only issue payment to the factor if our AP department receives written authorization from both the vendor and the original factor, stating the terms of the new arrangement.

If payment of the invoice is not received within 30 days, please contact Hot Topic’s AP department at:

- APmerchandise2@hottopic.com
- Telephone: (626) 839-4681, option 5
- Fax: (626) 581-9226
- AP Merchandise E-fax number: (626) 956-0653

Vendors need to notify the AP department in writing within 90 days of the date of shipment for any payment or deduction disputes. Authorization to research any invoice dispute that goes beyond the 90 day period will be at the sole discretion of Hot Topic.
11 Vendor Compliance

Compliance guidelines are designed to promote the movement of merchandise through the supply chain in an efficient and expeditious manner.

11.1 R.T.V. (Return to Vendor) Process

In the event that merchandise does not meet federal and state laws and regulations, global compliance and/or cannot be successfully processed within Hot Topic’s DCs, the Vendor must either accept one to multiple chargebacks or have the merchandise sent back to them at their own expense.

At this time, the Vendor must provide an R.A. (Return Authorization) number.

- **Delivery:** If the Vendor chooses to have their merchandise delivered back to them, they must supply a return address and ship method.
- **Pick-up:** Before retrieving their merchandise, the Vendor must allow two (2) business days from when the R.A. number was submitted for Hot Topic to process paperwork.

If the Vendor does not provide an R.A. number within one (1) business days after being notified of the R.T.V., a storage chargeback will be issued:

- $250 (1 pallet or less) + $100 (each additional pallet) per day

11.2 Chargebacks

Please be advised that this Vendor Manual was written to help guide our vendors and avoid chargeback(s). Violations of our procedures stated in this manual result in additional labor costs and paperwork and, more importantly, decreased selling time. The chargeback fee is based on a number of factors, including but not limited to, a number of occurrences, labor and materials required to audit and correct errors.

Vendors should note that:

- Repeated violations will result in escalated chargebacks.
- TPM will send notifications of all chargeback fees.
- There is a $100.00 minimum chargeback fee.
- Inquiries for deductions older than 90 days will be subject to resource availability and may incur a research fee.

For any questions regarding chargebacks, please contact Vendor Relations at vendorrelations@hottopic.com.

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### Chargeback Table

<table>
<thead>
<tr>
<th>DCCB Code</th>
<th>DCCB Description</th>
<th>Category</th>
<th>Charge Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>ASN – None or Incorrect</td>
<td>Flat - per Shipment</td>
<td>$250</td>
</tr>
<tr>
<td>11</td>
<td>Delivery Appointment Not Scheduled</td>
<td>Flat - per Shipment</td>
<td>$300</td>
</tr>
<tr>
<td>12</td>
<td>48 Hour Notice not Provided for Delivery</td>
<td>Flat - per Shipment</td>
<td>$250</td>
</tr>
<tr>
<td>13</td>
<td>Freight Presentation</td>
<td>Flat - per Shipment</td>
<td>$250</td>
</tr>
<tr>
<td>31</td>
<td>Tickets Applied Incorrectly or Missing</td>
<td>Per Item</td>
<td>$.50/unit ($100 Min.)</td>
</tr>
<tr>
<td>32</td>
<td>Incorrect Merchandise Preparation</td>
<td>Per Item</td>
<td>$1.00/unit ($100 Min.)</td>
</tr>
<tr>
<td>34</td>
<td>Additional Audit or Inspection Required</td>
<td>Per Item</td>
<td>$1.00/unit ($200 Min.)</td>
</tr>
<tr>
<td>35</td>
<td>Item Not Marked with Country of Origin</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>36</td>
<td>Items Required Re-labeling</td>
<td>Per Item</td>
<td>$.30/unit ($100 Min.)</td>
</tr>
<tr>
<td>39</td>
<td>Incorrect Inner Pack or UOM</td>
<td>Per Item</td>
<td>$.30/unit ($100 Min.)</td>
</tr>
<tr>
<td>40</td>
<td>Incorrect C.O.O.</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>41</td>
<td>Incorrect Fiber Content</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>42</td>
<td>Not Poly-bagged as a pre-pack</td>
<td>Per shipment &amp; per pre-pack</td>
<td>$500 + $10 per prepack</td>
</tr>
<tr>
<td>43</td>
<td>Packaging not matching the pre-pack quantities listed on the PO</td>
<td>Per shipment &amp; per unit</td>
<td>$500 + $1.00 per unit</td>
</tr>
<tr>
<td>44</td>
<td>Pre-pack label not applied to the poly-bag</td>
<td>Per shipment and per polybag</td>
<td>$500 + $1.00 per polybag</td>
</tr>
<tr>
<td>51</td>
<td>Shipped to Incorrect DC</td>
<td>Per Case</td>
<td>$15/Case ($500 Min.)</td>
</tr>
<tr>
<td>52</td>
<td>Carton Not within Size/Weight Specifications</td>
<td>Per Case</td>
<td>$10/Case ($100 Min.)</td>
</tr>
<tr>
<td>53</td>
<td>Substandard Carton Quality</td>
<td>Per Case</td>
<td>$10/Case ($100 Min.)</td>
</tr>
<tr>
<td>54</td>
<td>Incorrect Type of Carton Tape</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>55</td>
<td>Removal of Staples, Straps or String for Cartons</td>
<td>Per Case</td>
<td>$10/Case ($100 Min.)</td>
</tr>
<tr>
<td>56</td>
<td>Carton Label Missing, un-scannable or Manually Adjusted</td>
<td>Per Case</td>
<td>$10/Case ($100 Min.)</td>
</tr>
<tr>
<td>57</td>
<td>Mixed SKUs in Cartons</td>
<td>Per Item</td>
<td>$.30/unit ($100 Min.)</td>
</tr>
<tr>
<td>58</td>
<td>Shot Gun Loaded Trailers/Pallets</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>59</td>
<td>ORM-D Stickers Applied Incorrectly</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
<tr>
<td>60</td>
<td>Physical Contents of Case Do Not Match TPM Label</td>
<td>Per Case</td>
<td>$10/Case ($100 Min.)</td>
</tr>
<tr>
<td>90</td>
<td>Storage Fee</td>
<td>Per Occurrence</td>
<td>$250 + $100/Pallet</td>
</tr>
<tr>
<td>91</td>
<td>No SOC (Statement of Conformity) on File</td>
<td>Flat - per Shipment</td>
<td>$750</td>
</tr>
</tbody>
</table>

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12 Key Contact Information

Questions regarding Trading Partner Management (TPM), Shipment Preparation, Non-Compliance violations or general Vendor Requirements should be directed to:

The Vendor Relations Department
Email: vendorrelations@hottopic.com
Telephone: (626) 839-4681, ext. 2909

Questions regarding Routing, Appointment Scheduling or Transportation should be directed to:

The Traffic Department
Email: traffic@hottopic.com
Fax: (626) 608-2330

Questions regarding General Conformity Certificates should be directed to:

Consumer Product Safety
Email: consumerproductsafety@hottopic.com
Telephone: (626) 839-4681, ext. 2196
Fax: (626) 608-2330

Questions related to Import Orders should be directed to:

The Import Department
Email: imports@hottopic.com
Telephone: (626) 839-4681, ext. 2907
Fax: (626) 608-2330

Questions concerning Invoice Payments, Remittance Advice, & Shortages should be directed to:

The Accounts Payable Department
Email: APmerchandise2@hottopic.com
E-fax: (626) 956-0653
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TPM (Trading Partner Management):</strong></td>
<td>A free, web-based software system used to communicate Purchase Order details and chargeback activity to our vendors.</td>
</tr>
<tr>
<td><strong>Bill of Lading:</strong></td>
<td>A document that establishes the terms of a contract between the shipper and the carrier. Used to transfer ownership of a shipment between parties. The original Bill of Lading is required to gain release of a shipment from the carrier.</td>
</tr>
<tr>
<td><strong>Airway Bill (AWB):</strong></td>
<td>The air industry’s equivalent to the motor carrier’s Bill of Lading. Required by all air carriers and has a tracking number for visibility of the shipment’s movements.</td>
</tr>
<tr>
<td><strong>Chargeback:</strong></td>
<td>Obtaining compensation from a Vendor for violations of Hot Topic’s regulations. They are designed to recoup the labor and/or freight costs that are associated with correcting issues caused by non-compliance.</td>
</tr>
<tr>
<td><strong>Country of Origin:</strong></td>
<td>The country in which goods were produced or manufactured.</td>
</tr>
<tr>
<td><strong>Distribution Center (DC):</strong></td>
<td>Where merchandise is received and shipped to stores and/or customers.</td>
</tr>
<tr>
<td><strong>Consolidator:</strong></td>
<td>Organizes freight by DC and PO. Transmits freight from the CADC to the TNDC.</td>
</tr>
<tr>
<td><strong>Freight Violations:</strong></td>
<td>Any shipment that does not follow our specified Routing Instructions.</td>
</tr>
<tr>
<td><strong>SKU (Stock Keeping Unit):</strong></td>
<td>The lowest level of the merchandise hierarchy used to identify a specific item.</td>
</tr>
<tr>
<td><strong>Collect on Delivery (C.O.D.):</strong></td>
<td>Sales that require payment upon delivery of the merchandise.</td>
</tr>
<tr>
<td><strong>Prepaid:</strong></td>
<td>Freight invoice payment term indicating that shipping charges are billed to the vendor.</td>
</tr>
<tr>
<td><strong>Standard Swift Tack:</strong></td>
<td>A 3 inch polypropylene fastener, natural color. Provided by such suppliers as Avery Denison, or other office supply companies.</td>
</tr>
<tr>
<td><strong>ORM-D:</strong></td>
<td>A material such as a consumer commodity which presents a limited hazard during transportation due to its form, quantity, and packaging.</td>
</tr>
<tr>
<td><strong>Hazardous Materials:</strong></td>
<td>A substance that poses more than a reasonable risk to the health and safety of individuals. Includes explosives, flammables, corrosives, oxidizers, radioactive materials, perfumes and other contents packed under pressure.</td>
</tr>
<tr>
<td><strong>Advance Shipment Notice (ASN):</strong></td>
<td>A notification of pending deliveries, similar to a packing list.</td>
</tr>
<tr>
<td><strong>R.T.V. (Return to Vendor):</strong></td>
<td>The process of returning to a vendor any items that were previously received on a PO.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>R.A. (Return Authorization):</strong></td>
<td>An authorization number which is obtained from the supplier prior to the shipping return vendor claim.</td>
</tr>
<tr>
<td><strong>F.O.B. (Free on Board ) Point:</strong></td>
<td>A term of sale that defines who will incur transportation charges for the shipment, who will control the movement of the shipment, or at which point the title to the good passes to the buyer.</td>
</tr>
<tr>
<td><strong>Pallet Exchange:</strong></td>
<td>An exchange where the trucking company must provide as many pallets as they are picking up.</td>
</tr>
</tbody>
</table>