



SUPPLIER GUIDE

WHAT Crayola

LOOKS FOR IN A SUPPLIER...

WHAT CRAYOLA® LOOKS FOR IN A SUPPLIER

Crayola is all about quality. Children are our priority and Crayola is committed to providing them with products that inspire learning and creativity. With that in mind, our goal is to provide outstanding products to our customers at the best cost in a timely manner. This can only be achieved by partnering with our suppliers to be cost effective and efficient, which in turn will meet our consumer expectations. The role of our suppliers is to deliver 100% Complete, Correct and On-time goods and services that achieve or exceed expectations. We desire our prospective suppliers to hold in the same high regard, the commitment and loyalty to children as we have had for over the past 100 years.

Our premise is to seek the following:

- Commitment to excellent, safe, quality products
- Meeting the creative needs of children
- Inspiring limitless creativity
- Partners that demonstrate the same commitment as Crayola
- Suppliers that meet our expectations which in turn will help meet the needs of our consumers
- Quality Materials
- Ways to develop products in a cost effective and efficient manner while maintain the highest level of quality
- 100% Complete, Correct and On-time deliveries

Crayola looks forward to working with you as we partner to deliver quality and safe products that delight our consumers.

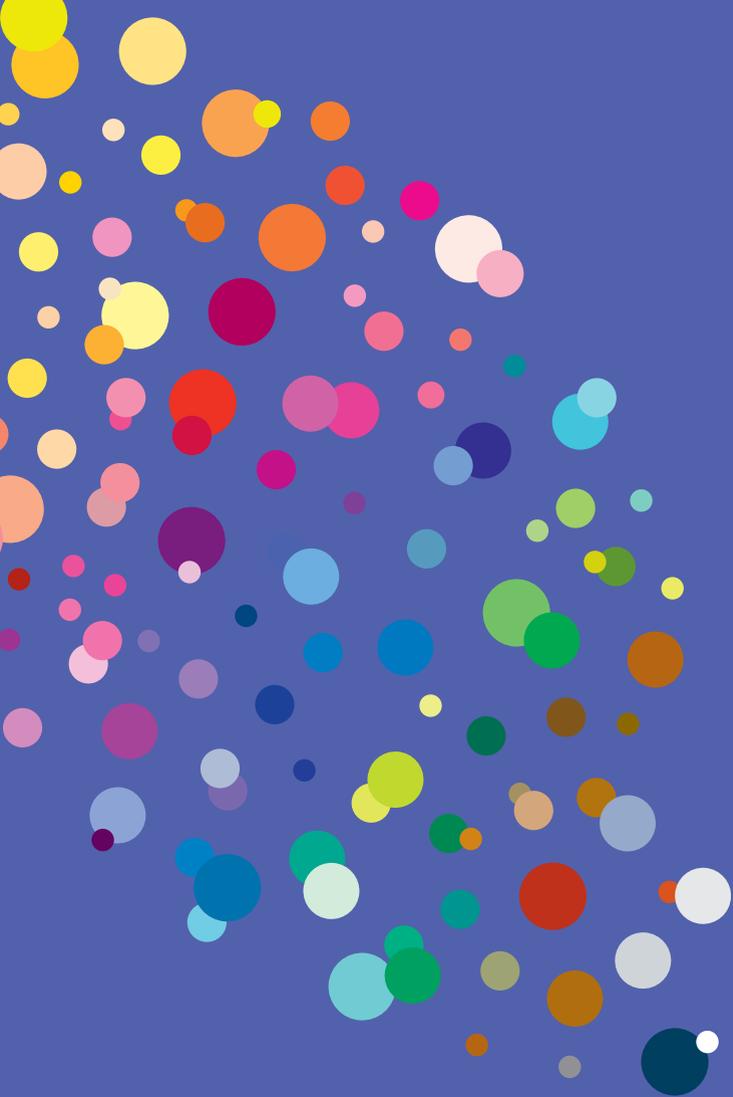
We hope this Guide, which outlines our supplier expectations, is helpful in understanding the Crayola organization.





Contents

Chapter	Page
1	Company History 6
2	Partnering with Crayola (“How to be a good partner”) 8
3	Global Supplier Code of Conduct 12
4	Innovation..... 14
5	Confidential Disclosure Agreement..... 16
6	Supplier Evaluation 18
7	Invoice Requirements 20
8	Diversity Program 22
9	Quality Commitment 24
	••• Ownership of Quality
10	Sustainability Initiatives..... 28
	••• Going Forest Green
11	Engineering Part Approval 32
12	Crayola Software Standards 34
13	Rapid Commercialization Process..... 36
	••• Sample Requirements
	••• Vendor Tool Quoting
14	Continuous Improvement..... 40
15	Supply Chain Requirements 42
16	Transportation Requirements 44
	••• Freight Terms
	••• Transportation Contacts
	••• Wood Packaging Materials
17	Receiving Requirements..... 50
18	Crayola Color Standards 54
19	Packaging Requirements 56
	••• Printing Requirements
20	Regulatory/Safety Information 58
21	Supplier Checklist 62



1

COMPANY HISTORY Where it all began

FOR MORE THAN A CENTURY, CRAYOLA—THE MOST COLORFUL COMPANY IN THE WORLD—HAS GROWN BEYOND ITS FOUNDERS’ WILDEST DREAMS.

By applying technical innovation, unparalleled quality, consumer satisfaction and product value, Crayola has become the pre-eminent producer of hands-on products for creative personal development and fun.

It all began in 1864 when Joseph Binney founded Peekskill Chemical Works in upstate New York, producing charcoal and lamp black. When he retired 21 years later, his son Edwin and nephew, C. Harold Smith, formed the company Binney & Smith. Early products included red oxide pigment used as barn paint and carbon black for car tires.

In 1900 the company began producing slate school pencils in its newly opened Easton, Pennsylvania mill. Listening to the needs of teachers, Binney & Smith introduced the first dustless school chalk two years later. It was so successful it won a gold medal at the St. Louis World Exposition.

Noticing a need for safe, quality, affordable wax crayons, the company produced the first box of eight Crayola crayons, selling for a nickel. The Crayola name, coined by Edwin Binney’s wife Alice, a schoolteacher, comes from “craie” the French word for chalk, and “ola” from “oleaginous”, the Latin word for oil.

Since the first box of black, brown, blue, red, purple, orange, yellow, and green Crayola crayons rolled off the assembly line, the company has created more than 110 billion crayons, millions of markers, children’s paints, modeling compounds, activity kits and many other creative products to inspire endless creativity. Today, Crayola continues to grow, adding new products based on consumer needs, value, technical innovation, high quality and, of course, color and fun.

Corporate Headquarters

P.O.Box 431
1100 Church Lane
Easton, PA 18044
Phone: 610-253-6272
Fax: 610-250-5768

Buying Offices

Mexico City, Mexico
Bedford, UK
Lindsay, Canada
Victoria, Australia
Hong Kong, China
Shenzhen, China
Qingdao, China

Manufacturing Facilities

Easton, Pennsylvania
Bethlehem, Pennsylvania
Mexico City, Mexico





2

PARTNERING WITH CRAYOLA "How to be a good partner"

CRAYOLA SELECTS SUPPLIERS THAT SHARE OUR COMPANY'S DESIRED CULTURE AND ADOPT THE FOLLOWING CHARACTERISTICS:

- Demonstrate strong ethical standards
- Conduct operations in a manner that respects the rights of the individuals they employ
- Provide a safe workplace that meets all regulatory compliance requirements and will not compromise our standards
- Demonstrate careful stewardship of the environment
- Seek proactively to improve the quality of life where their facilities are located

Crayola Desired Culture

- Obsessed With Consumer Needs**
Be passionate about meeting consumer needs
Constantly ask – what are the implications for the consumer?
Take the initiative to learn about our consumers and competitors
Make decisions based on insights about the consumer
Proudly represent our brands when talking to others
Remind each other about the importance of the consumer
- Biased For Action**
Be impatient and unsatisfied with the status quo
Move faster internally than the external world
Develop and implement impactful solutions
Exploit ideas and opportunities quickly
Take ownership and accountability for action and results
Act, learn, and make changes as needed
- Respectful Of People And Ideas**
Respect and value the diversity of people and their ideas
Trust others—assume positive intent
Act with honesty and integrity
Uphold your commitments
Honestly and constructively tell people how they are doing
Make the communities in which we work and live better places
- Innovative And Risk-Oriented**
Encourage innovation from everyone and in everything we do
Generate and share creative ideas
Experiment, experiment, experiment
Create positive change that allows us to improve
Take enough chances that you sometimes fail
Be informed and take intelligent risks
- Think And Act Like Winners**
Approach every task with a competitive spirit to win in the marketplace
Hate to lose
Deliver exceptional business and financial results to be the marketplace leader
Look for ways to win, not excuses for failing
Continually build your skills and capabilities
Be proud of others' successes
Have some fun everyday!
- Collaborative And Team-Based**
Proactively engage those outside your work area
Seek the opinions and feedback of others
Share knowledge to help others succeed
Communicate, communicate, communicate
Work with others to achieve business results
Be inclusive

Crayola views its suppliers as an extension of its company.

As such, we tirelessly search for opportunities to allocate resources within this borderless organization to improve service to our customers. Crayola, as well as our suppliers both share this responsibility. As Crayola changes, so should your company continuously change and develop new competencies or potentially outsource others to meet the ever-changing needs of our customers.

Crayola aspires to have positive working relationships with all of its suppliers and reserves the term “partnership” for those special relationships in which the supplier continually:

- Places product safety at the top of its operating principles.
- Strives to maintain a leadership position in technology and innovation.
- Treats its associates, clients, partners and suppliers with fairness and dignity.
- Is willing to share risk to achieve mutual benefits.
- Agrees upon measures of key performance indicators.
- Commits to information exchange, planning, continuous improvement, and cost reduction.
- Appropriately considers the amount of business awarded to the supplier.





3

GLOBAL SUPPLIER CODE OF CONDUCT

IN SUPPORT OF ETHICAL WORLDWIDE MANUFACTURING, CRAYOLA HAS INCORPORATED THE REQUIREMENT THAT ALL SUPPLIERS' FACTORIES WILL BE AUDITED BASED ON THE INTERNATIONAL COUNCIL OF TOY INDUSTRIES STANDARDS.

This is referenced as the ICTI CARE process. In addition, our suppliers that manufacture Crayola finished products in China must also conform and obtain ICTI CARE Process Certification. In cases where a component supplier in China has not achieved ICTI CARE certification, consideration may be given, on a

case by case basis, to audit results based on Wal-Mart ES, SMETA, or SA8000. Further information can be found on the ICTI website www.icti-care.org. Component suppliers and finished goods suppliers outside of China will be audited to the ICTI CARE standard, without formal ICTI CARE certification.

Suppliers with manufacturing facilities outside of the United States are required to comply with C-TPAT guidelines. Some of these suppliers will be required to undergo a GSV or C-TPAT audit on the security procedures covering their facility, employees, and logistics systems in support of U.S. border security protection.



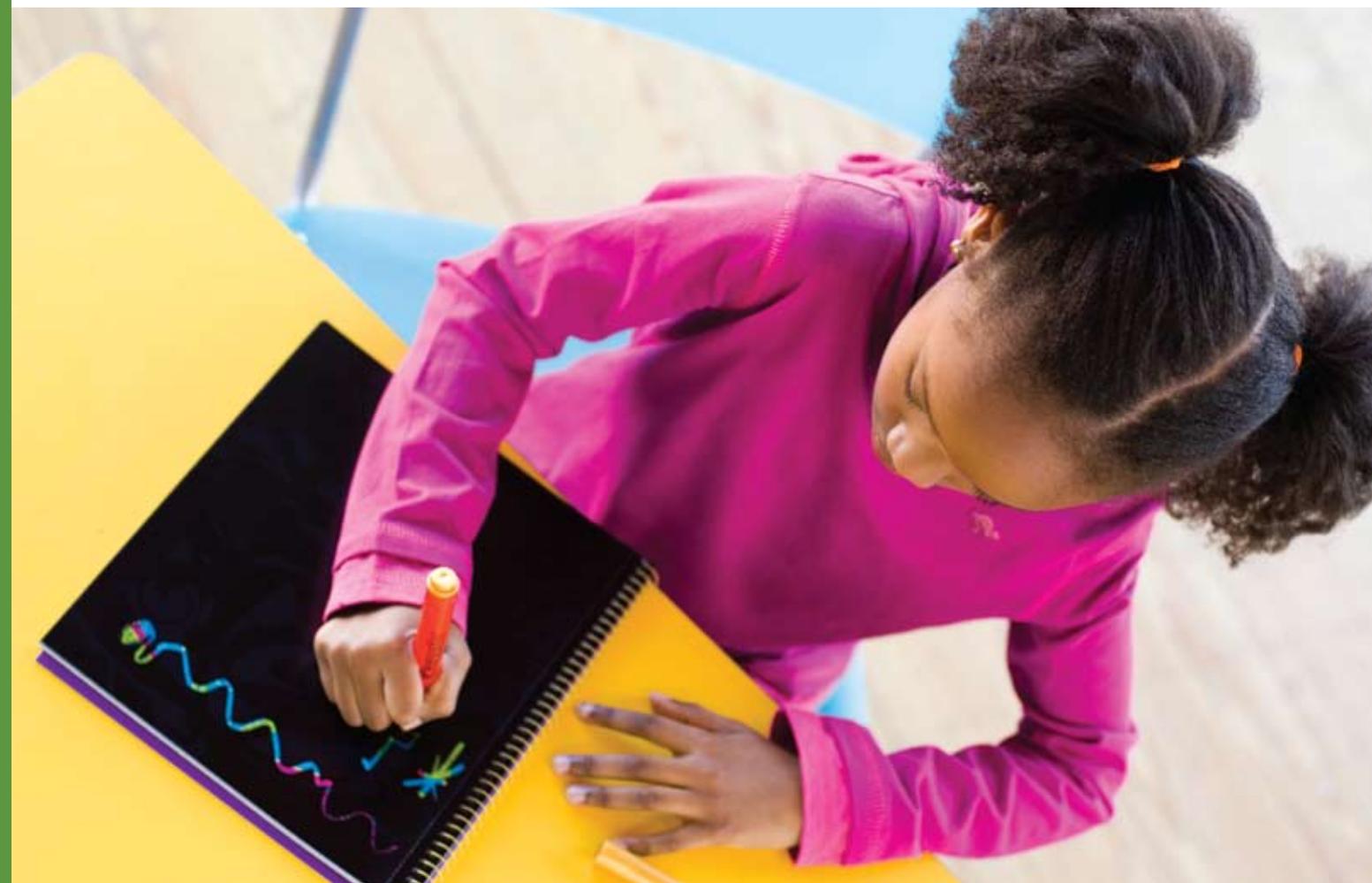


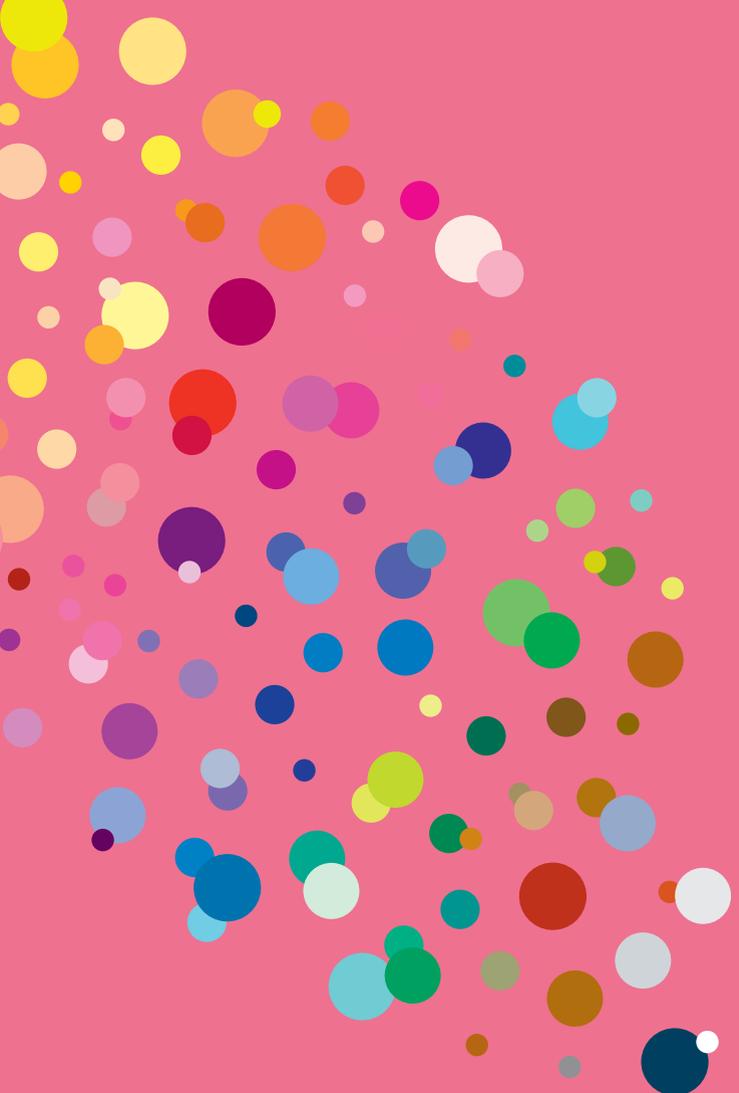
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INNOVATION

THE FUTURE OF ANY BUSINESS IS VERY DEPENDENT UPON IT'S ABILITY TO INNOVATE.

At Crayola we are committed to finding and developing new technologies that enable us to be on the leading edge of providing safe, innovative new products to satisfy our customers. To achieve these goals, we have a Future Innovation Team that focuses on the development of new technology to be transformed into products that fill the Crayola pipeline and fuel the overall growth of our creative offerings. We seek out suppliers that are willing and capable of bringing new technologies and other innovations to the forefront. Suppliers who share our vision and recognize the importance of innovation are encouraged to share ideas and concepts to deliver successful outcomes for our mutual benefit.



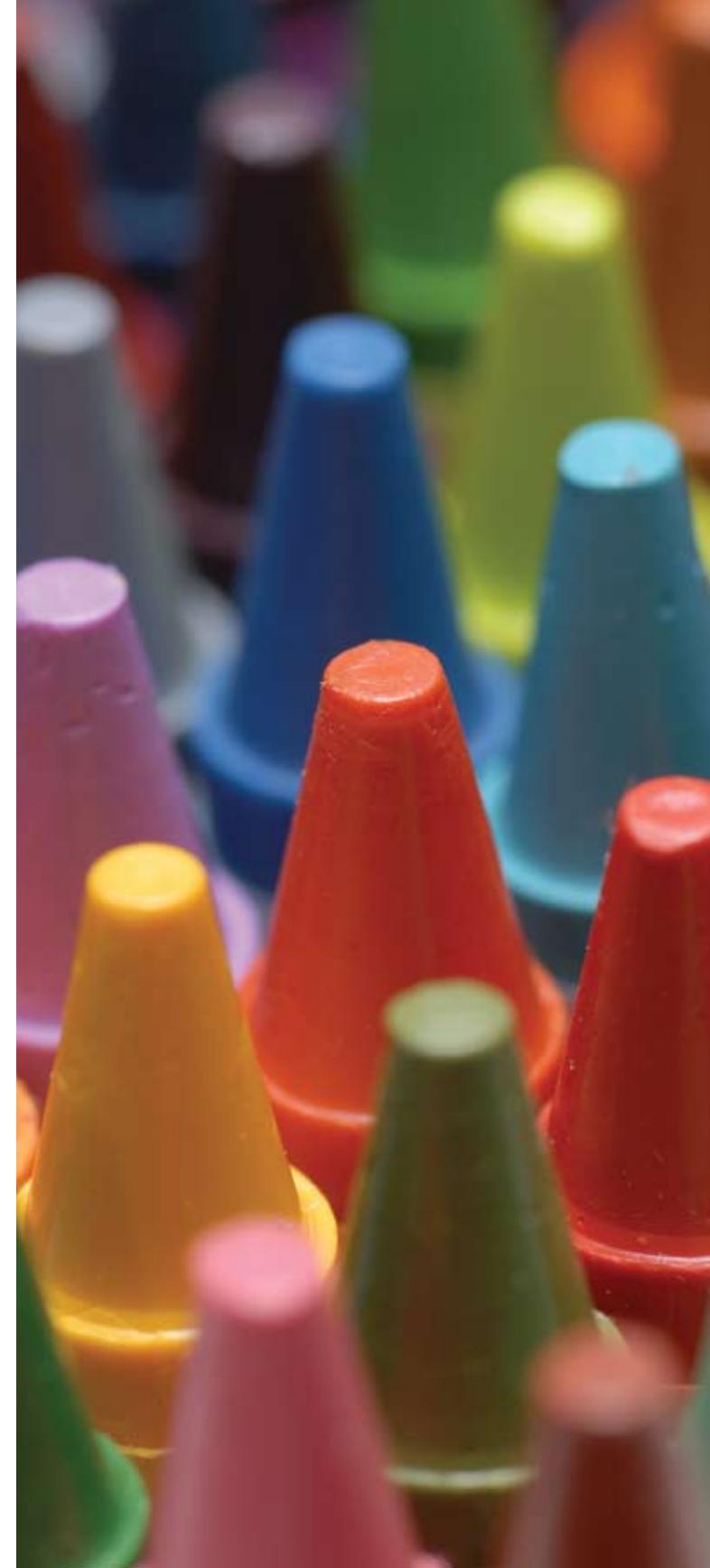


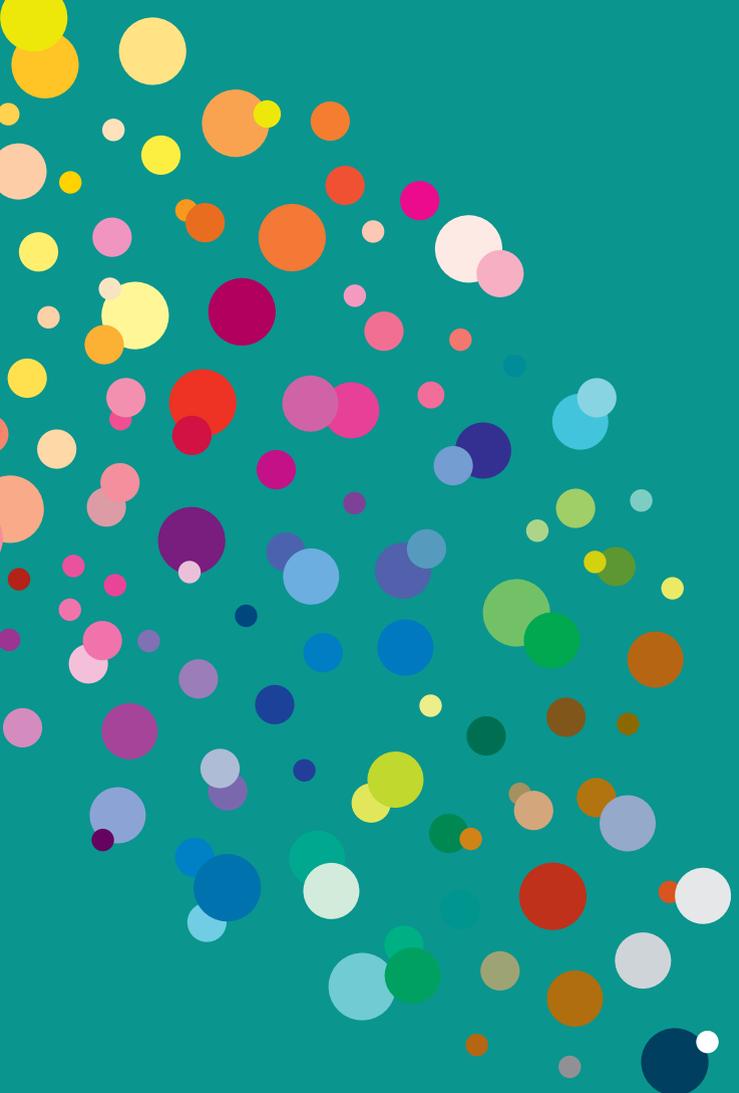
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CONFIDENTIAL DISCLOSURE AGREEMENT

UPON THE ONSET OF DISCUSSIONS OR SUPPLIER VISITS, OR WHEN DOING BUSINESS WITH CRAYOLA FOR THE FIRST TIME, THE SUPPLIER WILL BE ASKED TO SIGN A CONFIDENTIAL DISCLOSURE AGREEMENT (CDA).

A sourcing representative or another member of Crayola will provide the CDA, which will need to be signed by an officer of the company acknowledging the intent to do business with Crayola. This document will be used between Crayola and the supplier to define the terms and basic criteria used to ensure that the party (or parties) receiving Crayola's confidential information (i.e. data, methods, procedures, samples, etc.) will maintain the information in confidentiality and will not disclose the information for any purpose other than that described in the CDA.





6

SUPPLIER EVALUATION

CRAYOLA SUPPLIERS ARE EVALUATED ON THEIR ABILITY TO SHIP ORDERS COMPLETE, CORRECT AND ON-TIME, MANAGE COSTS, PROVIDE INNOVATIVE SUPPORT AND THEIR ABILITY TO ADVANCE OTHER IMPORTANT CRAYOLA GOALS.

Crayola expects its suppliers to ship Complete, Correct and On-time, within its specifications. In regard to Cost Management, suppliers are measured on Total Cost Stability, and their continuous improvement processes such as lean, 5S/5M, 6 Sigma and any ISO Certifications, etc. In addition, suppliers must demonstrate a robust sourcing organization, actively engaging in cost management activities, driving costs out of production and supply chain.

Regarding Innovation, suppliers are evaluated on the number of new ideas they generate. These ideas could be innovative new products, raw materials, or processes. Along with the appropriate sourcing representative, we expect our suppliers to actively seek an audience with Crayola's Marketing, Research & Development and Operations teams to share their ideas and work closely with them to create exciting, new opportunities. Furthermore,

we demand flawless execution when it comes to commercializing new products. With input from Product Engineering, R&D, the Crayola Sourcing Department, and in collaboration with the appropriate Buying Office, we will assess the engineering and commercialization support provided by our suppliers. We evaluate our suppliers on their ability to support other Crayola goals such as Sustainability and Supplier Diversity. If the International Council of Toy Industries Certification (ICTI) is applicable, Crayola expects its suppliers to vigorously pursue certification under this program to demonstrate that products made for Crayola are produced in a safe and humane environment. For International suppliers, it is equally important to become certified under the U.S. Customs–Trade Partnership Against Terrorism (C–TPAT) Act to strategically secure and facilitate international trade.

Crayola encourages participation in all of these areas since this criteria is an important component in the supplier selection decision for new Crayola business as well as the retention of any current programs that our suppliers have been awarded.



CRAYOLA HAS AN INVOICE PROCESS TO EXPEDITE INVOICE PAYMENTS. THE FOLLOWING INFORMATION MUST BE ON ALL INVOICES AND CAN BE FOUND ON THE PURCHASE ORDER RECEIVED FROM CRAYOLA.



- Crayola LLC item number (no spaces or dashes)
- Crayola LLC Purchase Order number (no spaces or dashes)
- Supplier Identification number (no spaces or dashes) must be included on the invoice
- Special Charges must be on a separate invoice i.e. art/prep charges, UPS charges, Other Freight Charges
- Quantity Ordered must match quantity shipped and quantity received. Unit of Measure must be consistent within all documents
- P.O. price must match invoice price
- EDI capable suppliers would need to contact the Sourcing Representative



It is the intent of Crayola to make payments to our suppliers in accordance with our agreement. In order to achieve this, it is important that new and existing suppliers includes all pertinent information on invoices submitted to Crayola to ensure accurate and timely payment. For all inquiries or concerns regarding invoicing, please contact the Crayola Sourcing Representative.

7

INVOICE REQUIREMENTS

Remit address for Domestic Non Electronic Data (EDI) invoices and International Shipments that do not get processed through our Crayola Hong Kong Buying Office:

Crayola LLC
P.O. Box 418307
Kansas City, MO
641419307
Fax: 816-274-8821

Remit Address for Special Charges such as art/prep, UPS charges, other freight charges:

Crayola LLC
1100 Church Lane
Easton, PA 18040
Attn: Accounts Payable

Remit Address for Invoices processed through our Crayola Hong Kong Offices:

Hallmark Cards (HK) Ltd
6/F, Harbourfront Landmark
11 Wan Hoi Street,
Hung Hom, Kowloon,
Hong Kong
Attn: Account Payable
Fax: 852-2563-0086



8

DIVERSITY PROGRAM

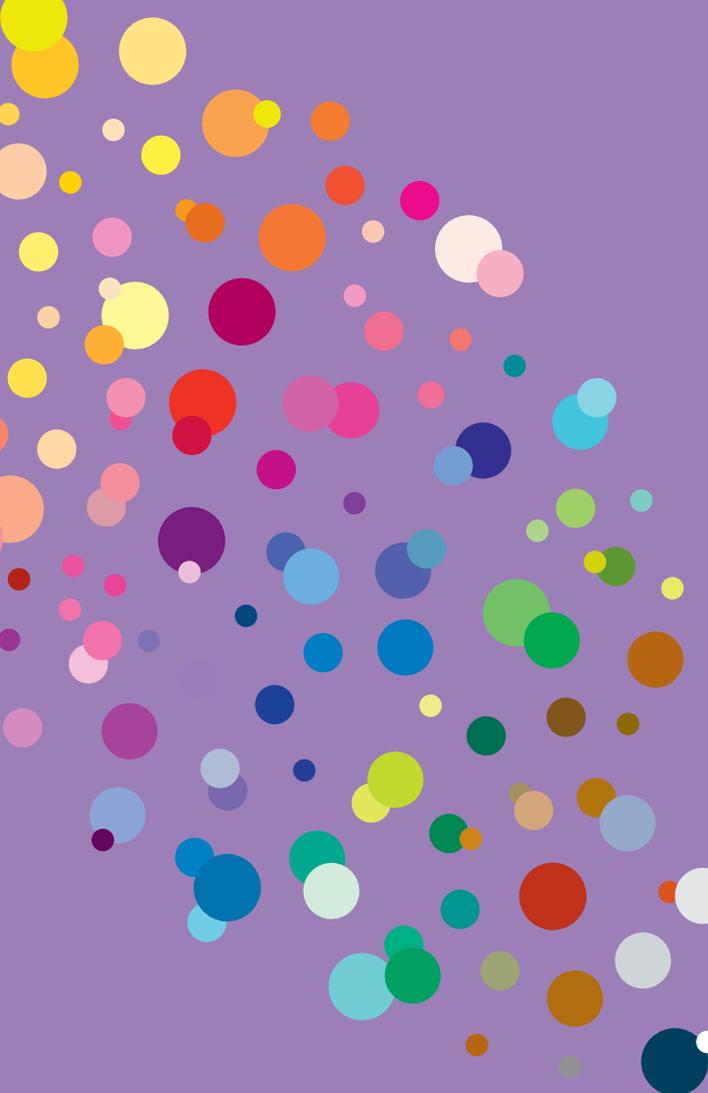
CRAYOLA LLC STRIVES TO CONDUCT A WORLD-CLASS SUPPLIER DIVERSITY PROGRAM THAT CONTRIBUTES TO THE SUCCESS OF OUR BUSINESS, DEVELOPS A SUPPLIER BASE THAT REFLECTS THE DIVERSITY OF OUR BUSINESS COMMUNITY AND INCREASES CUSTOMER LOYALTY BY INCLUDING MINORITY AND WOMEN-OWNED BUSINESSES.

To qualify for Crayola's Minority/Women Owned Business Enterprise Classification Status, minority and/or women-owned suppliers must meet the following qualifications:

- Have at least 51% ownership in the business
- Be involved in the day-to-day operations of the business
- Be a United States citizen
- Provide certification of minority and/or women-owned status (a "certified" MWBE is any minority or women-owned business whose status is certified with a regional purchasing council, a city, state, or federal government; also acceptable is a notarized self proclamation)

If your company meets these qualifications, we would include your organization in our database of diverse suppliers. We will ask you to complete our "Business Profile." Along with the completed profile, we will ask you to attach a copy of your updated certification. All information submitted on the Business Profile will be kept confidential.





9

QUALITY COMMITMENT
Ownership of Quality

IT IS THE POLICY OF CRAYOLA TO DELIVER TOTAL QUALITY GOODS AND SERVICES AND THAT ALL SUPPLIERS PERFORM THEIR DUTIES WITH A CUSTOMER-FOCUSED ATTITUDE AND TOTAL QUALITY MINDSET.

All materials used in the manufacturing of parts for products shall satisfy current legal and regulatory requirements for restricted, toxic and hazardous substances applicable to both the location of manufacturing and location of our customers. Crayola's quality commitment to its customers begins with our purchased material. Guidelines, which include product specifications, define the general quality and process control requirements that our suppliers should use during the production of products required by Crayola.

The content of this Guide has been prepared to give a general overview of Crayola's Quality requirements relative to purchased materials. Other documents are available once a supplier is selected to do business with Crayola. By working together, we can collectively share in the benefits of a superior quality and competitive offerings in the marketplace. Crayola's goal is to develop the commitment and excellence of suppliers so that product received moves directly to stock or to production with no inspection or usage issues.

Together we can establish successful quality programs and assure compliance to the requirements of the contract or purchase order and the regulatory environment we operate in.





Ownership of Quality

The quality philosophy at Crayola is based on the principle that the producer owns the quality of the product. We apply this principle not only to the products manufactured in our facilities, but also to the materials, components, and products manufactured by our suppliers. Delivering products of high quality is essential to this principle and we expect that everyone in the supply chain meet the expectations of quality.

Specifications

All materials, components and finished products purchased from the supplier by Crayola will have a specification that contains sufficient information to fully communicate our expectations of the purchased item. At a minimum, each item will have a design or material specification. All raw materials, components, and finished products will conform to Crayola's quality and design requirements, regulatory requirements, product attributes, and sampling acceptance requirements. Suppliers should not produce materials, components, or products for Crayola without a Crayola specification. Non-conforming material is unacceptable to Crayola and can result in production issues, costly rework, and dissatisfied customers of Crayola products.

In addition, all items are required to comply with our trade dress requirements, bar code requirements and date code requirements, as applicable which can be obtained through your sourcing representative. It is the responsibility of our supply partners to maintain appropriate document control to assure a current specification is on file and in use for all products produced for Crayola. A Supplier Quality Manual will be provided when business is awarded to a supplier.

Suppliers may not change material composition or manufacturing locations without first providing notification and obtaining approval for such a change by their appropriate Crayola Sourcing Contact.

Inspections

In most cases, the materials, components and products delivered by our suppliers are received directly into inventory. There are cases, however, when Crayola will conduct inspections of purchased materials prior to delivery in order to confirm that the material meets our specifications. These inspections are typically performed on goods sourced abroad and in cases when there has been a significant quality issue. Once sufficient confidence is gained in the supplier's performance, these inspections may be reduced or discontinued.

Characteristics subject to inspection may include dimensions, material properties, functional testing, and appearance. All characteristics subject to inspection will be included in the Supplier Quality section of our specifications.

Crayola requires that suppliers notify its Sourcing and Quality Assurance liaison or appropriate Buying Office Representative if any of the following conditions exist or arise.

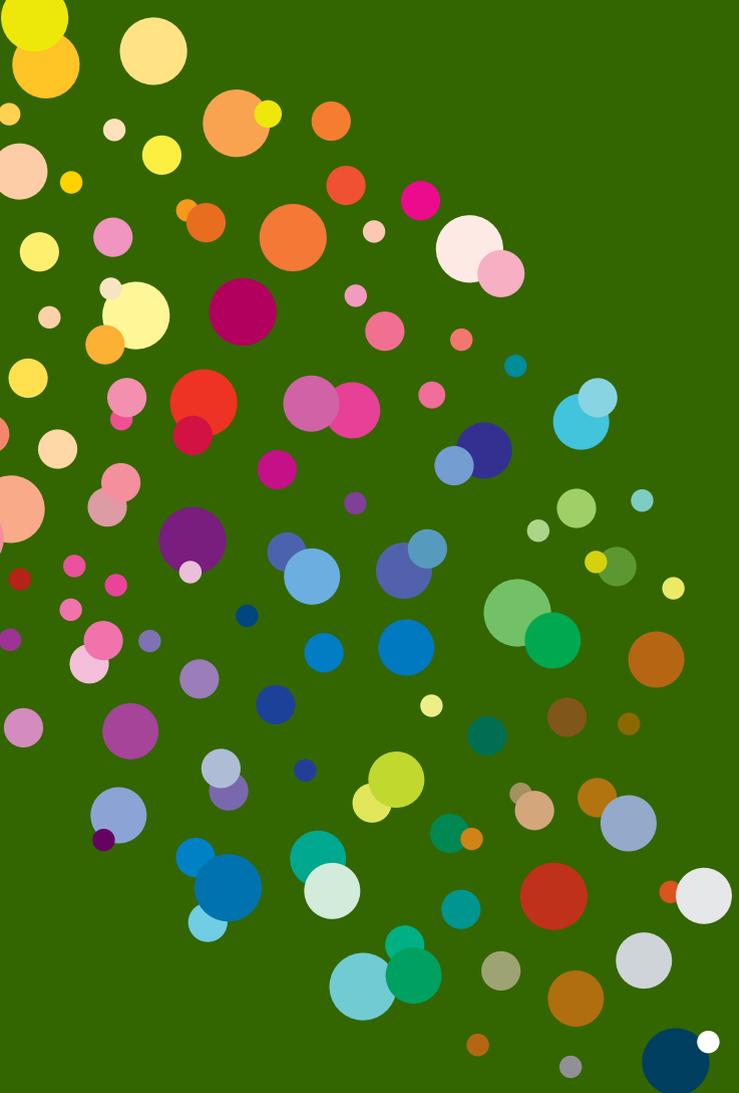
- The supplier has been supplying a product under unauthorized specifications, written notes, verbal instructions, etc.
- The supplier has been supplying product known to differ from the part drawing or specifications.
- The supplier discovers, during production, that material produced is out of Crayola specification.

The type and magnitude of the discrepancy will determine the action taken by Crayola. Rejections may trigger one or more of the following:

- Discrepant Material documentation and needed supplier actions.
- Product moved from a "ship-to-stock" status to an "inspection-upon-receipt" mode.
- Issuance of a Supplier Corrective Action (CAR)
- Supplier on-site sorting of product at Crayola.
- Supplier replacement of the parts, with expedited freight at the suppliers' expense.
- On-site audits, by Crayola quality and/or Sourcing Personnel, of the supplier's facility.
- Warranty Claims
- Negative impact on Supplier Rating, which could affect the opportunity for receiving business from Crayola.
- Requirement of the supplier to pay for the total cost incurred by Crayola caused by the discrepancy.



Suppliers are expected to be responsive and timely with their corrections to any issues that may arise and to take Ownership of Quality for their products.



10

SUSTAINABILITY INITIATIVES
Going "Forest Green" at Crayola

AS THE MARKET LEADER IN CHILDREN'S CREATIVE EXPRESSION, CRAYOLA BELIEVES IT IS ESPECIALLY IMPORTANT TO ENSURE TODAY'S CHILDREN HAVE A HEALTHY ENVIRONMENT FOR THEIR CREATIVE TOMORROWS.

That means incorporating social and environmental priorities and practices into our Crayola products and relationships with consumers, customers, suppliers and employees. Crayola expects our suppliers to be environmentally aware by working closely with Crayola during the developmental process of new products to assure that the materials used are environmentally safe.



Going Forest Green

To fulfill this evolving mission, Crayola has adopted the following sustainability guidelines:

- Be environmentally responsible and minimize our everyday environmental footprint.
- Set and achieve environmental goals.
- Measure and monitor our performance for each environmental project.
- Encourage our customers, suppliers and employees to integrate sustainability into their work processes and set the standard for responsible environmental stewardship.
- Increase our efficiencies and be economically successful while caring for the environment.

Areas that Crayola hopes you will focus on:

- Business Operations – focus on carbon footprint, energy use, waste and water reduction at your corporate and manufacturing locations.

Involve your employees and suppliers worldwide in these efforts.

- Packaging – ensure Crayola product packaging is reduced, reused, recycled and environmentally friendly while remaining visually impactful to consumers.
- Products – develop, produce and market quality Crayola products that are environmentally friendly from “concept to end of life.”



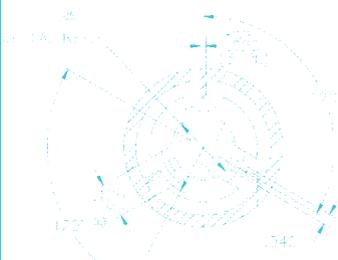
Crayola has been recycling, reusing and reducing for years –we recycle 68% of all potential waste from our Lehigh Valley manufacturing facilities. Crayola is developing initiatives that reduce our environmental footprint from product concept to disposal. We encourage our suppliers, customers, consumers and employees to partner with us to ensure today’s children have a healthy environment for their creative tomorrows.





11

ENGINEERING PART APPROVAL



33

CRAYOLA PRODUCTS MANUFACTURED BY OUR SUPPLIERS MUST MEET THE GUIDELINES ESTABLISHED IN THE CRAYOLA FINISHED PRODUCT SPECIFICATIONS.

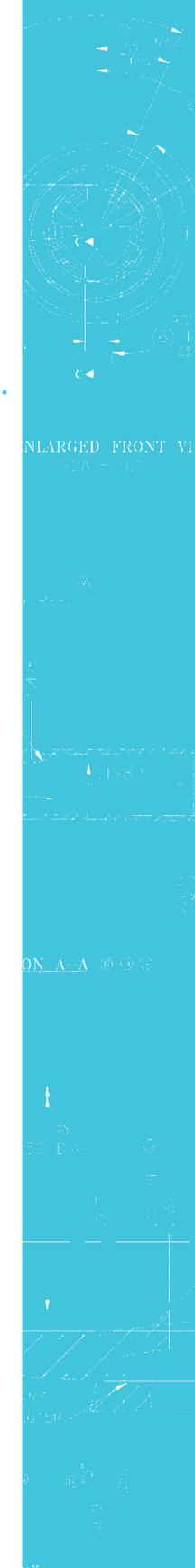
New products, both internally and externally manufactured, will undergo a pre-production and post-production evaluation and Quality Assurance Finished Product Specifications will be generated. The approval process will follow criteria in order for the product to be approved.

Upon selection, the supplier will collaborate with our Product Engineering Team to identify requirements. Those suppliers commercializing new products in Mainland China or Mexico will interact directly with Crayola's cross functional buying offices. Criteria pertinent to the flow of the process are:

Design records (part drawings, industry specifications, CAD/CAM files, engineering change documents, etc).

- Process Flow Chart
- Development of Crayola Quality Assurance Requirements
- Material Certifications
- Design Engineering approval
- Successful test results, including material certification with structural testing when required
- Part Submittal approval
- Development of Crayola Quality Assurance Requirements
- Process Failure Modes Effects Analysis (as requested)
- Process Control Plans (as requested)
- Process capability studies on at least 30 pieces for all critical dimensions (as requested)
- Dimensional results via Crayola's First Article Inspection Report
- Appearance approval report and color approval
- Crayola's approval to begin producing production parts
- Environmental information of recycled content, air quality testing data and MSDS

When all of the above criteria are met, the supplier will work directly with the Product Engineering Team and the Crayola Quality Assurance Team or the appropriate Crayola buying office to identify critical attributes, design and documentation criteria, measurement methods, including sampling plan and 1st article inspections. This information will be available in the Crayola Supplier Quality Manual.





12

CRAYOLA SOFTWARE STANDARDS

CRAYOLA USES STANDARD CAD FILE FORMATS THAT HAVE BEEN SELECTED TO PERFORM STANDARD AND HIGH LEVEL ENGINEERING FUNCTIONS.

When developing new products/concepts, our suppliers will need to utilize the following formats:

- AutoCAD (2D Drawing) Standards
- File Extension – Preferred File Format
- DWG – The current AutoCAD standard file format is AutoCAD Release 2008 or latest version.
- DXF – The current AutoCAD standard file format is AutoCAD release 2008 or latest version.
- SolidWorks (Solids Modeling) Standards*

File Extension – Preferred File Format

- SLDPRT – All native Solidworks files must be version 2008 or current year version
- SLDASM – All native Solidworks files must be version 2008 or current year version
- SLDDRW – All native Solidworks files must be version 2008 or current year version
- Non-Solidworks 3D File Formats*
- JPG files are the industry standard for image files.
- Graphics (Raster) Files

* If AutoCAD or SolidWorks file formats are not available, provide in STEP or IGS.





13

**RAPID COMMERCIALIZATION
PROCESS**

CRAYOLA HAS CREATED A GLOBALLY INTEGRATED & STRATEGICALLY ALIGNED PRODUCT DEVELOPMENT PLAN THAT IDENTIFIES AREAS OF OPPORTUNITY THAT DELIVER THE FINANCIAL OBJECTIVES TO THE CRAYOLA ORGANIZATION AND SPEED TO MARKET. YOUR INTERFACE AND INTERNAL COMMERCIALIZATION TEAM MUST PROACTIVELY ALIGN TO THIS PLAN.



The chart below details the samples and product needed for review in order to meet Crayola's Commercialization Process Requirements

Product	Quantity	Explanation
First Shots (FS)	6 products	Four individually bagged shots of the components including the runners along with two assembled units. The parts can be manufactured with natural resin or in the final color. At this stage we use this to ensure that we are on our committed first tooling shot. We understand that the parts are not final and typically require adjustments. If this is an electronic product please include in the two samples if available.
Second Shots (SS)	6 products	Four individually bagged shots of the components including the runners along with two assembled units. The parts should be adjusted for fits and in the proper resin. The proper engraving to be added along with finish or mold texture. Electronics to be included if this is an electronic product.
Engineering Pilot (EP)	12 Products	All finished parts assembled into the packaging in a white box. This step includes blisters and ties to demonstrate the product. If this is an electronic product samples must include the electronics. Must equal production quality.
Final Engineering Pilot (FEP)	15 Products	Final printed packaging with correct corrugated case. If this is an electronic product, samples to include final electronics.
Production Pilot (PP)	4 cases	Full cases of product from the production pilot. If there are only 2-3 products per case then we will require 6 cases. These samples are selected from the pilot trial for our approval. If electronic product, electronics to be included.
Production Start (PS)	4 cases	Full cases of product from the first production to ensure that all comments on the PP were incorporated into the product. If there are only 2-3 products per case then we will require 6 cases. These samples are selected from the first production for our approval.

Crayola Vendor Quote General Tooling Guidelines

We require our suppliers to build tooling for Crayola that conform to our tooling guidelines. In general, we expect that any tool built has a minimum life of 3 years or 500,000 cycles. The supplier would be responsible for any preventative maintenance to ensure that the molds meet our requirements. All communication will be on the part drawing and Crayola will release critical dimensions that must be maintained on the specific parts. We have additional requirements that will be issued at the time the project is released for quoting. We will also expect the supplier to track the completion and commercialization of the new tooling.

Electronic components, must comply with the Federal Communications Commission, 47 Code of Federal Regulations Part 15, Radio Frequency Devices (regulations apply to Battery operated toys which operate at 1.7 MHz and above and wall outlet-type toys which operate at 9 kHz and above) and (ii with the ROHS (Restriction of Hazardous Substances) Directive. In addition to these requirements, Crayola products must conform to ASTM for the United States and CE and EN Requirements for Europe.





14

CONTINUOUS IMPROVEMENT
Let's Be Lean

CRAYOLA IS CONTINUALLY ENGAGED IN ELIMINATING WASTEFUL PROCESSES AND ACTIVITIES TO PROVIDE OUR CONSUMERS AND CUSTOMERS WITH WORLD CLASS PRODUCTS AT THE BEST COST. TO DO SO, CRAYOLA MUST SYNCHRONIZE ACTIVITIES AND PROCESSES WITH CUSTOMERS, CRAYOLA AND SUPPLIERS TO DELIVER THE MOST VALUE TO OUR CUSTOMERS.

Crayola identifies improvement opportunities through Continuous Improvement/Kaizen Processes and Lean Six Sigma. We believe Kaizen is critical to the success of Crayola and we want our suppliers to recognize the potential for continuous improvement when partnering with Crayola. It is not uncommon for Crayola to request supplier participation in a Crayola Kaizen event in order to help streamline processes. Crayola encourages our suppliers to host Kaizen events where we would provide lean assessment and facilitation.

Crayola is a learning organization committed to improving our operations and the operations of partner suppliers by offering Lean resources and support for Lean training, consultation and Kaizen events. Continuous Improvement Goals such as Lean operations, efficient use of Assets, High Inventory Turns and Excellent Supplier Management allow Crayola to produce world class products.

Crayola expects its suppliers to consistently improve their processes and be willing to participate in Kaizen events that accelerate productivity improvements. This would include reducing lead times, minimizing work in process and unlocking the talents and abilities of their workers to allow decision making to the levels closest to the work.





15

SUPPLY CHAIN REQUIREMENTS

PURCHASE COMMITMENT GUIDELINES

- All Purchase Orders (PO) must be planned and executed through the appropriate Crayola US Supply Chain Planner.
- Unless otherwise agreed to, Crayola is not responsible for raw material purchases in excess of requirements to fulfill open PO's of finished goods.
- Supplier to inform appropriate US Supply Chain Planner at first knowledge of any issue or potential issue to an on-time, complete, and correct shipment. Supply Chain Planner will decide on the appropriate course of action upon notification and analysis of the surrounding facts.

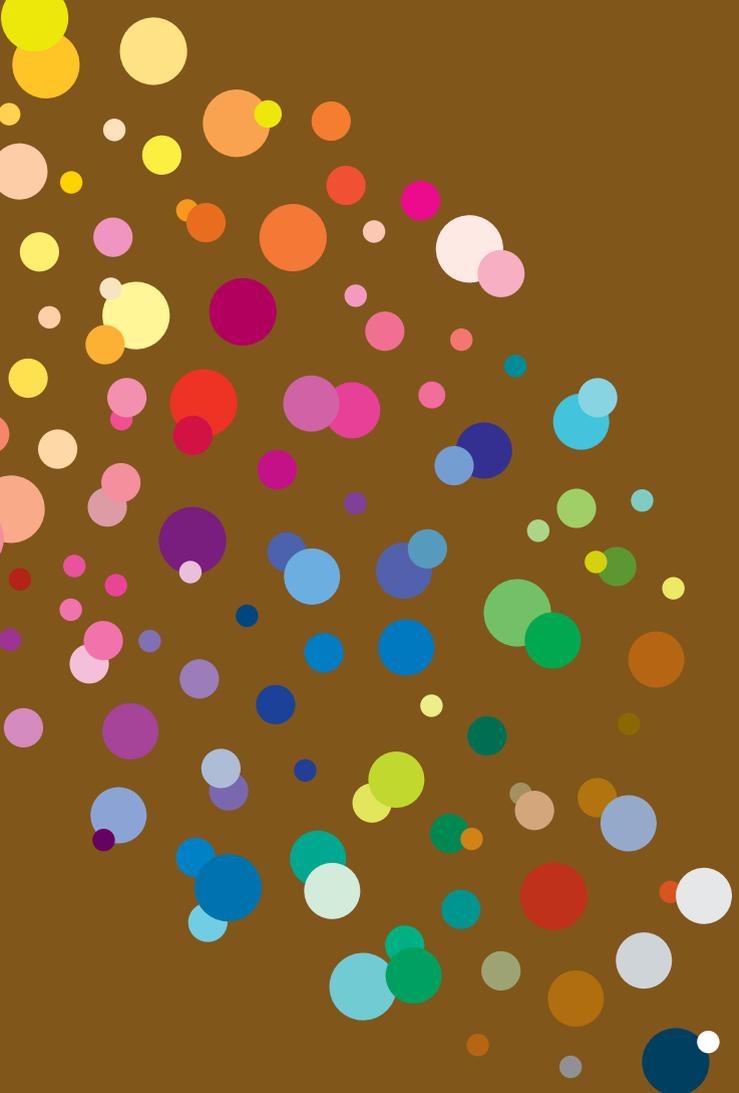
Capacity Planning

- The Supplier will communicate to Crayola US Supply Chain Planner all capabilities and constraints related to the manufacturing of the Crayola product line. The Supply Chain Planner will use this information to develop rolling 12-month global capacity plan. The Plan will be shared with the Supplier, along with the rolling 12-month forecast.
- All capacity and scheduling related questions or direction must be channeled through the appropriate Crayola US Supply Chain Planner. The US Supply Chain Planner is the only party who can provide direction or prioritization of open PO's for all the Crayola companies.

Suppliers with Manufacturing in the People's Republic of China

Crayola has a robust buying office known as Crayola Hong Kong (CHK) with offices in Shenzhen and Qingdao. For those suppliers with manufacturing in the People's Republic of China, the CHK buying office will be your liaison with Crayola's US Supply Chain Planner. Purchase Orders, requirements planning and expediting will be directed from these offices.





16

TRANSPORTATION REQUIREMENTS

THE MOVEMENT OF FREIGHT IS VERY COMPLEX IN TODAY'S ENVIRONMENT. ADHERENCE TO THE FOLLOWING GUIDELINES WILL SIMPLIFY THIS COMPLEXITY. IF THERE ARE ANY QUESTIONS OR CONCERNS ABOUT ANY SHIPMENT, CRAYOLA ENCOURAGES YOU TO SEEK OUT YOUR SOURCING REPRESENTATIVE PRIOR TO MAKING THE SHIPMENT.



LOGISTICS SHIPMENTS WITHIN THE UNITED STATES

Freight Terms

Freight terms will be established prior to a purchase order being placed with a supplier. Most suppliers will ship 'Collect' to Crayola's manufacturing facilities or 'Third-Party' to various points in Crayola's supply chain. It is the responsibility of each supplier to ship according to the contracted freight terms, and to arrange for pickup based on the due date of the purchase order. There are three standard freight terms listed below:

Collect – Supplier must use Crayola's preferred carriers. Crayola pays for the transportation.

- Supplier is responsible for contacting our carriers to arrange for pickup.
 1. Supplier must use the appropriate shipping mode as per Crayola's mode breakdown table.
 2. Supplier must use the appropriate carrier as per Crayola's preferred carrier table.
 3. Any mode or carrier substitution must be approved by Crayola's Transportation Department.
 4. Failure to use Crayola's published carrier or mode may result in deductions or charge backs.
- Supplier is responsible for delivering purchase orders on time.
 1. Supplier must ship all purchase orders, using Crayola's transit day table, so that they arrive on or one business day prior to the due date.
 2. Supplier must call carrier at least 24 hours prior to requested pickup time.
 3. If the Purchase Order due date can not be met, the supplier must contact Crayola's Transportation Department to approve and coordinate expedited services.
 4. Failure to ship in a timely manner may result in deductions or charge backs.

Third-Party Billing – Crayola will, on occasion, ask our suppliers to send material to other suppliers in our supply chain.

- Typically, arrangements are made in advance with supplier's input and participation.
- Supplier is responsible for contacting our carriers to arrange for pickup.
 1. Supplier must use the appropriate shipping mode as per Crayola's mode breakdown table.
 2. Supplier must use the appropriate carrier as per Crayola's preferred carrier table.
 3. Any mode or carrier substitution must be approved by Crayola's Transportation Department.

Prepaid – Supplier arranges and pays for the transportation of materials into Crayola.

- Supplier is responsible for delivering purchase orders on time.
 1. Carrier must call 24 hours in advance to set a delivery appointment into any Crayola facility.
 2. Purchase orders must be delivered on the due date or one business day prior to the due date.
 3. Failure to deliver in a timely manner may result in deductions or charge backs.
- Supplier is responsible for the material and transportation until it delivers.
 1. All suppliers are requested to use Crayola's preferred carriers.
 2. Damages, shortages, overages, or other load issues will be identified on the delivery receipt and deductions or charge backs may occur.

General Instructions

- All purchase orders shipping to the same consignment address on the same day should be consolidated
- Collect or third-party shipments weighing less than 150 pounds should be shipped using the supplier's choice of parcel carrier (FedEx, UPS, etc). The transportation charge should be paid by the supplier and included as a separate line item on the material invoice.
- Collect and Third-Party shipments that are greater than 150 pounds should be routed as per Crayola's mode breakdown table, preferred carrier table, and transit time table.
- Copies of Crayola's reference tables can be obtained by contacting the transportation department or the assigned website; <http://compliance.crayola.com/index.cfm>

Contact Information

Crayola LLC
 Transportation Department
 PO Box 3120
 Easton, PA 18043-3120
 610-253-6271



LOGISTICS SHIPMENTS OUTSIDE OF THE UNITED STATES

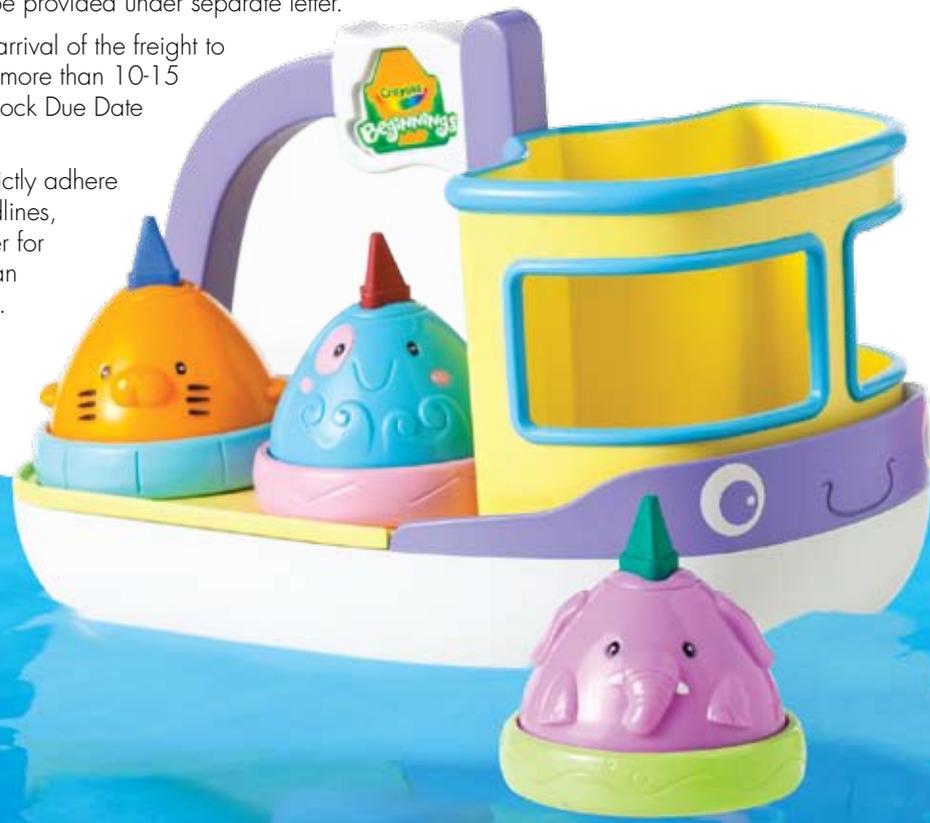
Expeditors International (EI) has been contracted by Crayola LLC to ensure that all products produced outside of the United States are shipped in a timely manner in accordance with placed and scheduled purchase orders.

The following rules apply for all International Shipments:

Bookings

Crayola requires that each Purchase Order's (PO) quantity ship complete on one (1) Bill of Lading.

- If for any reason the full PO quantity can not be shipped complete, the Supplier must first contact Crayola's planner or representative Buying Office have the PO revised before booking is made with EI.
- Standard Bookings can be made between Supplier and EI's Origin office without pre-authorization from Crayola.
- Two weeks prior to ship date, the Supplier must contact EI's origin office to book the shipment.
- EI Origin office can be obtained by contacting Crayola's Sourcing Dept for all first time shipments and will be provided under separate letter.
- EI will schedule the arrival of the freight to East Coast ports no more than 10-15 days prior to PO's Dock Due Date (In DC date).
- The supplier must strictly adhere to EI's booking deadlines, this is critical in order for EI to strategically plan cargo transportation.



Documents

Information on the commercial invoice, packing list and bill of lading must match Crayola LLC PO quantity and delivery date as well as U.S. Customs and Border Protection (CBP) Importer Security Filing 10+2 Program Data Elements:

- Certificate of Origin on all shipments
- Invoice Requirements:
 1. Port of Entry where merchandise is destined
 2. Seller (Owner) name & address
 3. Buyer (Owner) name & address
 4. Ship to name & address
 5. Manufacturer name and address to include postal codes if applicable in countries that use them
 6. Detailed description of merchandise/ marks/numbers including marks/numbers of the packages in which the merchandise is packaged.
 7. Quantities shipped in Crayola Unit of Measure. Must include individual "stick" count in addition to Crayola's unit of measure for all "stick" items, ie., pencils, markers, crayons, chalk, etc.
 8. Purchase price of each item in currency of the purchase according to PO Agreement.
 9. Any charges not included in the purchase price of the item including freight, insurance, itemized by name (type) and amount .
 10. Country of Origin (Country of manufacture, production, or growth of the article.)
 11. Invoice must be in English
 12. Scheduled Container Stuffing Location
 13. Consolidator name & address
 14. IncoTerm that was negotiated based on PO contract of the merchandise purchased.

Wood Packaging Materials

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service defines that all wood packaging material (i.e., pallets, crates, boxes, wood pieces used to support or brace cargo) must meet import requirements.

All wood packaging material must be free of timber insects before it enters or transits through the United States.

All wood packaging material must be either heat-treated or fumigated with methyl bromide as outlined in the "International Standards for Phytosanitary

Measures: Guidelines for Regulating Wood Packaging Material in International Trade."

All wood packaging material must be marked with the approved international logo to certify it has been treated. Details of the full enforcement of the Wood Packaging Material Import Regulations can be found on the U.S. Customs and Border Protection website.

For Domestic use standard GMA (Grocery Manufacturing Association) Pallets. Std 40" x 48" 4-way entry pallets.

17

RECEIVING REQUIREMENTS

Packing Slip and Bill of Lading

Packing Slip

- One copy of the packing slip must be affixed to a piece of the shipment, and one copy attached to the bill of lading in an envelope.
- The following information must be clearly marked on the packing slip and invoices:
 1. Crayola 10 digit purchase order number
 2. Crayola 10 digit item number
 3. Crayola unit of measure
 4. Quantity shipped in Crayola unit of measure

Bill of Lading – The following information is required on the bill of lading:

- Carrier
- Pro number
- Your shipping location zip code
- Number of pallets
- The purchase order / CTR number must also be noted on the bill of lading. The carrier will need this to schedule a delivery appointment

Advance Ship Notice

At the time of shipment an Advance Ship Notice will be sent through electronic means (EDI) to the appropriate Crayola facility.

Information required on the Advance Ship Notice:

- Crayola 10 digit item number
- Crayola 10 digit purchase order number
- Quantity shipped in the Crayola unit of measure
- Crayola unit of measure
- Quantity of pallets per item
- Carrier name
- Carrier pro number
- Your shipping location zip code
- Vendor name
- Date of actual material shipment
- Correct Crayola receiving location



Material Specifications

Use a standard 40" x 48" four way entry Grade "A" Reconditioned pallet. Pallets must conform to the GMA specifications on design and structure.

Pallet Dimensions

- Pallet height is not to exceed 51"
- Load not to overhang edge of pallet by more than 1"

Product Identification Requirements – Pallet / Case / Drum Tag required information:

- Crayola 10-digit item number in at least 1" numbers with the corresponding Code 128 scannable barcode placed immediately below
- Crayola 10-digit purchase order number in ½" numbers with the corresponding Code 128 scannable barcode immediately below
- Crayola Unit of Measure
- Crayola quantity per pallet with the corresponding Code 128 scannable barcode immediately below
- Crayola item description
- Vendor name and shipping point address
- Item destination

Points of Contact

Easton Receiving Office – 610-253-6272 Ext. 4159
Bethlehem Receiving Office – 610-253-6272 Ext. 7266

Crayola LLC uses a Freight Forwarder for all overseas shipments. EI has been contracted with Crayola to ensure that all overseas products are shipped in a timely manner in accordance with placed and scheduled purchase orders.

The following rules apply:

- EI requires that each Purchase Order's quantity ship complete.
- Crayola LLC has directed EI to only pick up shipments that match the documentation provided to them from Crayola. For example: if a shipment is booked for 4,000 cases then EI expects to pick up 4,000 cases.
- Two (2) weeks prior to ship date, the Supplier must contact EI to book the shipment; the contact information was previously provided in separate letter. The Supplier must strictly adhere to EI booking deadlines. This is critical in order for EI to strategically plan cargo transportation. Information on the commercial invoice, packing list and bill of lading must match Crayola LLC purchase order quantity and delivery date.

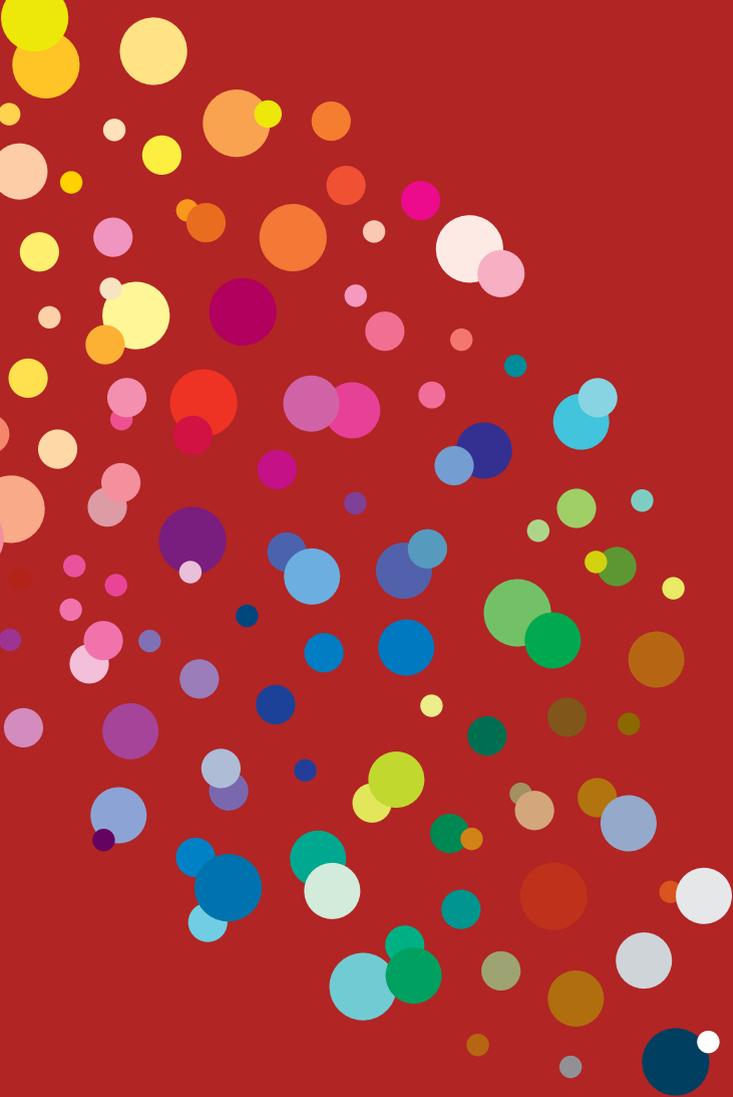
Note: Communication between the Crayola supply chain planner and the supplier is critical. This will enable successful shipments and on-time payment of invoices. If you can not ship the quantity and/or meet the date originally stated on the Purchase Order you must contact your supply chain planner immediately, but in no event less than four weeks prior to shipment and let them know the quantity and/or date you plan to ship. The Crayola supply chain planner will then change the original Purchase Order to reflect the new quantity and/or date and issue a new Purchase Order for the balance; both will be forwarded to you and Expeditors International.

If Crayola LLC makes a change to the Purchase Order, for example – if a decision is made to ship part of the order via air then the same process will be followed.

Inbound Delivery Appointments:

To ensure timely unloading of all inbound materials each delivery must be scheduled by the supplier or their representative at least 24 hours in advance of the expected arrival date. Failure to do so may result in the rejection of the receipt. Appointments can be scheduled by contacting the appropriate receiving office prior to shipment of the materials.





18

CRAYOLA COLOR STANDARDS

CRAYOLA HAS DEVELOPED A SET OF CRITERIA FOR APPROVING COLOR ON OUR PRINTED PRODUCTS.

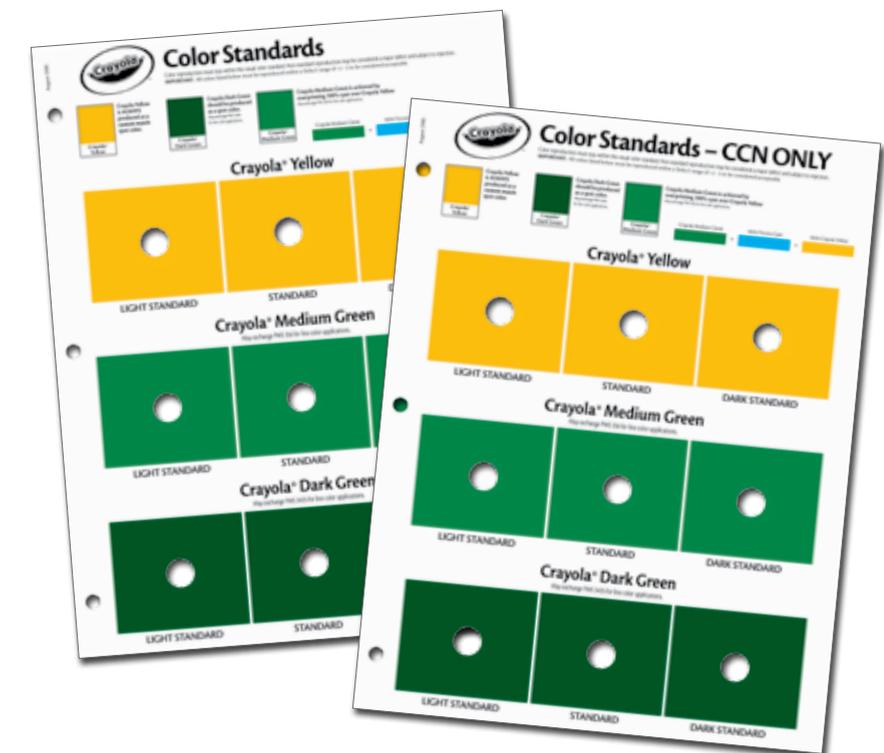
Crayola Yellow and Crayola Dark Green are custom match spot colors. These colors must be matched in accordance to our Color Standards Sheets. Suppliers are expected to submit proofs to Crayola for approval. Crayola will review proofs for color and content accuracy. No deviations to Crayola's supplied artwork are acceptable without prior written approval from Crayola.

System Specifications

Crayola creates all of our graphics files on a Macintosh platform utilizing the latest versions of the following applications:

- Adobe Creative Suite (CS3)
- Adobe Illustrator
- Adobe Photoshop
- Adobe InDesign

Mechanical files for each printed piece will be provided to the supplier along with a printed color target. Suppliers will also be provided with our Color Standards Sheets.



ALL PACKAGING COMPONENTS SUBMITTED TO CRAYOLA MUST CONFORM TO OUR PACKAGING SPECIFICATIONS WHICH ARE DETAILED IN CRAYOLA'S SUPPLIER QUALITY MANUAL.

Barcode Requirements

Bar Codes must comply with ANSI X3 182-1980 (or correct version). A level of "D" or better barcode scanning value is the minimum threshold for case acceptance per U.C.C. Guidelines.

Corrugated Case

Material must comply with the Federal Hazardous Substances Act, Code of Federal Regulations, 16 Part 1500, and the Canada Hazardous Product Act.

NEWMOA Heavy Metals

Packaging and packaging components must comply with the NEWMOA (formerly CONEG) Model Toxics Reduction Laws: (U.S.) and the European Directive on Packaging and Packaging Waste (94/62/EC). The combined concentration limit for lead, cadmium, mercury and hexavalent chromium shall not exceed 100 PPM.

For Plastic Bags Only

Any plastic bag purchased by Crayola for children's items should have a minimal thickness of 2 mil. In addition, bags having an opening measuring 7 inches across the bag or a stretched opening perimeter of 14 inches or greater require labeling as noted below:

WARNING: PLASTIC BAGS CAN BE DANGEROUS. TO AVOID DANGER OF SUFFOCATION, KEEP THIS BAG AWAY FROM BABIES AND CHILDREN. IF BAG WILL BE DISTRIBUTED INTO THE EUROPEAN COMMUNITY:

- >190/mm opening – Suffocation warning necessary
- 350 mm or greater opening – Minimum 4 vent holes, 6mm diameter. Suffocation warning necessary.
- Type size of warning should be minimum 5mm in height
- All corrugated cases must pass Crayola's test methods.

Printing Requirements

Printing requirements will conform to Crayola's standards outlined in our Specifications to include printing process, type of print type face, size and so forth.



19

PACKAGING REQUIREMENTS

CRAYOLA HAS ADOPTED A PRODUCT SAFETY POLICY THAT APPLIES TO ALL PRODUCTS PRODUCED, PROCURED, LICENSED OR SOLD BY CRAYOLA AND ITS SUBSIDIARIES IN ALL MARKETS, WORLDWIDE.

This policy directs that all products associated with Crayola brands or its subsidiaries are safe, comply with or exceed all legal requirements and consumer expectations as mandated by our partner Hallmark Cards. Crayola, as a member of the Art & Creative Materials Institute, Inc., submits all formulations for art products to an independent, certified toxicologist for a toxicological review. This review of art materials is required under the Federal Hazardous Substances Act and regulated by 16 CFR 1500. All raw materials, components and finished products must conform to all applicable regulatory requirements. Supply partners will maintain appropriate documentation, inspections, and testing control to assure compliance for all products purchased by Crayola. Documents must be provided to Crayola in a timely manner when requested and includes, but not limited to the following:

- Quality data systems and related performance results
- Safety/Regulatory (e.g., CONEG/NEWMOA, heavy metals testing.)
- Audit Records



20

REGULATORY/SAFETY
INFORMATION

Chemical Restrictions:

- Crayola is moving toward maximizing the use of 'Green' materials and to that end is striving for the elimination of PVC in products and packaging, as acceptable alternative materials become available.
- No regulated phthalates may be added. Product must comply with EU Directive 2005/84/EC for total phthalate content in toys and childcare articles using test method EN 14372. Limit for global product distribution is <0.05.
- No talc is allowed in Crayola products.
- No natural rubber latex can be used in Crayola products.

For compliance with the Consumer Products Safety Improvement Act (CPSIA) with regard to testing qualification for "Total Lead", Crayola's requirement for surface coatings and all components must not exceed 90ppm (mg/kg) by weight of the total non-volatile content when testing to a method acceptable by the United States Consumer Products Safety Commission.

An XRF instrument test as a "preliminary screening" for total lead is acceptable for supplier purposes only; however, third party testing to the CPSIA standard will be required in order to comply with Crayola specifications and CPSIA. If you supply Crayola with material that may have heavy metals, you are required to comply with our specification

limits and with the verification by a third party testing lab. A listing of certified third party test labs can be found at the following web address <http://www.cpsc.gov/about/cpsia/accredited.html>.

All suppliers to Crayola of finished products or components for the use in children's products and child care articles, must provide a Certificate of Compliance to Crayola. Crayola has a designated website to store these Certificates of Compliance for public access. In addition, Customs Inspectors require the certificates to release imports; therefore, the following statement must be included: "CPSIA Certificates of Compliance for Crayola are available at <http://compliance.crayola.com/index.cfm>" on all shipping documents.

Should you have any questions regarding compliance to CPSIA; please contact one of the certified test labs or visit the CPSIA at the link below; which can provide information about the Act as well as information on what is required for the certificates.

www.cpsc.gov/about/cpsia/cpsia.html.

All Suppliers must be in compliance with the Lacey Act Amendments of 1981 (U.S.C. 3371 & 3372) as further amended 05/22/08, barring commerce in plant materials taken or traded in violation of domestic or international laws; and for the use of requisite Plant and Plant Product Declaration Forms, as applicable.





21

SUPPLIER CHECKLIST

SUPPLIER CHECKLIST

The intent of the checklist below is to ensure compliance with Crayola's Supplier Guidelines. As a potential supplier or current you should be familiar with the following, which was outlined throughout this Guide.

- Crayola history and goals
- Supplier evaluation and the importance of cost management and innovation along with ongoing continuous improvement
- Submission of invoices and payment methods
- Diversity program and qualifications
- Quality commitment and ownership to deliver total quality goods and services
- Environmental requirements to include; environmental awareness, sustainable packaging, business operation practices
- Engineering specification requirements and software requirements
- Adherence to Crayola's product part approval process
- Transportation requirements and freight terms
- Supply Chain in regard to capacity planning and inventory control
- Packaging standards and compliances
- Criteria for approving color per crayola color standards
- Safety and regulatory requirements



We hope that this Supplier Guide is a helpful resource for interacting with Crayola and understanding its goals and objectives. If you have any questions, we encourage you to speak to your Sourcing Representative.

FSC logo FPO



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1100 Church Lane
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www.crayola.com

