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| S O P 102 | A p p r o v e d b y A. Saliba | S t a t u s Live |
| T i t l e SOP – Vendor Roadshows | V e r s i o n 1 | |
| I s s u e d a t e 01.02.2013 | D o c u m e n t N o . Costco AUS –SOP-102 | P a g e 1 of 13 |
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Standard Operating Procedure: Vendor Roadshow

Dear Costco Vendor:

Costco Roadshows provide exciting opportunities for new and existing vendors to showcase their products in a dedicated space within the Costco warehouse. Vendors are given the opportunity to speak to our members about their products unique features and demonstrate how to use the product. It also gives the Buyer to assess the sales potential of the products for seasonal ranging.

While you are in a Costco warehouse you are representing Costco. Below you will find important information regarding the Vendor-Performed Demo/Vendor Roadshow program. It is important that you read and understand what is required of you in order to operate within our company's guidelines, be compliant with our policies and procedures and most importantly have a successful roadshow.

About CDS

Club Demonstration Services is a uniquely focused company with proven expertise in providing customized in-warehouse demonstrations for Costco Wholesale. Since their inception in 1988, we have been influencing Costco members' buying decisions by building consumer awareness and trust for a variety of products.

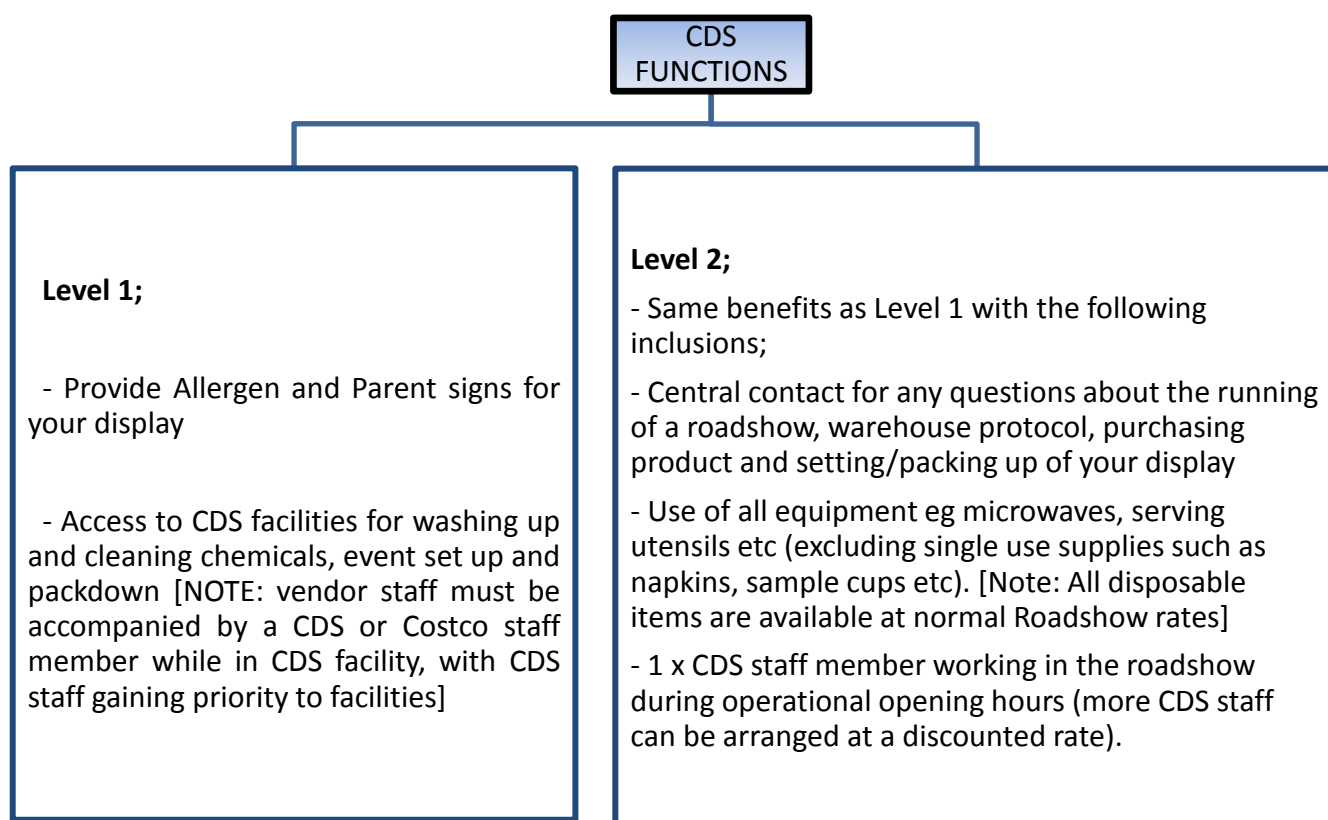
Their mission is to provide high quality product demonstrations and marketing services to Costco Wholesale vendors, with the intent of improving sales through promoting product trial in a friendly, professional style. As the in-house demonstration company for Costco Wholesale, CDS abides by and adheres to all Costco Wholesale policies and standards. The intention is to create lasting member awareness that will increase sales not just during the demonstration but for months to follow.

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BEFORE: ORGANISING ROADSHOW'S

1. Levels of Involvement CDS has during Roadshows

There are two tiers of involvement that CDS can perform for your roadshow depending on what was agreed on before the event, please discuss options with your buyer and CDS management. PLEASE NOTE: That Level 1 is required as a minimum for all demos/roadshows-



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2. Requirements prior to the Roadshow

Prior to the event the following is required: -

- Provide a list of promotional materials with images for warehouse approval. Promotional materials include special staff uniforms, flags and banners, additional signage and shelf talkers and flyers and pamphlets.
- The following paperwork also needs to be completed. The information will be sent by the buyer or can be found on the CDS website www.clubdemoaustralia.com/ ;
 - All staff to complete Costco Level 1 Food Safety Training, with a completed copy scanned and sent to the buyer and the original copy also on site during the roadshow.
 - Form 1: List of equipment CDS is required to provide Vendors - for Level 2 involvement only
 - Form 2: Demonstration Product Information Sheet (DPIS) for each item - for Level 2 involvement only
 - Form 3: Vendor Key Contact details and list of staff serving at the roadshow, to be given to the buyer.





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DURING: ROADSHOW

1. Roadshow Operating Times

Roadshows run in line with the warehouse trading hours below.

| | Auburn Warehouse | Canberra Warehouse | Docklands Warehouse |
|--------------------------|--------------------|--------------------|---------------------|
| Monday to Friday: | 10:00 am - 8:30 pm | 10:00 am - 8:30 pm | 10:00 am - 8:30 pm |
| Saturday: | 9:30 am - 6:30 pm | 9:30 am - 6:30 pm | 9:30 am - 6:30 pm |
| Sunday: | 10:00 am - 5:00 pm | 10:00 am - 5:00 pm | 10:00 am - 5:00 pm |

2. Check-In and Check-out Procedures

- Vendors and Demonstration staff must enter via the Receiving Dock.
- Vendors must arrive a minimum of 2 hours prior to trade on the first day to ensure they allow enough time to locate samples, promotional materials and set up their allocated area.
- Vendors must complete the Visitor Sign In sheet provided by the clerk at the Receiving Desk. At this stage the clerk will ensure that everyone has steel cap boots and a high visibility vest.
- Check in with Costco Asst Warehouse Manager (for Level 1) or CDS Supervisor (for Level 2). You would have met this person prior to the roadshow to make the necessary arrangements for space allocation and equipment requirements. They will then direct you to your space.
- At the end of the day you will check out with the same contact and they will ensure that the pack down procedure (Food Safety section) has been completed.
- Road Show equipment and product brought in can remain in the warehouse overnight but must be taken out on the last day of the roadshow.

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3. Dress Code

As a roadshow is an opportunity for you to showcase your brand we recommend that your team is in corporate uniforms. This includes:

- Shirts with collars and sleeves.
- Long pants or jeans must be worn. No shorts, capris, leggings or skirts
- Shoes must be non-slip and close-toed, No sandals or high heels. Steel cap boots are required for persons who are working prior to warehouse opening.
- Nametag must be worn, either by the vendor or from Costco
- No visible tattoos

4. Warehouse Safety

- High visibility vests and steel caps boots are required for any vendor employee or demonstration staff that needs to enter the warehouse prior to trade.
- Fork Lifts are used to move stock around the warehouse and will always have the right away. When walking around the warehouse stay alert, on the marked paths or close to the merchandise displays.
- Always perform your sales and member interaction in a safe manner
- Immediately report any safety issues, including but not limited to slip or trip hazards, faulty electrical cords or plugs and damaged equipment or fixtures to a warehouse employee.
- Never leave the event area unattended.
- The supervisor will detail what to do in case of emergency as well as the emergency exits and emergency assembly area. Each warehouse has safety wardens, in the event of an emergency, the wardens directions must be followed.





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5. Managing Stock for Roadshow

This section provides a basic overview of general rules for managing stock during an event. Each Buyer may have specific requirements for roadshow merchandise; these will outline and agreed to by both parties prior to the event.

- All stock is brought in on a sale or return only, usually with a full refund for any items returned by members. Even though vendor fully owns the stock, Costco needs to receive and account for every item that enters the building until the end of the Special Event period
- Merchandise display needs to look as full on the last day as it does on the first.
- Roadshow stock must be delivered the day before the event as per the Delivery policies and procedures. This includes both sellable stock and sampling stock.
- Sampling stock must be clearly marked as DNI (Do not inventory) when delivered to the warehouse.
- It is preferable that food sample stock is packaged in bulk or in a different pack or configuration to selling stock. If this option is not possible each selling unit must be clearly marked as DNI. This stock must be kept separate from selling stock.
- Sampling stock can never be sold at Costco. You must book a pick up time to collect left over sampling stock with the roadshow promotional materials.
- Left over selling stock may be purchased by Costco. This is managed through direct consultation with the buyer and is managed on case by case basis.
- If a vendor runs out of sampling stock throughout the day and requires extra, vendors have the option to purchase the stock from the floor at the front register. Once purchased this stock must be clearly marked and the register receipt retained.
- Please remember that you will need to be a Costco member to make purchases.
- Failure to purchase stock this way is tantamount to theft and will be dealt with accordingly.
- All stock lost (shrink) that occurs during a special event will be credited by the Vendor. Buying will raise an ATF (After the Fact) for the amount outstanding after communication to Vendor.

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6. Member Interaction

- Ensure that your team understands your product features and can answer member questions confidently.
- Prior to the start of the event ensure you and your team have a basic understanding of the warehouse layout and be able to direct members to the toilets, food court and member services. If you are unable to answer a member's question you will need to locate a Costco employee who can.
- Be attentive, helpful and courteous to all Costco Wholesale members.
- For food presentation, please provide members with generous portions of food (two mouthfuls).
- Food samples must be presented in individual cups or sample containers with suitable utensils to ensure that the member is able to consume the product without creating a mess on the floor.



7. Food Safety

a. Documentation:

- Food Safety & Handling certificates required for all personnel handling food at a Roadshow. Each staff at the Roadshow must review the Costco Level 1 Food Safety Handbook, answer the questions, sign the back page and scan back to the buyer before the commencement of the roadshow.
- MSDS required for all chemicals onsite
- Product Specification required for every product sampled. Information must include nutritional information, ingredient declaration, allergen statements and other vital information

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b. Hygiene:

- Hand washing is required before starting work, after using the restroom, touching anything unsanitary, touching hair or face, coughing, sneezing or blowing your nose or taking a break.
- Non latex gloves must be worn at all time at the demo station on both hands and changed frequently.
- Fingernails must be kept trimmed and no polish or fake nails are allowed.
- All hair must be covered in a white hairnet. A visor or ball cap may be worn over a hair net. Facial hair must be covered with a beard net.
- No jewellery can be worn, including religious jewellery.
- If demonstrator has cold or flu symptoms they will not be allowed to work.

**c. Personal Policies**

- Backpacks, purses and briefcases are not allowed in the work area
- No personal food, drink, chewing gum or smoking is allowed in the work area
- Reading or use of headphones, iPods etc is not acceptable
- The use of cellphones should be limited and strictly utilized for business use or only in the case of an emergency

d. Sanitation:

- Keep the 12” radius around the workstation clean
- All utensils and work surfaces must be washed, rinse, sanitized, and air dried prior to use.
- Utensils must be stored in a clean and sanitized area.
- Sanitizer must be available at all time.
- Have in place a broom and dust pan to clean around the demo area
- Mats will be cleaned every evening.



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e. Temperature control for Potentially Hazardous Food PHF's:

- If product for the demo is from an outside source it must be received & maintained at <5°C
- Precooked food must be cooled to <5°C or less within four hours or less.
- All cooked foods must reach minimum >65°C during cooking and must remain above this temperature when serving.
- Thermometers to be calibrated daily.
- All ingredients and finished samples must be kept at the correct temperature at all times ie chilled product must be kept chilled <5°C in either esky's with ice or in a refrigerator.
- Product labels must be defaced so members will not pick them up.
- Chilled products cannot be stored in coolers or freezers where members have access to them



f. Food Prep:

- Wash hands and all produce before use
- Store the product in clean and sanitized containers, and must be labeled when not in use.
- Keep all product covered to prevent possible contamination.
- Dry ingredients should be on shelving 15cm off the ground or on a movable pallet.
- All ingredients should be labeled and stored away from chemicals.

g. Equipment

- Cooking equipment must be of good working order, well maintained and power supply compatible with Costco warehouse fit outs. Safety guards must remain on all equipment. Tape down electrical extension cords.
- Adequate single serving equipment must be available at all times, and NEVER reused. ie napkins, forks, spoons, bowls, toothpicks, cups etc
- Adequate serving utensils are required
- Unplug equipment when not in use
- Put sharp knives away



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h. Sampling:

- Vendor and their team must be fully set up and have samples prepared prior to the doors opening for trade.
- Do not leave workstation unattended with samples out
- Samples cannot be handed directly to members. They must be placed on a tray or paper for members to pick up. There must be adequate space between samples to minimize contamination from members
- Do not let children under 13 years take samples unless a parent is present

i. Evening Breakdown:

- Discard unused samples.
- Place all unused/unopened product in refrigeration.
- If removed from original packaging, product must be covered, labeled and dated.
- Clean and sanitize coolers, table tops, and utensils.
- Place air dried utensils in a clean sanitary place.
- Floors to be swept
- All equipment to be taken to the CDS demo room and washed, rinsed and sanitized using the chemicals in the wash sink. See a key holding manager to gain access to the room. Under no circumstance can you take anything out of the CDS room. This is considered theft and further action will be taken.



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8. General Rules

- Please remember that the Warehouse Manager is the ultimate decision maker of his/her warehouse.
- Soliciting business or arranging business transactions with any Costco Wholesale member to be conducted outside the event is strictly prohibited. You will be asked to leave the warehouse immediately and all scheduled events will be subject to cancellation.
- Defective and/or damaged products may not be sold and/or offered for sale to Costco Wholesale members under any circumstances. Damaged and/or defective product must be removed from the warehouse and returned to the Vendor.
- Vendor will not adjust selling price for any reason without prior approval from the buying office.
- Chairs are not allowed in the event area. Sitting on chairs, on the floor or on display items is not allowed unless there is a medical emergency.
- The allotted space for the roadshow will be determined prior to the event. Promotional materials and your team must remain within this area.

NON-COMPLIANCE ISSUES

If you or your staff are not in compliance with any Costco guidelines set out in this SOP, a manager will make you aware of any issues. If the issues are repeated, the Costco Warehouse Manager will be notified and further action will be taken case by case. In certain instances, the roadshow may be shut down do to repetitive issues, which will be up to the discretion of the warehouse manager.

Acknowledge of Agreement to Vendor Roadshow Standard Operating Procedures;

Name: _____ Date: _____

Company: _____ Date of Roadshow: _____

Signature: _____

Key contact on site during the roadshow & mobile number:

List of all staff working at the roadshow:



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Form 4: Roadshow Timeline and Checklist

| Task | Actioned By | When |
|---|---------------------|---------------|
| <input type="checkbox"/> Determine items to be showcased and agree to roadshow trading terms including: - <ul style="list-style-type: none">○ Roadshow Duration○ Stock management & ordering | Buyer Vendor | 6 weeks prior |
| <input type="checkbox"/> Book roadshow dates & times with Buyer | Buyer Vendor | 6 weeks prior |
| <input type="checkbox"/> Provide Standard Operating Policy – Vendor Roadshows to vendor | Buyer | 6 weeks prior |
| <input type="checkbox"/> Provide signed agreement acknowledging that the Standard Operating Policy – Vendor Roadshows has been read, understood and agreed to Costco Buyer | Vendor | 6 weeks prior |
| <input type="checkbox"/> New vendors – Complete Vendor Agreement including providing Certificate of Currency for Public & Product Liability Insurance and Food Safety Certification for food vendors | Vendor | 6 weeks prior |
| <input type="checkbox"/> Provide Item Agreements to Costco Buyer | Vendor | 6 weeks prior |
| <input type="checkbox"/> Complete & provide all completed forms to Buyer/CDS | Vendor | 6 weeks prior |
| <input type="checkbox"/> Complete & provide Costco Buyer promotional materials checklist with images | Vendor | 6 weeks prior |
| <input type="checkbox"/> Buyer to provide Warehouse Manager & Assistant Manager with Roadshow specifications including details about promotional materials and images for approval | Buyer Warehouse | 5 weeks prior |
| <input type="checkbox"/> Vendor to contact Warehouse Assistant Manager to arrange space allocation | Vendor Warehouse | 4 weeks prior |
| <input type="checkbox"/> Agreed space allocation to be provided to Buyer, CDS Office & vendor | Warehouse | 4 weeks prior |
| <input type="checkbox"/> Determine order delivery frequency and place orders | Buyer Vendor | 3 weeks prior |
| <input type="checkbox"/> Book delivery times for the following: - | Vendor | 3 weeks prior |



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- Selling Stock
- DNI Sampling Stock
- Equipment & Promotional Materials
- Collection of Equipment & Promotional Materials and left over sampling stock for day after the event

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| <input type="checkbox"/> Email information pack to warehouse including Warehouse Manager, Assistant Manager, Merchandise Manager, Department Manager (s) and Receiving Manager and CDS Office | Buyer | 2 weeks prior |
| <input type="checkbox"/> Email reminder to warehouse including Warehouse Manager, Assistant Manager, Merchandise Manager, Department Manager, Receiving Manager and CDS | Buyer | 1 week prior |
| <input type="checkbox"/> Deliver selling stock as per delivery dates on Purchase Order (PO) | Vendor | 1 week prior |
| <input type="checkbox"/> Deliver sampling stock, equipment and promotional materials | Vendor | 1 day prior |
| <input type="checkbox"/> Arrive a minimum of 2 hours prior to warehouse opening and follow agreed terms of Standard Operating Policy – Vendor Roadshows | Vendor | Day Of |
| <input type="checkbox"/> If required, organize RTV for stocking being returned to vendor | Warehouse | 1 day after event |
| <input type="checkbox"/> Collect Equipment, promotional materials and left over sampling stock | Vendor | 1 day after event |