Dear Amazon Vendor,

We're contacting you today to communicate some important information around our sustainable packaging programs. At Amazon, we invest in sustainability because it's a win all around – it's good for the planet, our communities, our customers, our business, and our selling partners. Our Worldwide Sustainability team works across all of our businesses to drive efficiencies, enable growth, and enhance customer trust by focusing on our key environmental impacts and opportunities for innovation.

Packaging is a critical component of providing a great customer experience and an important part of our sustainability mission at Amazon. Ten years ago, we invented Frustration-Free Packaging to reduce waste, lower cost, and delight customers with easy-to-open, 100% recyclable packaging. Since then, we've partnered with thousands of you to redesign your packaging as Frustration-Free, and we've received very positive feedback. Our Frustration-Free Packaging program includes multiple sustainable packaging initiatives, such as moving small items from boxes to flexible mailers, optimizing our selection of boxes to better address product size and weight, launching fully recyclable mailers, and working with our global Vendor partners to develop ready-to-ship packaging. Together these initiatives have eliminated more than 244,000 tons of packaging materials, and in 2017 alone, they saved the equivalent of 305 million shipping boxes.

We're encouraged by these results, so we are now requiring that by August 1, 2019 all items larger than 18" x 14" x 8" or 20 lbs. or more and sold through Amazon be designed and certified as ready-to-ship (Tier 1 – FFP or Tier 2 – SIOC) within our Frustration-Free Packaging programs. That means they'll be right sized, protective against damage, ready-to-ship without the need for additional packaging, and ideally easy to open, and recyclable. This will reduce waste through the entire supply chain and ensure that customers have a great experience every time they receive and open a package. While this won't take effect for 10 months, we are offering an early adopter credit for all items certified from September 17 2018 until July 31, 2019 and received in our fulfillment network up until the launch date of August 1, 2019.

We know you may have questions and we're committed to helping you through this process, so our Amazon Packaging Support and Supplier Network (<u>APASS</u>) of third-party experts is standing by to assist you with how to design, test, and certify packaging with Amazon. We have also created a packaging <u>website</u> with additional tools, videos, and case studies that demonstrate how to develop sustainable packaging for all online shopping, and additional FAQs about this program can be found here.

In the coming weeks, we will be sending you your ASIN portfolio overview, which will indicate the current certification status for each of your products impacted by this program.

We're excited to work with you on our long-term goals of improving the customer experience and reducing waste, and look forward to continuing to make progress together.

Thank you!

Amazon Frustration-Free Packaging Vendor Incentive Program February 12, 2020

Frequently Asked Questions

1. Does this mean that Amazon will require certification for all of the Vendor's items? Are there any categories that are excluded? What if I don't certify my ASINs?

Amazon expects that beginning September 3, 2019, all ASINs that meet the following criteria must be certified through Amazon's Frustration-Free Packaging Certification programs as ready-to-ship (Tier 1 - Frustration-Free Packaging (FFP) or Tier 2 - Ships in Own Container (SIOC)).

ASIN item package dimensions > 18" x 14" x 8" or greater than 20 lbs. (Amazon's Non- Sort network
 Any packaged item with its longest side more than 18", or its shortest side more than 8", or its median side more than 14" or greater than 20lbs.).

The categories that are excluded from this requirement include:

- ASINs that have any Hazmat classifications (e.g. ASINs that include Lithium Ion batteries);
 and
- ASINs in Prime Pantry or Amazon Fresh.
 The ASINs that require certification and do not fall under any exclusions will be issued a chargeback of \$1.99/unit received beginning September 3, 2019. This rollout includes both Vendors and distributors.
- 2. How does the early savings share back one-time credit program work for Vendors?

To encourage early adoption, Amazon is offering a one-time early adopter credit of \$1.00/unit to Vendors that certify their items under our Frustration-Free Packaging Program guidelines (Tier 1 - FFP or Tier 2 - SIOC). The credit is intended to assist in the transition costs associated with this initiative and will be issued as a one-time credit in August 2019. The credit will be calculated for ASINs certified (Tier 1 - FFP or Tier 2 - SIOC) and received by our fulfillment network from September 17, 2018 through July 31, 2019 for ASINs with item package dimensions larger than 18" x 14" x 8" or greater than 20lbs.

3. Will items certified in the program prior to 2018 be included in the savings share back program?

No. The savings share back one-time credit of \$1.00 for each unit is only applicable for items that are certified under our Frustration-Free Packaging Program guidelines (Tier 1 - FFP or Tier 2 - SIOC) between September 17, 2018 and July 31, 2019. The credit is intended to assist in the transition costs associated with this initiative and will be issued as a one-time credit in August 2019.

4. What are the details around Amazon's Packaging Certification Programs and why are they important?

Amazon's Frustration-Free Packaging Certification programs, Tier 1 - Frustration-Free Packaging (FFP), and Tier 2 - Ships in Own Container (SIOC), ship products in their own Vendor-supplied packages without additional shipping boxes to improve the sustainability of packaging across Amazon's supply chain. As Vendors optimize their packaging in line with our FFP programs, they will realize the opportunity to reduce packaging cost and improve efficiencies in their supply chains. See more here: Amazon Packaging



Note – The minimum package dimensions to participate in Tier 1 - FFP and Tier 2 – SIOC Amazon packaging certifications is 6"x4"x0.375". This communication focuses on Tier 1 - FFP and Tier 2 - SIOC for ASINs greater than 18"x14"x8" and/or 20lbs.

5. What is the Amazon ISTA6 SIOC test, and why is it important?

Amazon is a member of the International Safe Transit Association (ISTA), an organization focused on the specific concerns of transport packaging. ISTA is a nonprofit, member-driven association that sets the standards for optimizing the resources in packages that are designed to be survivable, sustainable and successful. The Amazon ISTA6 SIOC test, which involves free-fall drop testing and vibration testing is intended to simulate the conditions that an item is likely to be subjected to during normal distribution and carrier supply chain processes. It is very important to maintain the integrity of items during transport and ensure that products arrive undamaged to customers. Amazon utilizes the ISTA6 test method to certify ASINs to ship in their original manufacturer supplied packaging.

6. How do Vendors know if their items are currently certified or not and what part of their catalogue will be impacted by the program?

A self-service tool is available for Vendors to find the current certification status of their ASIN catalog on the SIOC chargeback in the Operational Performance Dashboard in Vendor Central. This data can be downloaded via a link at the bottom of the SIOC chargeback dashboard and is updated weekly. Vendors that have eligible ASINs with item package dimensions greater than 18" x 14" x 8" or greater than 20lbs (i.e. Amazon's Non- Sort Network - Any packaged item with its longest side more than 18", or its shortest side more than 8", or its median side more than 14" or greater than 20lbs) will be impacted by the chargeback program.

7. Where do Vendors go for help regarding design or testing of their items?

The Customer Packaging Experience team at Amazon has launched a comprehensive external facing website on AboutAmazon.com including resources that Vendors can utilize to help design, test and certify their items. It includes a design library detailing case studies.

Additionally, Vendors can utilize the APASS (Amazon Packaging Support and Supplier Network) which includes over 20 third party firms trained by Amazon to design and test items for Vendors. Detailed information on APASS and the Amazon Packaging Certification Guidelines are available on Vendor Central and on the AboutAmazon.com website (www.aboutamazon.com/sustainability/packaging). Vendors looking for an ISTA certified testing lab can find a lab here.

8. How and when should Vendors get their items certified?

In order to certify an ASIN, Vendors are required to complete the Amazon ISTA6 SIOC test method with an ISTA certified laboratory (ISTA certified labs can be found here). To enroll an ASIN for certification, Vendors will need to use the "Contact Us" functionality under "Support" in Vendor Central. Vendors must attach both a completed Amazon test report template and an ASIN enrollment form when submitting a certification request. Vendors must also indicate which vendor codes should be certified for the ASIN being enrolled. Amazon will action all enrollment requests within 2 weeks of receipt of the enrollment request via Vendor Central.

More details on the enrollment process can be found <u>here</u>. It is important to note that the certification testing process is intended to be a FINAL confirmation that an ASIN meets our

guidelines and requirements. Once an ASIN is certified after enrollment, the ASIN is immediately set to ship SIOC. Therefore, ASINs should not be enrolled until the items are ready to begin shipping to the Amazon fulfillment network, or risk decertification of their ASINs. Vendors needing earlier design validation can perform the testing on their own or leverage a third party certified under the APASS network or an ISTA certified lab.

9. Can Vendors perform certification testing on their own?

Vendors who desire to perform package certification testing and enroll products for certification on their own must meet the following minimum requirements to join the Vendor Packaging Lab Certification Program:

- Vendor will have an ISTA member designated as the Amazon package certification owner and primary point of contact.
- Vendor will maintain a lab that meets Amazon ISTA6 SIOC requirements including required testing equipment per the test procedure.
- Vendor lab manager will complete on-site training at Amazon's packaging lab in Seattle WA.
 Additional information about joining the Vendor Packaging Lab Certification Program can be found by sending an email to CPEX-lab-trainers@amazon.com.

10. How does this certification impact the Amazon.com detail page? If an item is SIOC or FFP, can a customer choose to still have that item put into an Amazon box?

Certified ASINs currently display "Packaging may reveal contents. Choose Conceal Package at checkout" on the Amazon.com detail page if the item qualifies for concealment at check-out. This provides the customer an option of putting that item into an Amazon overbox at no charge.

11. If an ASIN is certified, will it always remain certified?

If a certified ASIN exceeds damage rates guidelines, Amazon will automatically decertify the ASIN, begin shipping in an Amazon overbox and turn on the non-compliance chargeback for every unit received after a 60 day waiver grace period post decertification of the ASIN. Instruction on how to identify if an ASIN has been decertified can be found on the SIOC chargeback page in Vendor Central under Reports > Operational Performance > SIOC

12. If an ASIN gets decertified, how will I know and what do I do about getting recertified?

Once an ASIN is enrolled and certified, the item will begin shipping in its own container. If any ASIN is decertified, a notification will be issued to you that the certification status has changed via Vendor Central, and you will be issued a chargeback for each unit received ongoing.

Certification status and chargeback by ASIN will be available to Vendors in Vendor Central. If an ASIN is decertified the Vendor will be required to complete a certification test with a third party APASS lab and then reenroll the ASIN in Vendor Central before expiration of a 60 day waiver grace period.

- 13. Does Amazon expect Vendors to utilize separate packaging for brick and mortar retailers and Amazon?

 No, it is up to each Vendor to decide and the Vendors can choose to utilize the same packaging.
- **14.** Can a dropship only Vendor participate in the savings share back and chargeback program? No, as dropship ASINs do not utilize Amazon's Fulfillment Network, they are not eligible for savings share back and will not be levied a chargeback.
- 15. Will products that are "long and thin" be subjected to this chargeback?

The minimum package dimensions to certify an ASIN as FFP or SIOC are 6" x 4" x 0.375" – Any packaged item that is fulfilled through Amazon's fulfillment network with it longest side less than 6" or its shortest side less than 0.375" or its median side less than 4" is excluded from this chargeback

Note: this has been reduced from the previous minimum dimensions (longest side less than 9" or shortest side less than 0.375" or median side less than 6"). All non-sort ASINS that become eligible due to this update will appear in the Vendor Portfolio Download on February 1, 2020, but will not receive charges until August 1, 2020

Example 1: ASIN package dimensions at 19" x 4.5" x 4.5"

As this ASIN has the longest dimension greater than 18" it would be eligible for the chargeback. However, as the median and shortest dimensions fell below the previous minimum acceptable dimensions to qualify for FFP or SIOC this ASIN was excluded. With the new minimum FFP or SIOC dimensions at $6" \times 4" \times 0.375"$ this ASIN would now be considered eligible for the chargeback.

Example 2: ASIN package dimensions at 19" x 3" x 3"

While this ASIN's longest dimension is > 18" it would remain excluded from the chargeback as the median dimension (3") is less than the minimum median dimension of 4" to qualify as FFP or SIOC

16. Will this chargeback apply to products that are shipped to Amazon packed in a "nested" orientation?

Items that are packaged for shipment <u>to</u> Amazon (e.g., master carton) in an orientation that nests or interlocks (e.g., trash cans stacked together) the individual selling units to maximize freight cube efficiency are excluded from the program. If you believe your item meets this criteria you may submit a request to have your product excluded from the program. You will be required to provide a picture of your inbound freight package orientation and open a case under the "Other Packaging Certification"

Questions" queue in Vendor Central. Instructions on how to submit these contact forms are located on our packaging website in the document titled 'Amazon Vendor Enrollment and Contact SOP' located here: https://www.aboutamazon.com/sustainability/packaging/certification

17. Are there any exceptions for ASINs that ship low annual volume?

Items that are at least 8 months old (i.e., more than eight months from the date the ASIN was set up) <u>and</u> have shipped less than 250 units in the trailing 12 months to Amazon will be automatically excluded. This exclusion is temporary and is subject to change. If changes are made to this exclusion we will let you know with enough time to allow you to certify your items with compliant packaging.

18. How do I find which of my ASINs will be subjected to this chargeback?

Starting May 31, 2019, you have the ability to download your impacted ASIN portfolio directly in the Vendor Performance Dashboard in Vendor Central under 'Ship in Own Container' chargeback.