

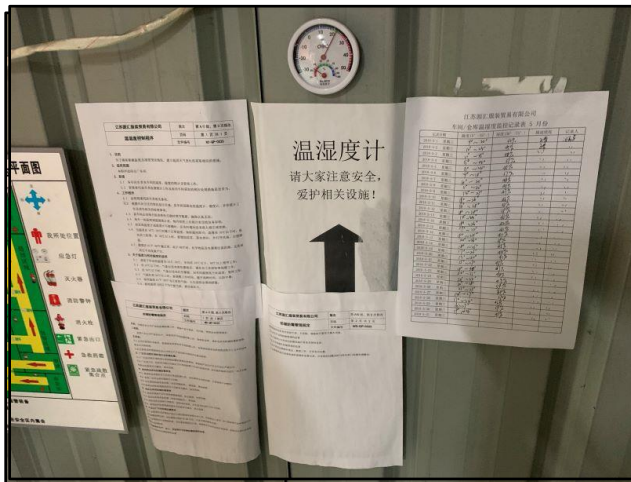
## 3.1 Raw Material Storage & Inspection

### 3.1.1 Raw Material Storage Area

Raw Materials need to be store in an area that is clean, organized, and protected from environmental damage.

- To protect fabrics and other sensitive materials from mold or mildew damage the storage area needs to have necessary temperature and humidity control (air conditioning, dehumidifier, etc.) and accurate monitoring devices that are checked and recorded twice daily to ensure conditions are within acceptable ranges.
  - Temperature control within 20-25 degrees Celsius, 68 to 77 degrees Fahrenheit.
  - Humidity control within 35%-55% humidity
- To protect sensitive materials from sun or weather damage storage area should have adequate window coverings and materials should not be stored directly under or next to a window.
- To protect electrostatic-sensitive materials from dust or electrostatic discharge (ESD) proper ESD storage needs to set up and anti-static equipment provided to workers.

Good temperature control record example:



日期	湿度	温度	备注
11/10	55%	23.0℃	正常
11/11	55%	23.0℃	正常
11/12	55%	23.0℃	正常
11/13	55%	23.0℃	正常
11/14	55%	23.0℃	正常
11/15	55%	23.0℃	正常
11/16	55%	23.0℃	正常
11/17	55%	23.0℃	正常
11/18	55%	23.0℃	正常
11/19	55%	23.0℃	正常
11/20	55%	23.0℃	正常
11/21	55%	23.0℃	正常
11/22	55%	23.0℃	正常
11/23	55%	23.0℃	正常
11/24	55%	23.0℃	正常
11/25	55%	23.0℃	正常
11/26	55%	23.0℃	正常
11/27	55%	23.0℃	正常
11/28	55%	23.0℃	正常
11/29	55%	23.0℃	正常
11/30	55%	23.0℃	正常

### 3.1.2 Incoming Material Inspection

Incoming materials need to be inspected with a consistent and recorded process to ensure products received are accurate to order and defective or damaged materials are identified at point of receiving.

- All incoming goods need to be checked against the bill of material (BOM) to ensure accurate shipment was received.
- All materials require a defined and consistent Incoming Quality Control inspection process.
  - All workers performing inspections should receive training and have written inspection procedure and criteria available for reference.
  - Inspection records and results and should be kept for 18 months minimum.
- Fabric inspection should follow the 4-point inspection system to determine if the material is acceptable quality. (see section 3.1.3)
- Electronics
  - Electronic materials inspection needs to adhere to proper ESD protocols

Good incoming inspection area examples:



Fabric Inspection Machines



Organized receiving area



Organized receiving area

### 3.1.3 4-Point Inspection System for Fabric

Garment factory shall inspect no less than 10% of each dye lot of all deliveries. The percentage may be adjusted and increased if fault rating is unacceptably high, or if Zulily's QA Department thinks necessary. It is suggested that vendor should audit the bulk fabric before shipment.

All parties conducting fabric inspection for Zulily should adopt the "4-Point System" by counting the penalty

#### 4-Point System:

- 4 penalty points will be assigned to (1) one splice within the roll.
- No more than 4 penalty points should be assigned for any single defects.
- No more than 4 points should be allocated to any single yard of fabric, regardless of the number of defects within that one yard.
- Defects running in both length and width direction receive equal points. No more than 4 points defect should be allowed in the first or last yard of a roll.
- All holes consisted of two broken yarns or above, regardless of size, dropped stitches, splices, or seams will be penalized 4 points.
- Continuous defects in the warp direction should be no longer than 3 running yards. If exceeded, the fault should be cut away from the roll.
- Defects that are not visible on the face of the fabric will not be counted unless agreed upon.

#### Counting Rules:

Point Count	Length
1	Defects up to 3"
2	Defects >3" <= 6"
3	Defects >6" <= 9"
4	Defects >9"

Sample Fabric Inspection Template:

Piece Good Inspection

Roll#	Dye Lot#	Width (In)		Length (yds)		Penalty Points				Total Points	Points Per	Punched	Accept	Reject	Comments
		Ordered	Actual	Ticketed	Actual	1 Point	2 Point	3 Point	4 Point						

Calculation:

- The penalty points total is divided by the yardage inspected multiplied by the actual width. Multiply the result by 3,600 in order to calculate the points per 100 square yards.

Formula:

- Point per 100 square yards = Total Penalty Points x 100 / Inspected Yards x 36 / fabric width
  - For best practice a fabric inspection machine should be utilized for 4-point inspection.

### 3.1.5 Defective and Non-Conforming Materials

Defective or non-conforming materials found in incoming inspection need to be clearly identified to prevent mixing with conforming materials.

- A designated area with clear signage should be set up near the incoming materials inspection area.

Poor non-conforming materials identification examples



Inspection status not identified



Damaged material portions trimmed off and discarded, not clearly labeled

### 3.1.6 Materials Storage

Materials need to be stored in a way that keeps them protected from damage. Materials should be organized and clearly labeled to ensure workers choose correct materials for production line.

#### Fabric:

- Fabric bolts should be stored on racks or pallets, never directly on the floor
- Bolts should be kept covered in plastic when possible
- Fabric bolts should not be stacked higher than 4 feet, 121 cm to prevent damage or warping of bolts at the bottom of the stack

#### Electronics:

- To protect electrostatic-sensitive materials from dust or electrostatic discharge (ESD) materials should be kept in ESD packaging with proper protocols followed.

#### Other materials:

- All materials should be clearly labeled with identification consistent with work order/tech pack information.

Poor storage examples:

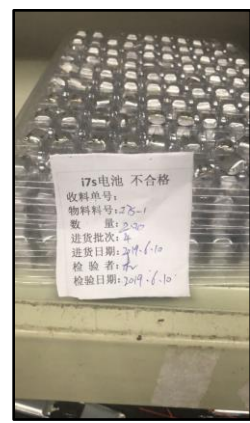


Materials stacked too high, disorganized, unprotected fabric.



Materials stored too close to a window and against a dirty wall

Good storage examples:



Materials well organized, clearly labeled with style reference and inspection status.