

9- Terms and Conditions

Overview

Anna's Linens requires each vendor to execute and deliver a new Notification and Acknowledgement of the Partner Guide annually. The Terms and Conditions are part of the Partner Guide and are incorporated into it by reference. Please note that once executed, the Partner Guide will continue indefinitely until either amended or terminated. Also the Vendor Term Sheet will be updated on an annual basis which outlines allowances and rebates.

Terms and Conditions

The following Terms and Conditions are part of the **Partner Guide** and are fully incorporated herein. Please note that the Vendor, by shipping an order issued by Anna's Linens, agrees to comply and be subject to all requirements and conditions listed on the purchase order worksheet, EDI purchase order or conditions specified in the Partner Guide including but not limited to these Terms and Conditions, shall apply and shall continue indefinitely until amended or terminated.

1. Definitions: As used herein, the following terms shall have the following meaning: (a) "Order" means a purchase order or an order effectuated through Electronic Data Interchange transmission (EDI) or any other means, which orders shall be deemed to include, in either event, these Terms and Conditions and (b) "Merchandise" refers to the goods, products, packaging, promotional materials including advertising, supplies, parts, assemblies, specifications, services or other items constituting the subject matter of the Order which are to be furnished by the Vendor to Anna's Linens hereunder. References to "Anna's Linens" include Anna's Linens and any subsidiaries and affiliated companies.

2. Warranties: Vendor represents and warrants to Anna's Linens, in addition to all warranties expressed or implied at law, that the Merchandise and its use, importation, design, construction, assembly, production, shipment, sale, packaging, labeling, packing, advertising, instructions and warnings or lack thereof and other printed matter furnished or authorized by Vendor, shall (a) be free from defects in design, workmanship and/or materials, including, without limitation, such defects as could create a hazard to life or property; (b) be suitable for end use; (c) be manufactured, packed for shipment, marked with the country of origin or other information required by law or regulation and where required, be registered, all in accordance with applicable federal, state and local laws, and the laws of any United States Commonwealth or territory where Anna's Linens does business, including the Commonwealth of Puerto Rico, and all orders and regulations promulgated there under; (d) (i) not infringe or encroach upon any party's personal, contractual or proprietary rights, including patent, designing trademark, trade name, service mark, copyright, right of privacy or publicity or trade secret rights; collectively hereafter ("Proprietary Rights") or (ii) not have been or be the subject of any allegation by any party alleging violation of such party's Proprietary Rights; (e) not violate or breach any agreement that Vendor may have with a manufacturer or distributor; (f) conform to all specifications and other descriptions set forth or incorporated in the Order and all articles accepted by Anna's Linens as merchandise samples; (g) possess all performance qualities and characteristics claimed in advertisements or representations made, issued or authorized by Vendor; (h) be in conformity with the Federal Food, Drug and Cosmetics Act, the Federal Trade Commission Act or any other federal, state or local law, and the laws of any United States Commonwealth or territory where Anna's Linens does business, including the Commonwealth of Puerto Rico, and all orders and regulations promulgated there under; (i) be properly stamped, tagged, labeled, or marked with such information as may be required by any applicable law, regulation or order or by Anna's Linens; (j) be well within any expiration date indicated on the packaging of the Merchandise; (k) have been stored under proper conditions to preserve the quality of the Merchandise; and (l) meet all applicable requirements of all applicable United States federal, state and local laws and regulations and of all applicable laws and regulations of jurisdictions outside the United States. Vendor also represents and warrants that (m) the weights, measures and sizes of all Merchandise shall be as represented and conform to all standards, regulations and requirements of any federal, state or local governmental authorities having jurisdiction, and any United States Commonwealth or territory where Anna's Linens does business, including the Commonwealth of Puerto Rico; (n) the prices, terms and conditions of sale hereunder and any discount, rebate or allowance for advertising or otherwise granted by Vendor in connection herewith are not in violation of the Robinson-Patman Act and are in compliance with all applicable laws and regulations; and (o) no forced labor or child labor shall be or was utilized in connection with the manufacture of the merchandise. Vendor's representations and warranties herein shall survive the delivery of Merchandise to Anna's Linens and any resale of Merchandise by Anna's Linens.

3. Safety Tests: Vendor, at its sole cost and expense, shall perform, or cause to be performed, all tests on the Merchandise required by the Customer Product Safety Commission and any other federal, state and local laws, or the laws of any United States Commonwealth or territory where Anna's Linens does business, including the Commonwealth of Puerto Rico, and shall maintain for a period of not less than three (3) years certificates indicating that all applicable tests have been administered and passed. Such tests shall be conducted by a nationally recognized testing agency. Vendor shall make available, and at Anna's Linens request shall furnish, to Anna's Linens copies of such certificates and shall permit Anna's Linens or any person or persons authorized by Anna's Linens to inspect and make copies of all records maintained by Vendor in connection with such tests.

4. Registration and License Numbers: Vendor shall obtain and provide to Anna's Linens Corporation (at Anna's Linens, 3550 Hyland Avenue, Costa Mesa, CA 92626 Attention: Anna's Linens Compliance Department) upon request any and all registration numbers, license numbers, or the like, required by any federal, state, local, foreign, provincial or territorial governmental agency or authority having jurisdiction over the Merchandise type in question, the sale of such Merchandise, and/or any claims made regarding the Merchandise or any of its qualities.

5. Material Safety Data Sheet: Vendor shall provide Anna's Linens (at Anna's Linens, Hyland Avenue, Costa Mesa, CA 92626 Attention: Anna's Linens Compliance Department) a Material Safety Data Sheet as required pursuant to the Occupational Safety and Health Act and any other federal, state, or local law, regulation or order prior to the delivery of Merchandise. A Material Safety Data Sheet shall also be included with the first delivery of any Merchandise to each of Anna's Linens Stores.

6. Terms must be in Writing: No terms or conditions in any acceptance, acknowledgment, invoice or other document submitted by Vendor that are in conflict with, different from, or in addition to these Terms and Conditions, nor any modification of the Order, shall be binding upon Anna's Linens unless agreed to in writing by a duly authorized representative of Anna's Linens.

7. Purchase Order: (a) An Order, when in the form of a written purchase order, shall constitute an offer on the part of Anna's Linens upon these Terms and Conditions and shall become a binding contract between Anna's Linens and Vendor upon Vendor's acceptance of the Order by:

1. signing one copy of the order and returning it to Anna's Linens or
2. returning a signed written confirmation of the order to Anna's Linens; or
3. delivering to Anna's Linens, in accordance with the terms and conditions set forth in the order, all or any part of the merchandise order; or
4. allowing ten (10) days to lapse from the time the order is received by Vendor, neither accepting the order in the manner indicated above nor giving Anna's Linens written notice of rejection of the order.

(b) An Order, when in the form of an EDI transmission or e-mail, shall constitute an offer on the part of Anna's Linens upon these Terms and Conditions and upon any terms and conditions indicated in the EDI transmission and shall become a binding contract between Anna's Linens and Vendor upon Vendor's acceptance of the Order by:

1. delivering to Anna's Linens, in accordance with the terms and conditions as set forth in the order, all or any part of the merchandise ordered; or
2. electronically acknowledging receipt of the order coupled with the failure to reject the order within two (2) business days following its receipt; or
3. allowing ten (10) days to lapse from the time the order is received by Vendor, neither accepting the order in the manner indicated above nor giving Anna's Linens written notice of rejection of the order.

8. Prices: All pricing shall be set forth in detail in the Order, and the prices specified in the Order are not subject to any additional charges for packing or preparation for shipment or because of increased costs of operation, or because of any taxes or excises levied on processors, manufactures, and wholesalers or otherwise. The Order shall not, without written authorization from Anna's Linens, be filled at higher prices than specified therein, or, if the Order is un-priced, at prices higher than last charged or quoted to Anna's Linens for Merchandise described therein. Vendor agrees that any price reduction made in Merchandise described in the Order prior to the delivery of such Merchandise to Anna's Linens shall be applicable to the Order. Whenever price is dependent upon cubic density, such density shall be specified by Vendor.

9. Changes to an Order: Anna's Linens may at any time make changes in written, electronic or facsimile form to any Order, including changes in the drawings or specifications, methods of shipment, warranties, packing, or time or place of delivery at any time prior to 30 days before the start ship date for the Merchandise. If such changes result in an increase or decrease in cost of, or time required for the performance of the Order, an equitable and reasonable adjustment shall be made in the price, delivery schedule or both. Vendor must notify Anna's Linens in writing of any such changes within two (2) business days of receipt of a requested change to the Order by Anna's. If such changes result in an increase in cost or time which is unacceptable to Anna's Linens, then Anna's Linens at its sole option may cancel its request for such changes.

In the event of substitution or changes in order quantity in variance to the purchase order, Anna's Linens reserves its right to modify the PO to allow it to process but retain its rights under the vendor offset guidelines.

10. Timeliness: Time is hereby made of the essence of the Order. If delivery of Merchandise is not completed by the date set forth in the PO by Anna's Linens, Anna's Linens reserves the right, without liability and in addition to its other rights and remedies at law, in equity or under the terms of the Order, to purchase elsewhere and hold Vendor liable for any additional loss, cost, damage or expense incurred thereby. Vendor shall pay any loss, cost, damage or expense resulting from the untimely receipt of the Merchandise ordered. Vendor shall notify Anna's Linens immediately if it is unable to ship timely. Anna's Linens shall have the right to refuse any goods with untimely delivery and to cancel the balance of the Order for any part of the goods due after untimely delivery of any installments. By accepting the untimely delivery of any installment, Anna's Linens shall not be bound to accept future shipments nor be deprived of its right to return Merchandise already accepted nor to claim damages for untimely delivery.

11. Order Postponement: Anna's Linens shall have the right to require Vendor to postpone shipment of Merchandise or suspend work covered by the Order and Vendor shall take all reasonable steps or minimize costs during such suspension. Equitable adjustment shall be made to the price, delivery schedule or other provisions affected by the suspension, provided that the claim for equitable adjustment is made within thirty (30) days after Anna's Linens directs the continuation of the work. The equitable adjustment must be accepted by Anna's Linens in writing.

12. Order Termination: (a) Anna's Linens may terminate an Order, or any part thereof, by notice to Vendor under any of the following circumstances:

1. if Vendor fails to comply with any provisions of the order,
 2. if Vendor becomes insolvent or makes a general assignment for the benefit of creditors or files or has filed against it a petition of bankruptcy or for reorganization, or pursues any other remedy under any other law relating to the relief for debtors or in the event a receiver is appointed for Vendor's property or business.
 3. If Anna's Linens receives notice of an allegation of Proprietary Rights infringement or believes that there may be an infringement of Proprietary Rights regarding the merchandise that is the subject matter of the order. In the event of such termination, in addition to all other rights and remedies Anna's Linens may have at law, in equity or under these Terms and Conditions, Anna's Linens may purchase or manufacture similar Merchandise and/or require Vendor to transfer title and deliver to Anna's Linens any and all property produced or procured by Vendor under the Order, and Vendor shall be liable to Anna's Linens for any excess cost associated with the termination of an Order under this provision to Anna's Linens.
- (b) In addition to Anna's Linens right to terminate an Order for cause pursuant to Paragraph 12 (a) above, Anna's Linens may terminate an Order in whole or in part at any time upon notice to Vendor. On receipt by Vendor of such notice, Vendor shall, to the extent specified therein, stop work there under and the placement of work with subcontractors, terminate work under subcontracts outstanding there under, and take any necessary action to protect property in Vendor's possession in which Anna's Linens has or may acquire an interest. In such event, Anna's Linens shall pay to Vendor the amounts due for supplies delivered and accepted or services completed in accordance herewith prior to the effective date of termination.
- (c) Any termination by Anna's Linens whether for cause or otherwise, shall be without prejudice to any claims for damages or other rights of Anna's Linens against Vendor.
- (d) Vendor shall continue performance of the Order to the extent not terminated.

13. Right to Refuse Merchandise: Anna's Linens shall have the right to refuse Merchandise not in accordance with specifications or industry standard, or which is different in quality or quantity from that ordered, or which is shipped otherwise than as specified under the Order or which is believed by Anna's Linens to violate a third party's Proprietary Rights or is alleged to violate a third party's Proprietary Rights. Anna's Linens may, at its sole discretion, either return rejected Merchandise or hold same at Vendor's risk and expense and may, in either event, charge the Vendor with the cost of transportation, shipping, unpacking, examining, repacking, storing, reshipping and other like expenses. If Vendor fails to accept Merchandise returned by Anna's Linens, then Anna's Linens shall have the right to dispose of such Merchandise by any means. If within thirty-six (36) days after a request by Anna's Linens for direction regarding disposition of rejected Merchandise, Vendor does not respond to Anna's Linens, Anna's Linens shall have the right to dispose of the Merchandise by any means. Acceptance of any prior shipments contrary to the Order shall not be considered a waiver of Anna's Linens right to return any or all of the Merchandise and receive full credit therefore. Authorization for substitution of style, color, size, quantity or a combination thereof, is permitted only upon the written, signed and dated consent of Anna's Linens. Any claims for defective Merchandise, shortages, returns, damages, or other claim of set off asserted as a result of Vendor's failure to comply with these Terms and Conditions made by Anna's Linens will be charged back to Vendor and the amount thereof deducted from payments to be made to Vendor or, alternatively, will be promptly refunded to Anna's Linens.

14. Right to Return Merchandise: Anna's Linens may at any time after delivery of the Merchandise (and whether or not the same has been accepted by Anna's Linens) return all or part of the Merchandise if any part is found to be in a damaged or defective condition if believed by Anna's Linens to violate a third party's Proprietary Rights, or if alleged to violate a third party's Proprietary Rights. Vendor shall refund to Anna's Linens in full the price paid by Anna's Linens for such returned Merchandise. Any Merchandise so returned shall be at Vendor's risk, expense and includes freight.

15. Right to Cancel: In addition to any other remedies available to Anna's Linens under this Agreement or applicable law, upon Vendor's breach of this agreement or any Order, Anna's Linens at its option and without liability to Vendor, may forthwith cancel any unshipped portion of any Order.

16. Advance Shipment: If Anna's Linens accepts any advance shipment (other than requested by it) under any Order, payment terms on such shipment shall be computed from the prescribed shipping date. Terms on shipments not in advance shall begin when Merchandise is received by Anna's Linens, except that invoices for Merchandise received on and after the 25th of the month will be considered received as of the first of the following month.

17. Shipping Charges: Vendor shall pay all charges for packing, crating and shipping unless Anna's Linens expressly agrees to pay such charges.

18. Freight on Board Anna's Linens: Except for Freight on Board (F.O.B.) origin Orders, title to the Merchandise ordered hereunder, as well as all risks of loss therefore, shall remain in Vendor until the Merchandise reaches the directed point of destination and is signed for by Anna's Linens authorized representative. For F.O.B. origin Orders, title and risk of loss shall remain in Vendor until the Merchandise is received by the carrier designated by Anna's Linens.

19. Additional Expenses: Unless Anna's Linens otherwise agrees in writing, any additional expense resulting from any delay, partial shipment, early shipment, change of routing, variation of cubic density, change of pack or other failure by Vendor to comply with the terms of this Agreement or the applicable Order shall be paid by Vendor.

20. **Right to Deduct Monies Owed:** Anna's Linens reserves the right to deduct from any amount due Vendor for Merchandise ordered any amount Vendor owes Anna's Linens with respect to any claims of any nature whatsoever in favor of Anna's Linens against Vendor, whether or not related to the Order and whether now existing or hereafter arising, and any assignee of the Vendor's rights to payment hereunder shall be subject to Anna's Linens rights under this paragraph.

21. **Right to Withhold Payment:** Anna's Linens reserves the right to withhold any payments due Vendor, without penalty or forfeiture, until all disputes whether or not related to the Order and whether or not existing or arising in the future between Anna's Linens and Vendor, are settled.

22. **Bankruptcy:** Any sums payable to Vendor shall be subject to all claims and defenses of Anna's Linens, and Anna's Linens may deduct and set off against any such sums all present and future indebtedness of Vendor to Anna's Linens. In addition to the foregoing set off rights between Anna's Linens and Vendor, Anna's Linens shall be entitled to set off all obligations it owed Vendor, Vendor's divisions, departments, subsidiaries, affiliates and other related entities (the "Related Entities") against any claims Anna's Linens may have against any or all of the Related Entities, as if: (i) a debt existed from Anna's Linens to the Related Entities or any one of them, (ii) Anna's Linens had a claim against the Related Entities or any one of them, and (iii) the debt and the claim are mutual obligations. For the purpose of this section, Vendor and each of the Related Entities expressly consent to the set off rights afforded herein as they affect the Related Entities. The parties further agree that these set off rights will be applicable and fully enforceable in the event Vendor or any of the Related Entities commence a voluntary bankruptcy proceeding or become the subject of an involuntary bankruptcy petition under Title 11 of the United States Code. Anna's Linens shall provide a copy of the deduction statements for debt it has taken against the Vendor's account as a result of any deductions or set offs. Vendor shall be deemed to have accepted each such deduction or set off unless Vendor, within 90 days of receipt of the deduction statement notifies Anna's Linens in writing as to why a deduction or set off should not be taken and provides documentation of the reason(s) given. Anna's Linens shall not be liable to Vendor for any related interest of late charges pending resolution of the contested set off. In the event that either a voluntary or involuntary bankruptcy petition is commenced by or against Vendor and/or any of the Related Entities under the Title 11 of the United States Code, or under any other federal or state law governing the reorganization, liquidation, assignment for the benefit of creditors, or other similar disposition of Vendor or the Related Entities, Vendor and the Related Entities unconditionally and irrevocably consent, to the relief from the automatic stay so as to allow Anna's Linens to exercise its rights and remedies under the Agreement, including but not limited to exercising its right of set off as set forth herein. In such event, Vendor and the Related Entities hereby agree that they shall not, in any manner, oppose or otherwise delay any motion filed by Anna's Linens for relief from the automatic stay. The provisions of this section constitute a material inducement for Vendor and Anna's Linens to enter into this agreement.

23. **Intellectual Property:** All Merchandise, Proprietary Rights and Confidential Information which are supplied by Anna's Linens or which are distinctive of Anna's Linens private label or licensed label merchandise or which contain any Proprietary Rights of Anna's Linens or which are created at the request of Anna's Linens (collectively "Special Features") shall be the property of Anna's Linens and shall be used by Vendor only for Anna's Linens for Anna's Linens benefit. All goodwill accruing shall be for and inure to the benefit of Anna's Linens. All intellectual property associated with Merchandise created by Vendor which includes Special Features, Anna's Linens Proprietary Information or which was created at the request of Anna's Linens shall be and hereby is assigned to Anna's Linens. Anna's Linens may use Special Features as it sees fit on or with respect to goods manufactured by others. Merchandise with Special Features which is not delivered to Anna's Linens for any reason shall not be sold or transferred to any third party without Anna's Linens prior written authorization, and unless and until all labels, tags, packaging and markings making use of the Special Features or otherwise identifying the Merchandise to Anna's Linens have been removed. Vendor shall defend, indemnify and hold Anna's Linens and its officers and shareholders, agents and employees, harmless from and against all costs, expenses, liabilities and losses reasonably incurred (including reasonable attorneys' fees and associated legal costs) arising out of any claim of any violation of personal or property rights based on, or in connection with, the actual sale, offer to sell, use or importation of any material, Merchandise, or any other thing used, created, supplied, manufactured, or obtained by Vendor in connection with Vendor's performance under this Agreement

24. **Indemnification:** Vendor shall indemnify, defend and hold Anna's Linens harmless from and against any and all alleged, actual or threatened liability, claim, loss or damage arising in any way whatsoever out of or in connection with the sale, advertising, possession, handling, use, importation, manufacture, display, misuse, resale, labeling or return of the Merchandise ordered (and if the Merchandise shall include the sales of services, the provision of such services). Vendor shall defend every suit that may be brought against Anna's Linens by reason of any of the foregoing, whether meritorious or not, and shall pay all expenses and fees of counsel which shall be incurred in connection with such defense, together with all costs, damages and any other sums recoverable in every such suit or settlement thereof. If Vendor fails to take timely action to defend such a suit, Anna's Linens may defend such suit at Vendor's expense. Anna's Linens, in addition to any other rights, may forthwith cancel any unshipped portion of the Order and return prior deliveries to Vendor for payment or credit. With respect to any claims falling within the scope of the foregoing indemnifications, Vendor agrees to keep Anna's Linens fully advised with respect to such claims and the progress of any suits. Additionally, Anna's Linens shall have the right to participate, at Vendor's expense, in any suit instituted against it, and to designate attorneys to defend it. Any designated attorneys shall be independent of attorneys chosen by Vendor relating to such claim or any related claim. Vendor is not to settle, compromise, or otherwise enter into any agreement regarding the disposition of any claim against Anna's Linens without the written consent and approval of Anna's Linens.

25. Confidentiality: “Confidential Information” means nonpublic information that Anna’s Linens designates as being confidential or which, under the circumstances surrounding disclosure ought to be treated as confidential by Vendor. Confidential Information includes, without limitation, information in tangible or intangible form relating to and/or including released or unreleased Anna’s Linens products, the marketing or promotion of any Anna’s Linens product, Anna’s Linens business policies or practices, and information received from others that Anna’s Linens is obligated to treat as confidential. Confidential Information shall not include any information, however designated, that i) is or subsequently becomes publicly available without Vendor’s breach of any obligation owed to Anna’s Linens; (ii) became known to Vendor prior to Anna’s Linens disclosure of such information to Vendor pursuant to the terms of this Agreement; (iii) became known to Vendor from a source other than Anna’s Linens other than by the breach of an obligation of confidentiality owed to Anna’s Linens; or (iv) is independently developed by Vendor. Vendor shall refrain from disclosing any Confidential Information to third parties. Vendor shall take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information, but no less than reasonable care, to keep confidential the Confidential Information or any other breach of this Agreement by Vendor and its employees and consultants, and will cooperate with Anna’s Linens in every reasonable way to help Anna’s Linens regain possession of the Confidential Information and prevent its further unauthorized use or disclosure. Vendor shall, at Anna’s Linens request, return all originals, copies, reproductions and summaries of Confidential Information and all other tangible materials and devices provided to Vendor as Confidential Information, or at Anna’s Linens option, certify destruction of same. Vendor acknowledges that monetary damages may not be a sufficient remedy for unauthorized disclosure of Confidential Information and that Anna’s Linens shall be entitled, without waiving any other rights or remedies, to such injunctive or equitable as may be deemed proper by a court of competent jurisdiction.

26. Liability Insurance: Vendor shall purchase and maintain, at its sole cost and expense, Comprehensive General Liability insurance including Products Liability coverage with limits of not less than \$2,000,000 Combined Single Limit each occurrence Bodily Injury and Property Damage, General Aggregate \$5,000,000 per year. Coverage shall include Broad Form Property Damage, Contractual Liability including Defense Costs, Cross Liability exclusion deleted, Personal/Advertising liability and shall provide Waivers of Subrogation. Vendor agrees to continuously maintain such insurance for the period during which any party may, as a matter of law, be entitled to assert a claim against any Indemnified Party. To the extent Vendor shall be providing delivery or other services to Anna’s Linens, Vendor shall provide evidence of automobile coverage as well as Worker’s Compensation and Employer’s Liability evidencing the coverage to applicable statutory limits and Employer’s Liability to limits of \$1,000,000. The insurance company issuing such policy shall bear endorsements to the effect that Anna’s Linens shall be notified not less than thirty (30) days in advance of modification or cancellation thereof (except that such notice shall be 10 days in advance for nonpayment of premium) by certified mail to Anna’s Linens Attention: Anna’s Linens Logistics/Vendor Relations. The policy shall also bear endorsements naming Anna’s Linens as an additional insured under the Broad Form Vendors Endorsement. A renewal certificate evidencing the insurance coverage required pursuant to this Agreement shall be provided to Anna’s Linens at least thirty (30) days prior to the expiration of the policy. **Vendor shall furnish to Anna’s Linens a certificate of insurance evidencing such insurance within thirty (30) days following commencement of this Agreement.** Vendor specifically agrees that the indemnities referenced in this Agreement are not limited to the insurance coverage set forth in this paragraph. Vendor/and/or Vendor’s representatives’, insurers’ or agents’ failure to comply with the insurance of this Agreement shall be considered a breach of this Agreement.

27. Additional Work Performed: All work performed by Vendor and all materials used in connection with any Order shall be at the risk and expense of Vendor until delivered and accepted by Anna’s Linens. If any Order calls for work to be performed by Vendor upon any premises owned or controlled by Anna’s Linens, Vendor shall keep such premises and work free and clear of all liens and shall furnish Anna’s Linens with any certificate, affidavit or waiver as provided by law. Whenever Vendor has in its possession any of Anna’s Linens property, Vendor shall be deemed an insurer thereof and shall be responsible for its safe return to Anna’s Linens.

28. Informal resolution; Arbitration: In the event of dispute, the parties will attempt to resolve any such disputes through informal negotiation and discussion. Formal proceedings should not be commenced until such informal negotiations and discussions are concluded without resolution. Any unresolved dispute shall be referred to a qualified independent arbitrator acceptable to both parties. Any arbitration under this Agreement shall take place in the State of California. The arbitrator will have no authority to award any damages that are excluded by the terms of this Agreement. In the event that a suitable independent arbitrator cannot be identified and agreed on by both parties within twenty (20) days of the first demand by a party for arbitration, then the parties agree that a single arbitrator will be appointed by the American Arbitration Association (AAA). All arbitration proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the AAA, but shall be administered by AAA only if AAA appoints the arbitrator. The arbitrator may award attorney’s fees and costs as part of the award. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

29. Taxes: Except as otherwise provided herein, and unless prohibited by statute, Vendor shall pay any federal, state or local use tax, transportation excise tax, or other tax which may be imposed in connection with the performance of the Order.

30. Waiver: Anna’s Linens failure to insist on strict performance of any term or terms hereunder shall not constitute a waiver of any term or default by Vendor. Any waiver of any breach or default hereof shall not constitute a waiver by Anna’s Linens of any other or subsequent breach or default of Vendor.

31. Resale:

(a) Anna’s Linens acknowledges that it holds valid resale numbers in all states where Anna’s Linens is licensed to do business (excluding states not recognizing sales for resale as sales tax exempt).

(b) Vendor shall furnish Anna’s Linens, when required by law, attention Anna’s Linens Tax Department, the appropriate exemption certificate which shall be completed by Anna’s Linens and returned to Vendor. Anna’s Linens “Blanket Resale Certificate” may be substituted by Anna’s Linens, if permitted by law.

32. Legal requirements - Indemnification:

All Business Partners (Including all agents, vendors, manufacturers, factories, suppliers, and subcontractors) must comply with all existing and/or enacted or later enacted laws, rules, ordinances, codes, regulations, treaties, orders, decisions, directives and/or requirements of any governmental, judicial or administrative body, of the United States, of the Country of Origin, including where the product is distributed, offered or sold, and will comply with all rules, regulations, requirements and standards of any applicable industry or trade organization, safety organization or entity that sets applicable standards. All products must be accurately labeled and clearly identified as to their country of origin. By accepting a PO, the Business Partner agrees that it shall indemnify, hold harmless and defend, or at Anna's Linens option fund the cost of defending Anna's Linens, or its agents, from and against any and all liabilities, damages, losses, claims, lawsuits, proceedings, appeals, assessments, fines, product recalls, actions, causes of action, decrees, judgments, settlements, court orders, investigations, civil penalties, and/or demands of any kind, of the Merchandise ordered.

33. Insurance:

All partners, vendors, manufacturers, factories and suppliers shall maintain and provide insurance verification to Anna's Linens for commercial general liability insurance, including product liability insurance coverage with limits of not less than \$2,000,000 USD per occurrence and an annual general aggregate of not less than \$5,000,000 USD and shall contain an endorsement by which the insurer extends the coverage hereunder to the extent necessary to include the contractual liability arising by reason of the indemnity provisions set forth in this Partner Guide.

34. Forced Labor:

Anna's Linens will not conduct business with any Partner that uses involuntary labor of any kind; including prison labor, indentured labor, or forced labor. Employees shall not be required to lodge 'deposits' or identity papers upon commencing employment with the company.

35. Child Labor:

Partners will not employ anyone under the age of 15, and/or younger than the age for completing compulsory education, or under the minimum ages established by applicable law in the country of manufacturer, if higher than the age of 15. Furthermore, Partners of any kind will not expose anyone under the age of 18 to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy and will provide adequate protection from exposure to hazardous conditions or materials.

36. Harassment and Abuse:

Anna's Linens expects Partners to treat every employee, customer and business partner with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse. Partners will not use monetary fines as a disciplinary practice. Furthermore, workers must be free to voice their concerns to Anna's Linens or Anna's Linens appointed staff without fear of retaliation by factory management.

37. Nondiscrimination:

Anna's Linens firmly believes people are entitled to equal opportunity in employment. Although the company recognizes cultural differences exist, Anna's Linens will not pursue business relationships with Partners who discriminate in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital or maternity status, work or personal affiliations, political opinion or social or ethnic origin.

38. Wages and Benefits:

Partners shall set wages, overtime pay, and legally mandated benefits and allowances in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or a wage that meets applicable industry standards, whichever is greater.

39. Health and Safety:

Anna's Linens seeks Partners who provide written standards for safe and healthy work environments for their workers, including adequate facilities and protections from exposure to hazardous conditions or materials. These provisions must include safe and healthy conditions for dormitories and residential facilities, and they must comply with local health and safety laws and standards.

40. Hours of Work/ Overtime:

While permitting flexibility in scheduling, Anna's Linens will identify local legal limits on work hours and seek Partners who do not exceed them except for appropriately compensated overtime. While Anna's Linens favors Partners who utilize less than 60 hours a week, Anna's Linens will not use Partners who, on a regular basis, require in excess of 48 hours per week and 12 hours overtime per week, or as permitted by applicable law, whichever is lower. Employees should be allowed one day off in seven.

41. US Customs:

Partners will comply with applicable US Customs importing laws and, in particular, will establish and maintain programs and documentation to support country of origin production verification, to avoid illegal transshipping.

42. Environment:

Partners must demonstrate a regard for the environment, as well as compliance with applicable environmental laws. Further, Anna's Linens actively seeks partners who demonstrate a commitment to progressive environmental practices and to preserving the earth's resources.

43. Documentation and Inspection:

Anna's Linens reserves the right to monitor compliance with the Partnership Guidelines and to undertake on-site inspections of Partners' facilities. Partners will maintain on file all documentation necessary to demonstrate compliance and will authorize Anna's Linens and its designated agents (including third parties) to engage in announced and unannounced monitoring activities to ensure compliance, including confidential employee interviews. Anna's Linens will review and may terminate its relationships with any Partner found to be in violation of the Partnership Guidelines.

44. Freedom of Association:

Partners will respect workers rights to freedom of association and collective bargaining.

45. Subcontracting and Changes in Manufacturers, Factories, or Suppliers:

Partners will not utilize subcontractors for the production of Anna's Linens products or components without written approval and authorization from Anna's Linens, and only after the subcontractor has agreed to comply with the Partnership Guidelines. Partners will not change manufacturers, factories, subcontractors or suppliers for the production of Anna's Linens products without written approval and authorization from Anna's Linens and only after the new factory, subcontractor, or supplier has agreed in writing to comply with the Partnership Guidelines

46. Change of Control:

Partners shall promptly notify Anna's Linens in writing if the ownership of the Partner changes. The new owners of Partner shall promptly agree to comply with the Partnership Guidelines.

47. Miscellaneous:

Vendor agrees that it will not offer employment to, employ, hire or otherwise engage the services of any person who is or has been within the preceding 180 days an employee of Anna's Linens.

Vendors must limit communication to stores, and all store level communication must go through the appropriate Store Support Center department. All general communication must be made through the Anna's Linens Corporate office.

Anna's Linens recognizes that success is based on the quality of relationships with customers, employees, manufacturers, partners, and communities. To maintain the caliber of these relationships, and to achieve the goal of always providing the best value product in the most equitable manner, Anna's Linens established certain requirements for business partners.

Only the relationship of vendor and vendee is created by this Agreement. No provision of this document or act of either party shall be construed to create the relationship of principal and agent, partnership, or joint venture or enterprise.

In the event a particular provision set forth in this document is deemed unenforceable or invalid, the balance of the terms shall remain in full force and effect.